

AMERICAN INVENTORS PROTECTION ACT OF 1999

AUGUST 3, 1999.—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. 1907]

[Including cost estimate of the Congressional Budget Office]

The Committee on the Judiciary, to whom was referred the bill (H.R. 1907) to amend title 35, United States Code, to provide enhanced protection for inventors and innovators, protect patent terms, reduce patent litigation, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass. Table of Contents for Reports:

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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 “American Inventors Protection Act of 1999”.

**SEC. 2. TABLE OF CONTENTS.**

The table of contents is as follows:

- Sec. 1. Short title.
- Sec. 2. Table of contents.

TITLE I—INVENTORS’ RIGHTS

- Sec. 101. Short title.
- Sec. 102. Invention promotion services.
- Sec. 103. Effective date.

TITLE II—FIRST INVENTOR DEFENSE

- Sec. 201. Short title.
- Sec. 202. Defense to patent infringement based on earlier inventor.
- Sec. 203. Effective date and applicability.

TITLE III—PATENT TERM GUARANTEE

- Sec. 301. Short title.
- Sec. 302. Patent term guarantee authority.
- Sec. 303. Continued examination of patent applications.
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TITLE IV—UNITED STATES PUBLICATION OF PATENT APPLICATIONS PUBLISHED ABROAD

- Sec. 401. Short title.
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- Sec. 403. Time for claiming benefit of earlier filing date.
- Sec. 404. Provisional rights.
- Sec. 405. Prior art effect of published applications.
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- Sec. 408. Effective date.

TITLE V—PATENT LITIGATION REDUCTION ACT

- Sec. 501. Short title.
- Sec. 502. Definitions.
- Sec. 503. Reexamination procedures.
- Sec. 504. Conforming amendments.
- Sec. 505. Report to Congress.
- Sec. 506. Estoppel effect of reexamination.
- Sec. 507. Effective date.

TITLE VI—PATENT AND TRADEMARK OFFICE

- Sec. 601. Short title.

Subtitle A—United States Patent and Trademark Office

- Sec. 611. Establishment of Patent and Trademark Office.
- Sec. 612. Powers and duties.
- Sec. 613. Organization and management.
- Sec. 614. Personnel flexibility.
- Sec. 615. Public Advisory Committees.
- Sec. 616. Patent and Trademark Office funding.
- Sec. 617. Conforming amendments.
- Sec. 618. Trademark Trial and Appeal Board.
- Sec. 619. Board of Patent Appeals and Interferences.
- Sec. 620. Annual report of Director.
- Sec. 621. Suspension or exclusion from practice.
- Sec. 622. Pay of Director.

Subtitle B—Effective Date; Technical Amendments

- Sec. 631. Effective date.
- Sec. 632. Technical and conforming amendments.

Subtitle C—Miscellaneous Provisions

- Sec. 641. References.
- Sec. 642. Exercise of authorities.
- Sec. 643. Savings provisions.
- Sec. 644. Transfer of assets.
- Sec. 645. Delegation and assignment.
- Sec. 646. Authority of Director of the Office of Management and Budget with respect to functions transferred.
- Sec. 647. Certain vesting of functions considered transfers.
- Sec. 648. Availability of existing funds.
- Sec. 649. Definitions.

TITLE VII—MISCELLANEOUS PATENT PROVISIONS

- Sec. 701. Provisional applications.

- Sec. 702. International applications.  
 Sec. 703. Certain limitations on damages for patent infringement not applicable.  
 Sec. 704. Electronic filing.  
 Sec. 705. Study and report on biological deposits in support of biotechnology patents.  
 Sec. 706. Prior invention.  
 Sec. 707. Prior art exclusion for certain commonly assigned patents.

## TITLE I—INVENTORS’ RIGHTS

### SEC. 101. SHORT TITLE.

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

### SEC. 102. INVENTION PROMOTION SERVICES.

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

#### “CHAPTER 5—INVENTION PROMOTION 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 promoter.  
 “59. Rule of construction.

#### “§ 51. Definitions

“For purposes of this chapter—

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

“(2) the term ‘customer’ means any person, firm, partnership, corporation, or other entity who enters into a financial relationship or 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, except when that person performs any act described in subparagraph (B) or (C) of paragraph (4); and

“(4) the term ‘invention promotion 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, offering to license or sell, 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 promotion services.

#### “§ 52. Contracting requirements

“(a) IN GENERAL.—(1) Every contract for invention promotion 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, the identity and address of such party shall be disclosed by such party’s agent and such party shall be considered a customer for purposes of this chapter.

“(b) REQUIREMENTS OF INVENTION PROMOTER.—The invention promoter shall—

“(1) state in a written document, at the time a customer enters into a contract for invention promotion services, whether the usual business practice of the invention promoter 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 promoter, 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 invention promoter.

“(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 promotion services by sending a written letter to the invention promoter 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 promoter 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 promoter or to a third party for the benefit of the invention promoter, without regard to the date or dates appearing in such instrument, shall be deemed payment received by the invention promoter on the date received for purposes of this section.

**“§ 53. Standard provisions for cover notice**

“(a) CONTENTS.—Every contract for invention promotion 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 PROMOTER FOR COMMERCIAL POTENTIAL IN THE PAST FIVE (5) YEARS IS XXXXX. OF THAT NUMBER, XXXXX RECEIVED POSITIVE EVALUATIONS AND XXXXX RECEIVED NEGATIVE EVALUATIONS.

“IF YOU ASSIGN EVEN A PARTIAL INTEREST IN THE INVENTION TO THE INVENTION PROMOTER, THE INVENTION PROMOTER 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 PROMOTER IN THE PAST FIVE (5) YEARS IS XXXXX. THE TOTAL NUMBER OF CUSTOMERS KNOWN BY THIS INVENTION PROMOTER TO HAVE RECEIVED, BY VIRTUE OF THIS INVENTION PROMOTER’S PERFORMANCE, AN AMOUNT OF MONEY IN EXCESS OF THE AMOUNT PAID BY THE CUSTOMER TO THIS INVENTION PROMOTER IS XXXXXXX. AS A RESULT OF THE EFFORTS OF THIS INVENTION PROMOTER, XXXXX NUMBER OF CUSTOMERS HAVE RECEIVED LICENSE AGREEMENTS FOR THEIR INVENTIONS.

“THE OFFICERS OF THIS INVENTION PROMOTER HAVE COLLECTIVELY OR INDIVIDUALLY BEEN AFFILIATED IN THE LAST TEN (10) YEARS WITH THE FOLLOWING INVENTION PROMOTION COMPANIES: (LIST THE NAMES AND ADDRESSES OF ALL PREVIOUS INVENTION PROMOTION 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 WHICH RESULTED IN REGULATORY SANCTIONS OR OTHER CORRECTIVE ACTIONS.

'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 promoter, 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 PROMOTER IN THE PAST FIVE (5) YEARS' need not include information with respect to customers who have purchased trade show services, research, advertising, or other non-marketing services from the invention promoter, nor with respect to customers who have defaulted in their payment to the invention promoter.

**"§ 54. Reports to customer required**

"With respect to every contract for invention promotion services, the invention promoter 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 promotion 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 the initial payment to the invention promoter;

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

"(4) a statement as to whether the invention promoter 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 promoter 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 promoter undertakes to perform for the customer;

"(6) if any oral or written representation of estimated or projected customer earnings is given by the invention promoter (or any agent, employee, officer, director, partner, or independent contractor of such invention promoter), 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 promotion services, and a statement that the invention promoter is required to maintain all records and correspondence relating to performance of the invention promotion 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 promotion services, including an estimated date in which such performance is expected to be completed.

"(b) INVENTION PROMOTER AS FIDUCIARY.—To the extent that the description of the specific acts or services affords discretion to the invention promoter with respect to what specific acts or services shall be performed, the invention promoter 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 promoter's premises during normal business hours.

**“§ 56. Remedies**

“(a) IN GENERAL.—(1) Any contract for invention promotion 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 promotion services entered into in reliance upon any material false, fraudulent, or misleading information, representation, notice, or advertisement of the invention promoter (or any agent, employee, officer, director, partner, or independent contractor of such invention promoter) 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 promotion 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 promoter 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 promoter or by any material false or fraudulent statement or representation, or any omission of material fact, by an invention promoter (or any agent, employee, director, officer, partner, or independent contractor of such invention promoter) or by failure of an invention promoter to make all the disclosures required under this chapter, may recover in a civil action against the invention promoter (or the officers, directors, or partners of such invention promoter) 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, taking into account past complaints made against the invention promoter that resulted in regulatory sanctions or other corrective actions based on those records compiled by the Director under section 57.

“(c) REBUTTABLE PRESUMPTION OF INJURY.—For purposes of this section, substantial violation of any provision of this chapter by an invention promoter or execution by the customer of a contract for invention promotion 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 promoters publicly available, together with any response of the invention promoters.

“(b) REQUEST FOR COMPLAINTS.—The Director may request complaints relating to invention promotion 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 promoters.

**“§ 58. Fraudulent representation by an invention promoter**

“Whoever, in providing invention promotion 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. 103. 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 II—FIRST INVENTOR DEFENSE**

**SEC. 201. SHORT TITLE.**

This title may be cited as the “First Inventor Defense Act”.

**SEC. 202. DEFENSE TO PATENT INFRINGEMENT BASED ON EARLIER INVENTOR.**

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

**“§ 273. Defense to infringement based on earlier inventor**

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

“(1) the terms ‘commercially used’ and ‘commercial use’ mean use of a process or method in the United States or the use of a process or method in the design, testing, or production in the United States of a product or service, so long as such use is in connection with an actual arm’s-length sale or other arm’s-length commercial transfer of a product or service, whether or not the subject matter at issue is accessible to or otherwise known to the public, except that the subject matter for which commercial marketing or use is subject to a premarketing regulatory review period during which the safety or efficacy of the subject matter is established, including any period specified in section 156(g), shall be deemed ‘commercially used’ and in ‘commercial use’ during such regulatory review period;

“(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), except that the use—

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

“(B) may not be asserted as a defense with respect to any subsequent commercialization or use outside such laboratory or nonprofit entity;

“(3) the term ‘process or method’ means ‘process’ as defined in section 100(b), and includes any invention that produces a useful end product or service which has been or could have been claimed in a patent in the form of a process; 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) IN GENERAL.—It shall be a defense to an action for infringement under section 271 of this title with respect to any subject matter that would otherwise infringe one or more claims asserting a process or method in the patent being asserted against a person, if such person had, acting in good faith, actually reduced the subject matter to practice at least one year before the effective filing date of such patent, and commercially used the subject matter before the effective filing date of such patent.

“(2) EXHAUSTION OF RIGHT.—The sale or other disposition, of a product or service produced by a patented process or method, by a person entitled to assert a defense under this section with respect to that product or service 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.

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

“(A) PATENT.—A person may not assert the defense under this section unless the invention for which the defense is asserted is for a process or method, the exclusive purpose of which is to produce a useful end product or service.

“(B) 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.

“(C) 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 specific 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.

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

“(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 this section with respect to actions taken after the date of such abandonment.

“(6) PERSONAL DEFENSE.—The defense under this section may be asserted only 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 as an ancillary and subordinate part of a good faith assignment or transfer for other reasons of the entire enterprise or line of business to which the defense relates.

“(7) LIMITATION ON SITES.—A defense under this section, when acquired as part of a good faith assignment or transfer of an entire enterprise or line of business to which the defense relates, may only be asserted for uses at sites where the subject matter that would otherwise infringe one or more of the claims is in use before the later of the effective filing date of the patent or the date of the assignment or transfer of such enterprise or line of business.

“(8) 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.

“(9) INVALIDITY.—A patent shall not be deemed to be invalid under section 102 or 103 of this title solely because a defense is raised or 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. Defense to infringement based on earlier inventor.”.

**SEC. 203. 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 III—PATENT TERM GUARANTEE**

**SEC. 301. SHORT TITLE.**

This title may be cited as the “Patent Term Guarantee Act”.

**SEC. 302. PATENT TERM GUARANTEE AUTHORITY.**

(a) ADJUSTMENT OF PATENT TERM.—Section 154(b) of title 35, United States Code, is amended to read as follows:

“(b) ADJUSTMENT OF PATENT TERM.—

“(1) PATENT TERM GUARANTEES.—

“(A) GUARANTEE OF PROMPT PATENT AND TRADEMARK OFFICE RESPONSES.—Subject to the limitations under paragraph (2), if the issue of an original patent is delayed due to the failure of the Patent and Trademark Office to—

“(i) make a notification of the rejection of any claim for a patent or any objection or argument under section 132, or give or mail a written notice of allowance under section 151, within 14 months after the date on which the application was filed;

“(ii) respond to a reply under section 132, or to an appeal taken under section 134, within 4 months after the date on which the reply was filed or the appeal was taken;

“(iii) act on an application within 4 months after the date of a decision by the Board of Patent Appeals and Interferences under section 134 or 135 or a decision by a Federal court under section 141, 145, or 146 in a case in which allowable claims remain in the application; or

“(iv) issue a patent within 4 months after the date on which the issue fee was paid under section 151 and all outstanding requirements were satisfied;

the term of the patent shall be extended one day for each day after the end of the period specified in clause (i), (ii), (iii), or (iv), as the case may be, until the action described in such clause is taken.



“(B) GUARANTEE OF NO MORE THAN 3-YEAR APPLICATION PENDENCY.—Subject to the limitations under paragraph (2), if the issue of an original patent is delayed due to the failure of the Patent and Trademark Office to issue a patent within 3 years after the actual filing date of the application in the United States, not including—

“(i) any time consumed by continued examination of the application requested by the applicant under section 132(b);

“(ii) any time consumed by a proceeding under section 135(a), any time consumed by the imposition of an order pursuant to section 181, or any time consumed by appellate review by the Board of Patent Appeals and Interferences or by a Federal court; or

“(iii) any delay in the processing of the application by the Patent and Trademark Office requested by the applicant except as permitted by paragraph (2)(C),

the term of the patent shall be extended 1 day for each day after the end of that 3-year period until the patent is issued.

“(C) GUARANTEE OR ADJUSTMENTS FOR DELAYS DUE TO INTERFERENCES, SECRECY ORDERS, AND APPEALS.—Subject to the limitations under paragraph (2), if the issue of an original patent is delayed due to—

“(i) a proceeding under section 135(a);

“(ii) the imposition of an order pursuant to section 181; or

“(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,

the term of the patent shall be extended one day for each day of the pendency of the proceeding, order, or review, as the case may be.

“(2) LIMITATIONS.—

“(A) IN GENERAL.—To the extent that periods of delay attributable to grounds specified in paragraph (1) overlap, the period of any adjustment granted under this subsection shall not exceed the actual number of days the issuance of the patent was delayed.

“(B) DISCLAIMED TERM.—No patent the term of which has been disclaimed beyond a specified date may be adjusted under this section beyond the expiration date specified in the disclaimer.

“(C) REDUCTION OF PERIOD OF ADJUSTMENT.—

“(i) The period of adjustment of the term of a patent under paragraph (1) shall be reduced by a period equal to the period of time during which the applicant failed to engage in reasonable efforts to conclude prosecution of the application.

“(ii) With respect to adjustments to patent term made under the authority of paragraph (1)(B), an applicant shall be deemed to have failed to engage in reasonable efforts to conclude processing or examination of an application for the cumulative total of any periods of time in excess of 3 months that are taken to respond to a notice from the Office making any rejection, objection, argument, or other request, measuring such 3-month period from the date the notice was given or mailed to the applicant.

“(iii) 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.

“(3) PROCEDURES FOR PATENT TERM ADJUSTMENT DETERMINATION.—

“(A) The Director shall prescribe regulations establishing procedures for the application for and determination of patent term adjustments under this subsection.

“(B) Under the procedures established under subparagraph (A), the Director shall—

“(i) make a determination of the period of any patent term adjustment under this subsection, and shall transmit a notice of that determination with the written notice of allowance of the application under section 151; and

“(ii) provide the applicant one opportunity to request reconsideration of any patent term adjustment determination made by the Director.

“(C) The Director shall reinstate all or part of the cumulative period of time of an adjustment under paragraph (2)(C) if the applicant, prior to the issuance of the patent, makes a showing that, in spite of all due care, the applicant was unable to respond within the 3-month period, but in no case

shall more than 3 additional months for each such response beyond the original 3-month period be reinstated.

“(D) The Director shall proceed to grant the patent after completion of the Director’s determination of a patent term adjustment under the procedures established under this subsection, notwithstanding any appeal taken by the applicant of such determination.

“(4) APPEAL OF PATENT TERM ADJUSTMENT DETERMINATION.—

“(A) An applicant dissatisfied with a determination made by the Director under paragraph (3) shall have remedy by a civil action against the Director filed in the United States District Court for the District of Columbia within 180 days after the grant of the patent. Chapter 7 of title 5 shall apply to such action. Any final judgment resulting in a change to the period of adjustment of the patent term shall be served on the Director, and the Director shall thereafter alter the term of the patent to reflect such change.

“(B) The determination of a patent term adjustment under this subsection shall not be subject to appeal or challenge by a third party prior to the grant of the patent.”

(b) CONFORMING AMENDMENTS.—

(1) Section 282 of title 35, United States Code, is amended in the fourth paragraph by striking “156 of this title” and inserting “154(b) or 156 of this title”.

(2) Section 1295(a)(4)(C) of title 28, United States Code, is amended by striking “145 or 146” and inserting “145, 146, or 154(b)”.

**SEC. 303. CONTINUED EXAMINATION OF PATENT APPLICATIONS.**

Section 132 of title 35, United States Code, is amended—

(1) in the first sentence by striking “Whenever” and inserting “(a) Whenever”; and

(2) by adding at the end the following:

“(b) The Director shall prescribe regulations to provide for the continued examination of applications for patent at the request of the applicant. The Commissioner may establish appropriate fees for such continued examination and shall provide a 50 percent reduction on such fees for small entities that qualify for reduced fees under section 41(h)(1) of this title.”

**SEC. 304. TECHNICAL CLARIFICATION.**

Section 156(a) of title 35, United States Code, is amended in the matter preceding paragraph (1) by inserting “, which shall include any patent term adjustment granted under section 154(b),” after “the original expiration date of the patent”.

**SEC. 305. EFFECTIVE DATE.**

(a) SECTIONS 302 AND 304.—The amendments made by sections 302 and 304 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 the date of the enactment of this Act.

(b) SECTION 303.—The amendments made by section 303 shall take effect 6 months after the date of the enactment of this Act.

## **TITLE IV—UNITED STATES PUBLICATION OF PATENT APPLICATIONS PUBLISHED ABROAD**

**SEC. 401. SHORT TITLE.**

This title may be referred to as the “Publication of Foreign Filed Applications Act”.

**SEC. 402. PUBLICATION.**

(a) 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 any such application 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) UNITED STATES PUBLICATION OF APPLICATIONS PUBLISHED ABROAD.—

“(1) IN GENERAL.—(A) Subject to paragraph (2), each application for patent, except applications for design patents filed under chapter 16 and provisional applications filed under section 111(b), shall be published, in accordance with procedures determined by the Director, promptly upon the expiration of a period of 18 months after 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) Pursuant to this title and 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 under section 181 shall not be published.

“(C)(i) If an applicant, upon filing, makes a request that an application not be published pursuant to paragraph (1), and states in such request that the invention disclosed in the application has not been the subject of an application filed in another country, or under a multilateral international agreement, that requires publication of applications 18 months after filing, the application shall not be published as provided in paragraph (1).

“(ii) An applicant may rescind a request made under clause (i) at any time.

“(iii) An applicant who has made a request under clause (i) but who subsequently files, in a foreign country or under a multilateral international agreement specified in clause (i), an application directed to the invention disclosed in the application filed in the Patent and Trademark Office, shall notify the Director of such filing not later than 45 days after the date of the filing of such foreign or international application. A failure of the applicant to provide such notice within the prescribed period shall result in the application being regarded as abandoned, unless it is shown to the satisfaction of the Director that the delay in submitting the notice was unintentional.

“(iv) If a notice is made pursuant to clause (iii), or the applicant rescinds a request pursuant to clause (ii), the Director shall publish the application on or as soon as is practical after the date that is specified in clause (i).

“(v) If an applicant has filed applications in one or more foreign countries, directly or through a multilateral international agreement, and such foreign filed applications corresponding to an application filed in the Patent and Trademark Office or the description of the invention in such foreign filed applications is less extensive than the application or description of the invention in the application filed in the Patent and Trademark Office, the applicant may submit a redacted copy of the application filed in the Patent and Trademark Office eliminating any part or description of the invention in such application that is not also contained in any of the corresponding applications filed in a foreign country. The Director may only publish the redacted copy of the application unless the redacted copy of the application is not received within 16 months after the earliest effective filing date for which a benefit is sought under this title. The provisions of section 154(d) shall not apply to a claim if the description of the invention published in the redacted application filed under this clause with respect to the claim does not enable a person skilled in the art to make and use the subject matter of the claim.

“(c) PROTEST AND PRE-ISSUANCE OPPOSITION.—The Director shall establish appropriate procedures to ensure that no protest or other form of pre-issuance opposition to the grant of a patent on an application may be initiated after publication of the application without the express written consent of the applicant.”.

(b) STUDY BY GAO.—

(1) IN GENERAL.—The Comptroller General of the United States shall conduct a study of applicants for patents who file only in the United States during the 3-year period beginning on the effective date of this title.

(2) CONTENTS.—The study conducted under paragraph (1) shall—

(A) consider the number of such applicants for patent in relation to the number of applicants who file in the United States and outside the United States;

(B) examine how many domestic-only filers request at the time of filing not to be published;

(C) examine how many such filers rescind that request or later choose to file abroad; and

(D) examine the manner of entity seeking an application and any correlation that may exist between such manner and publication of patent applications.

(3) REPORT TO JUDICIARY COMMITTEES.—The Comptroller General shall submit to the Committees on the Judiciary of the House of Representatives and the Senate the results of the study conducted under this subsection.

**SEC. 403. 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, identifying the foreign application by specifying its application number, country, and the day, month, and year of its filing, is filed in the Patent and Trademark Office at such time during the pendency of the application as required by the Director.

“(2) The Director may consider the failure of the applicant to file a timely claim for priority as a waiver of any such claim. The Director may establish procedures, including the payment of a surcharge, to accept an unintentionally delayed claim under this section.

“(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 foreign intellectual property authority 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: “The Director may determine the time period during the pendency of the application within which an amendment containing the specific reference to the earlier filed application is submitted. 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 unintentionally late submissions of amendments under this section.”.

**SEC. 404. 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), or in the case of an international application filed under the treaty defined in section 351(a) 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 in a case in which 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.—

“(A) EFFECTIVE DATE.—The right under paragraph (1) to obtain a reasonable royalty based upon the publication under the treaty defined in section 351(a) of an international application designating the United States shall commence on the date on which the Patent and Trademark Office receives a copy of the publication under the treaty of the international application, or, if the publication under the treaty of the international application is in a language other than English, on the date on which the Patent and Trademark Office receives a translation of the international application in the English language.

“(B) COPIES.—The Director may require the applicant to provide a copy of the international application and a translation thereof.

“(5) ISSUANCE OF PATENTS ON INDIVIDUAL CLAIMS.—If the Director in a notification to the applicant under section 132 indicates that one or more claims of a published application are allowable, the applicant may request the issuance of a patent incorporating those claims. The applicant may continue prosecution of the remaining claims as provided in chapter 12 of this title. Any subsequently allowed claims may be incorporated into the patent or issued in a separate patent, in accordance with regulations adopted by the Director. The Director may establish appropriate fees to cover the costs of incorporating any additional claims into the patent or issuing a separate patent.”

**SEC. 405. 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)(A) an application for patent, published pursuant to section 122(b), 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) shall have the effect under this subsection of a national application published under section 122(b) only if the international application designating the United States was published under Article 21(2)(a) of such treaty in the English language, or

“(B) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that a patent shall not be deemed filed in the United States for the purposes of this subsection based on the filing of an international application filed under the treaty defined in section 351(a), or”.

**SEC. 406. 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 402 by charging a separate publication fee after notice of allowance is given pursuant to section 151 of title 35, United States Code.

**SEC. 407. CONFORMING AMENDMENTS.**

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

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

(6) Section 181 is amended—

(A) in the first undesignated 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 undesignated paragraph by inserting “by the publication of an application or” after “disclosure of an invention”;

(C) in the third undesignated 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 undesignated paragraph by inserting “the publication of an application or” after “and” in the first sentence.

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

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

(9) 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).”.

**SEC. 408. EFFECTIVE DATE.**

This title and the amendments made by this title, shall take effect on the date that is 1 year after the date of the enactment of this Act and shall apply to all applications filed under section 111 of title 35, United States Code, on or after that date, and all applications complying with section 371 of title 35, United States Code, that resulted from international applications filed on or after that date. The amendments made by sections 404 and 405 shall apply to any such application voluntarily published by the applicant under procedures established under this title that is pending on the date that is 1 year after the date of enactment of this Act. The amendment made by section 404 shall also apply to international applications designating the United States that are filed on or after the date that is 1 year after the date of the enactment of this Act.

## **TITLE V—PATENT LITIGATION REDUCTION ACT**

**SEC. 501. SHORT TITLE.**

This title may be cited as the “Patent Litigation Reduction 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) CITATION OF PRIOR ART.—Section 301 of title 35, United States Code, is amended to read as follows:

**“§ 301. Citation of prior art**

“Any person at any time may cite to the Office in writing prior art consisting of patents or printed publications which that person believes to have a bearing on the patentability of any claim of a particular patent. If the person explains in writing the pertinency and manner of applying such prior art to at least one claim of the patent, the citation of such prior art and the explanation thereof will become a part of the official file of the patent.”.

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

**“§ 302. Request for reexamination**

“(a) IN GENERAL.—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.

“(b) REQUIREMENTS.—The request shall—

“(1) be in writing, include the identity of the real party in interest, and be accompanied by payment of a reexamination fee established by the Director under section 41; and

“(2) set forth the pertinency and manner of applying cited prior art to every claim for which reexamination is requested.

“(c) COPY.—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.”.

(c) 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 section 302, 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, and any time, the Director may determine whether a substantial new question of patentability is raised by patents and publications.

“(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.”.

(d) 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 section 303(a), 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.”.

(e) 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, except as provided for under this section. 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. In addition, the third-party requester shall receive a copy of any communication sent by the Office to the patent owner concerning the patent subject to the reexamination proceeding.

“(3) Each time that the patent owner files a response to an action on the merits from the Patent and Trademark Office, the third-party requester shall have one opportunity to file written comments addressing issues raised by the action of the Office or the patent owner’s response thereto, if those written comments are received by the Office within 30 days after the date of service of 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.”.

(f) 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, and may appeal under the provisions of sections 141 through 144, 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 under subsection (b).

“(b) THIRD-PARTY REQUESTER.—A third-party requester may—

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

“(2) be a party to any appeal taken by the patent owner, subject to subsection (c).

“(c) CIVIL ACTION.—A third-party requester whose request for a reexamination results in an order under section 304 is estopped from asserting at a later time, in any civil action arising in whole or in part under section 1338 of title 28, the invalidity of any claim finally determined to be valid and patentable on any ground which the third-party requester raised or could have raised during the reexamination proceedings. 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 proceedings.”.

(g) REEXAMINATION PROHIBITED; STAY OF LITIGATION.—

(1) IN GENERAL.—Chapter 30 of title 35, United States Code, is amended by adding at the end the following new sections:

**“§ 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, neither the patent owner nor the third-party requester, if any, nor privies of either, may file a subsequent request for reexamination of the patent until a reexamination certificate is issued and published under section 307, unless authorized by the Director.

“(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 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, and a reexamination requested by that party or its privies on the basis of such issues may not thereafter be maintained by the Office, notwithstanding any other provision of this chapter. 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 proceedings.

**“§ 309. Stay of litigation**

“Once an order for reexamination of a patent has been issued under section 304, the patent owner may obtain a stay of any pending litigation which involves an issue of patentability of any claims of the patent which are the subject of the reexamination order, unless the court before which such litigation is pending determines that a stay would not serve the interests of justice.”.

(2) TECHNICAL AND CONFORMING AMENDMENT.—The table of sections for chapter 30 of title 35, United States Code, is amended to read as follows:

**“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 Director.

“304. Reexamination order by Director.

“305. Conduct of reexamination proceedings.

“306. Appeal.

“307. Certificate of patentability, unpatentability, and claim cancellation.

“308. Reexamination prohibited.

“309. Stay of litigation.”.



**SEC. 504. CONFORMING AMENDMENTS.**

(a) **PATENT FEES; PATENT 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, \$1,210, unless the petition is filed under section 133 or 151 of this title, in which case the fee shall be \$110.”.

(b) **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.”.

(c) **APPEAL TO COURT OF APPEALS FOR THE FEDERAL CIRCUIT.**—Section 141 of title 35, United States Code, is amended by adding the following after the second sentence: “A patent owner or third-party requester in a reexamination proceeding dissatisfied with the final decision in an appeal to the Board of Patent Appeals and Interferences under section 134 may appeal the decision only to the United States Court of Appeals for the Federal Circuit.”.

(d) **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 Patent and Trademark Office, addressing all the issues involved in the appeal.”.

(e) **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. REPORT TO CONGRESS.**

Not later than 5 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. 506. ESTOPPEL EFFECT OF REEXAMINATION.**

Any party who requests a reexamination under section 302 of title 35, United States Code, is estopped from challenging at a later time, in any civil action, any fact determined during the process of such reexamination. If this section is held to be unenforceable, the enforceability of the rest of this title or of this Act shall not be denied as a result.

**SEC. 507. EFFECTIVE DATE.**

This title and the amendments made by this title shall take effect on the date that is 1 year after the date of the enactment of this Act and shall apply to all reexamination requests filed on or after such date.

**TITLE VI—PATENT AND TRADEMARK OFFICE****SEC. 601. SHORT TITLE.**

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

**Subtitle A—United States Patent and Trademark Office****SEC. 611. ESTABLISHMENT OF PATENT AND TRADEMARK OFFICE.**

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 an agency of the United States, within the Department of Commerce. In carrying out its functions, the United States Patent and Trademark Office shall be subject to the policy direction of the Secretary of Commerce, but otherwise shall retain responsibility for decisions regarding the management and administration of its operations and shall exercise independent control of its budget allocations and expenditures, personnel decisions and processes, procurements, and other administrative and management functions in accordance with this title and applicable provisions of law. Those operations designed to grant and issue patents and those operations which are designed to facilitate the registration of trademarks shall be treated as separate operating units within the Office.

“(b) OFFICES.—The United States Patent and Trademark Office shall maintain its principal office in the metropolitan Washington, DC, 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 in the United States 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. 612. 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, subject to the policy direction of the Secretary of Commerce—

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

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

“(b) SPECIFIC POWERS.—The Office—

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

“(2) may establish regulations, not inconsistent with law, which—

“(A) shall govern the conduct of proceedings in the Office;

“(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;

“(E) shall 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(b)(1) of this title; and

“(F) provide for the development of a performance-based process that includes quantitative and qualitative measures and standards for evaluating cost-effectiveness and is consistent with the principles of impartiality and competitiveness;

“(3) 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;

“(4)(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;

“(5) 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;

“(6) 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;

“(7) 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;

“(8) in coordination with the Under Secretary of Commerce for International Trade, shall promote exports of goods and services of the United States industries that rely on intellectual property;

“(9) shall advise the President, through the Secretary of Commerce, on national and certain international intellectual property policy issues;

“(10) shall advise Federal departments and agencies on matters of intellectual property policy in the United States and intellectual property protection in other countries;

“(11) shall provide guidance, as appropriate, with respect to proposals by agencies to assist foreign governments and international intergovernmental organizations on matters of intellectual property protection;

“(12) may conduct programs, studies, or exchanges of items or services regarding domestic and international intellectual property law and the effectiveness of intellectual property protection domestically and throughout the world;

“(13)(A) shall advise the Secretary of Commerce on programs and studies relating to intellectual property policy that are conducted, or authorized to be conducted, cooperatively with foreign intellectual property offices and international intergovernmental organizations; and

“(B) may conduct programs and studies described in subparagraph (A); and

“(14)(A) in coordination with the Department of State, may conduct programs and studies cooperatively with foreign intellectual property offices and international intergovernmental organizations; 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.

“(c) CLARIFICATION OF SPECIFIC POWERS.—(1) The special payments under paragraph (14)(B) shall be in addition to any other payments or contributions to international organizations described in paragraph (14)(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.

“(2) Nothing in subsection (b) shall derogate from the duties of the Secretary of State or from the duties of the United States Trade Representative as set forth in section 141 of the Trade Act of 1974 (19 U.S.C. 2171).

“(3) Nothing in subsection (b) shall derogate from the duties and functions of the Register of Copyrights or otherwise alter current authorities relating to copyright matters.

“(4) In exercising the Director’s powers under paragraphs (3) and (4)(A) of subsection (b), the Director shall consult with the Administrator of General Services.

“(d) 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. 613. ORGANIZATION AND MANAGEMENT.**

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

**“§ 3. Officers and employees**

“(a) UNDER SECRETARY AND DIRECTOR.—

“(1) IN GENERAL.—The powers and duties of the United States Patent and Trademark Office shall be vested in an Under Secretary of Commerce and 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 has a professional background and experience in patent or trademark law the Director shall be responsible for providing policy direction and management supervision for the Office.

“(2) DUTIES.—

“(A) IN GENERAL.—The Director shall be responsible for the supervision 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) CONSULTING WITH THE PUBLIC ADVISORY COMMITTEES.—The Director shall consult with the Patent Public Advisory Committee established in section 5 on a regular basis on matters relating to the patent operations of the Office, shall consult with the Trademark Public Advisory Committee established in section 5 on a regular basis on matters relating to the trademark operations of the Office, and shall consult with the respective Public Advisory Committee 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, as the case may be.

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

“(4) COMPENSATION.—In addition to the Director’s pay as prescribed in section 5314 of title 5, the Director may receive a bonus in an amount up to, but not in excess of, 50 percent of the Director’s annual rate of pay, 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 organization and individual goals in key operational areas as delineated in an annual performance plan agreed to by the Director and the Secretary and made public in the annual report of the Director. Payment of a bonus under this paragraph may be made to the Director only to the extent that such payment does not cause the Director’s total aggregate compensation in a calendar year to equal or exceed the amount of the salary of the President under section 102 of title 3.

“(5) 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.

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

“(1) DEPUTY UNDER SECRETARY AND DEPUTY DIRECTOR.—The Director shall appoint a Deputy Under Secretary of Commerce and Deputy Director of the United States Patent and Trademark 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. The Deputy Under Secretary and Deputy Director of the United States Patent and Trademark Office shall be a citizen of the United States who has a professional background and experience in patent or trademark law.

“(2) COMMISSIONERS.—

“(A) APPOINTMENT AND DUTIES.—The Secretary of Commerce shall appoint a Commissioner for Patents and a Commissioner for Trademarks. The Commissioner for Patents shall be a citizen of the United States with demonstrated management ability and professional background and experience in patent law and serve for a term of 5 years. The Commissioner for Trademarks shall be a citizen of the United States with demonstrated management ability and professional background and experience in trademark law and serve for a term of 5 years. The Commissioner for Patents and the Commissioner for Trademarks shall serve as the chief operating officers for the operations of the Office relating to patents and trademarks, respectively, and shall be responsible for the management and direction of all as-

pects of the activities of the Office that affect the administration of patent and trademark operations, respectively. The Secretary may reappoint a Commissioner to subsequent terms of 5 years as long as the performance of the Commissioner as set forth in the performance agreement in subparagraph (B) is satisfactory.

“(B) SALARY AND PERFORMANCE AGREEMENT.—The Commissioners shall be paid an annual rate of basic pay not to exceed the maximum rate of basic pay for the Senior Executive Service established under section 5382 of title 5, United States Code, including any applicable locality-based comparability payment that may be authorized under section 5304(h)(2)(C) of title 5. The compensation of the Commissioners shall be considered for purposes of section 207(c)(2)(A) of title 18, United States Code, to be the equivalent of that described under clause (ii) of section 207(c)(2)(A) of title 18. In addition, the Commissioners may receive a bonus in an amount of up to, but not in excess of, 50 percent of the Commissioner’s annual rate of basic pay, based upon an evaluation by the Secretary of Commerce, acting through the Director, of the Commissioners’ performance as defined in an annual performance agreement between the Commissioners and the Secretary. The annual performance agreements shall incorporate measurable organization and individual goals in key operational areas as delineated in an annual performance plan agreed to by the Commissioners and the Secretary. Payment of a bonus under this subparagraph may be made to the Commissioners only to the extent that such payment does not cause the Commissioners’ total aggregate compensation in a calendar year to equal or exceed the amount of the salary of the President under section 102 of title 3.

“(C) REMOVAL.—The Commissioners may be removed from office by the Secretary for misconduct or nonsatisfactory performance under the performance agreement described in subparagraph (B). The Secretary shall provide notification of any such removal to both Houses of Congress.

“(3) 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 title, 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.

“(4) TRAINING OF EXAMINERS.—The Patent and Trademark Office shall develop an incentive program to retain as employees patent and trademark examiners of the primary examiner grade or higher who are eligible for retirement, for the sole purpose of training patent and trademark examiners.

“(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.

“(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 Efficiency 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 Efficiency 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 Efficiency 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, as necessary to carry out the purposes of this Act, 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 Efficiency 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 Efficiency 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 Efficiency Act may serve as the Commissioner for Trademarks until the date on which a Commissioner for Trademarks is appointed under subsection (b).”.

**SEC. 614. PUBLIC ADVISORY COMMITTEES.**

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 Public Advisory Committees**

“(a) ESTABLISHMENT OF PUBLIC ADVISORY COMMITTEES.—

“(1) APPOINTMENT.—The United States Patent and Trademark Office shall have a Patent Public Advisory Committee and a Trademark Public Advisory Committee, each of which shall have 9 voting members who shall be appointed by the Secretary of Commerce and serve at the pleasure of the Secretary of Commerce. Members of each Public Advisory Committee shall be appointed for a term of 3 years, except that of the members first appointed, 3 shall be appointed for a term of 1 year, and 3 shall be appointed for a term of 2 years. In making appointments to each Committee, the Secretary of Commerce shall consider the risk of loss of competitive advantage in international commerce or other harm to United States companies as a result of such appointments.

“(2) CHAIR.—The Secretary shall designate a chair of each Advisory Committee, whose term as chair shall be for 3 years.

“(3) TIMING OF APPOINTMENTS.—Initial appointments to each Advisory Committee shall be made within 3 months after the effective date of the Patent and Trademark Office Efficiency Act. Vacancies shall be filled within 3 months after they occur.

“(b) BASIS FOR APPOINTMENTS.—Members of each Advisory Committee—

“(1) shall be citizens of the United States who shall be chosen so as to represent the interests of diverse users of the Patent and Trademark Office with respect to patents, in the case of the Patent Public Advisory Committee, and with respect to trademarks, in the case of the Trademark Public Advisory Committee;

“(2) shall include members who represent small and large entity applicants located in the United States in proportion to the number of applications filed by such members, but in no case shall members who represent small entity patent applicants, including small business concerns, independent inventors, and nonprofit organizations, constitute less than 25 percent of the members of the Patent Public Advisory Committee; and

“(3) shall include individuals with substantial background and achievement in finance, management, labor relations, science, technology, and office automation.

In addition to the voting members, each Advisory Committee shall include a representative of each labor organization recognized by the Patent and Trademark Office. Such representatives shall be nonvoting members of the Advisory Committee to which they are appointed.

“(c) MEETINGS.—Each Advisory Committee shall meet at the call of the chair to consider an agenda set by the Chair.

“(d) DUTIES.—Each Advisory Committee shall—

“(1) review the policies, goals, performance, budget, and user fees of the Patent and Trademark Office with respect to patents, in the case of the Patent Public Advisory Committee, and with respect to Trademarks, in the case of the Trademark Public Advisory Committee, and advise the Director on these matters;

“(2) within 60 days after the end of each fiscal year—

“(A) prepare an annual report on the matters referred to in paragraph (1);

“(B) transmit the report to the Secretary of Commerce, the President, and the Committees on the Judiciary of the Senate and the House of Representatives; and

“(C) publish the report in the Official Gazette of the Patent and Trademark Office.

“(e) COMPENSATION.—Each member of each Advisory Committee shall be compensated for each day (including travel time) during which such member is attending meetings or conferences of that Advisory Committee or otherwise engaged in the business of that Advisory Committee, 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. While away from such member’s home or regular place of business such member shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5.

“(f) ACCESS TO INFORMATION.—Members of each Advisory Committee shall be provided access to records and information in the 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.

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

“(h) INAPPLICABILITY OF FEDERAL ADVISORY COMMITTEE ACT.—The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to each Advisory Committee.

“(i) OPEN MEETINGS.—The meetings of each Advisory Committee shall be open to the public, except that each Advisory Committee may by majority vote meet in executive session when considering personnel or other information.”.

**SEC. 615. PATENT AND TRADEMARK OFFICE FUNDING.**

Section 42(c) of title 35, United States Code, is amended in the second sentence—

(1) by striking “Fees available” and inserting “All fees available”; and

(2) by striking “may” and inserting “shall”.

**SEC. 616. 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. 617. 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. 618. BOARD OF PATENT APPEALS AND INTERFERENCES.**

Chapter 1 of title 35, United States Code, is amended—

(1) by striking section 7 and redesignating sections 8 through 14 as sections 7 through 13, respectively; and

(2) by 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. 619. ANNUAL REPORT OF DIRECTOR.**

Section 13 of title 35, United States Code, as redesignated by section 618 of this Act, is amended to read as follows:

**“§ 13. 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, the nature of training provided to examiners, the evaluation of the Director and the Commissioners by the Secretary of Commerce, the Director’s and the Commissioners’ compensation, and other information relating to the Office.”.

**SEC. 620. 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. 621. PAY OF DIRECTOR.**

Section 5314 of title 5, United States Code, is amended by striking  
 “Assistant Secretary of Commerce and Commissioner of Patents and Trade-  
 marks.”  
 and inserting  
 “Under Secretary of Commerce and Director of the United States Patent  
 and Trademark Office.”.

## **Subtitle B—Effective Date; Technical Amendments**

**SEC. 631. 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. 632. 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 Public Advisory Committee.
- "6. Board of Patent Appeals and Interferences.
- "7. Library.
- "8. Classification of patents.
- "9. Certified copies of records.
- "10. Publications.
- "11. Exchange of copies of patents and applications with foreign countries.
- "12. Copies of patents and applications for public libraries.
- "13. Annual report to Congress."

(5) Section 41(h) of title 35, United States Code, is amended by striking "Commissioner of Patents and Trademarks" and inserting "Director".

(6) Section 155 of title 35, United States Code, is amended by striking "Commissioner of Patents and Trademarks" and inserting "Director".

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

(8)(A) Except as provided in subparagraph (B), title 35, United States Code, is amended by striking "Commissioner" each place it appears and inserting "Director".

(B) Chapter 17 of title 35, United States Code, is amended by striking "Commissioner" each place it appears and inserting "Commissioner of Patents".

(9) Section 41(a)(8)(A) of title 35, United States Code, is amended by striking "On" and inserting "on".

(10) Section 157(d) of title 35, United States Code, is amended by striking "Secretary of Commerce" and inserting "Director".

(11) Section 181 of title 35, United States Code, is amended in the third paragraph by striking "Secretary of Commerce under rules prescribed by him" and inserting "Director under rules prescribed by the Patent and Trademark Office".

(12) Section 188 of title 35, United States Code, is amended by striking "Secretary of Commerce" and inserting "Patent and Trademark Office".

(13) Section 202(a) of title 35, United States Code, is amended—

(A) by striking "iv" and inserting "(iv)"; and

(B) by striking the second period after "Department of Energy" at the end of the first sentence.

(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 inserting "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 617 of this Act, is amended by striking "Commissioner" each place it appears and inserting "Director".

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

(3) 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;"

(4) 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."

(5) 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".

(6) 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 and indenting the paragraphs as so redesignated 2 ems to the right.

(7) 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".

(8) 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”.

(9) 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”.

(10) 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”.

(11) 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”.

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

(13) 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”.

(14) 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”.

(15) Chapter 115 of title 28, United States Code, is amended—

(A) in the item relating to section 1744 in the table of sections by striking “Patent Office” and inserting “United States Patent and Trademark Office”;

(B) in section 1744—

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

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

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

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

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

(18) 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”.

(19) 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”.

(20) 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”.

(21) 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”.

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

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

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

(25) 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.

(26) 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”.

(27) 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;”;

(B) in paragraph (2)—

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

(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. 641. 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. 642. 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. 643. 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. 644. 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. 645. 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. 646. 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. 647. 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. 648. 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, subject to the submission of a plan to the Committees on Appropriations of the House and Senate in accordance with the procedures set forth in section 605 of the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1999, as contained in Public Law 105–277.

**SEC. 649. 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 VII—MISCELLANEOUS PATENT PROVISIONS**

**SEC. 701. 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 Commissioner, a provisional application may be treated as an application filed under subsection (a). Subject to section 119(e)(3) of this title, 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) **TECHNICAL AMENDMENT RELATING TO WEEKENDS AND HOLIDAYS.**—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 secular or business day.”

(c) **ELIMINATION OF COPENDENCY REQUIREMENT.**—Section 119(e)(2) of title 35, United States Code, is amended by striking “and the provisional application was pending on the filing date of the application for patent under section 111(a) or section 363 of this title”.

(d) **EFFECTIVE DATE.**—The amendments made by this section shall take effect on the date of the enactment of this Act and shall apply to any provisional application filed on or after June 8, 1995, except that the amendments made by subsections (b) and (c) shall have no effect with respect to any patent which is the subject of litigation in an action commenced before such date of enactment.

**SEC. 702. INTERNATIONAL APPLICATIONS.**

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

(1) in subsection (a)—

(A) by inserting “in a WTO member country or” after “patent for the same invention”; and

(B) by inserting “such WTO member country or” after “first filed in”;

(2) in subsection (c), by inserting “WTO member country or” after “application in the same”; and

(3) by adding at the end the following:

“(f) Applications for plant breeder’s rights filed in a WTO member country (or in a foreign 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 patent, subject to the same conditions and requirements of this section as apply to applications for patents.

“(g) As used in this section—

“(1) the term ‘WTO member country’ has the meaning given that term in section 2(10) of the Uruguay Round Agreements Act; and

“(2) the term ‘UPOV Contracting Party’ means a member of the International Convention for the Protection of New Varieties of Plants.”

**SEC. 703. CERTAIN LIMITATIONS ON DAMAGES FOR PATENT INFRINGEMENT NOT APPLICABLE.**

Section 287(c)(4) of title 35, United States Code, is amended by striking “before the date of enactment of this subsection” and inserting “based on an application the earliest effective filing date of which is prior to September 30, 1996”.

**SEC. 704. 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. 705. STUDY AND REPORT ON BIOLOGICAL DEPOSITS IN SUPPORT OF BIOTECHNOLOGY PATENTS.**

(a) **IN GENERAL.**—No later than 6 months after the date of the enactment of this Act, the Comptroller General of the United States, in consultation with the Director of the United States Patent and Trademark Office, shall conduct a study and submit a report to the Congress on the potential risks to the United States biotechnology industry relating to biological deposits in support of biotechnology patents.

(b) **CONTENTS.**—The study conducted under this section shall include—

(1) an examination of the risk of export and the risk of transfers to third parties of biological deposits, and the risks posed by the change to 18-month publication requirements made by this Act;

(2) an analysis of comparative legal and regulatory regimes; and

(3) any related recommendations.

(c) **CONSIDERATION OF REPORT.**—In drafting regulations affecting biological deposits (including any modification of title 37, Code of Federal Regulations, section 1.801 et seq.), the Patent and Trademark Office shall consider the recommendations of the study conducted under this section.

**SEC. 706. PRIOR INVENTION.**

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

“(g)(1) during the course of an interference conducted under section 135 or section 291, another inventor involved therein establishes, to the extent permitted in section 104, that before such person’s invention thereof the invention was made by such other inventor and not abandoned, suppressed, or concealed, or (2) before such person’s invention thereof, the invention was made in this country by another inventor who had not abandoned, suppressed, or concealed it. In determining priority of invention under this subsection, there shall be considered not only the respective dates of conception and reduction to practice of the invention, but also the reasonable diligence of one who was first to conceive and last to reduce to practice, from a time prior to conception by the other.”.

**SEC. 707. PRIOR ART EXCLUSION FOR CERTAIN COMMONLY ASSIGNED PATENTS.**

(a) **PRIOR ART EXCLUSION.**—Section 103(c) of title 35, United States Code, is amended by striking “subsection (f) or (g)” and inserting “one or more of subsections (e), (f), and (g)”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply to any application for patent filed on or after the date of the enactment of this Act.

**PURPOSE AND SUMMARY**

The “American Inventors Protection Act,” H.R. 1907, will help to solve current problems and inefficiencies in our patent system. It guarantees 17 years of patent protection to diligent applicants; makes technology which is accessible to citizens of other countries available to Americans as well; allows earlier inventors limited relief when they cannot endure the prohibitively high costs of patenting every process or method that contributes to the development of an “end” product; reduces patent litigation by improving the re-examination process; protects inventors from scam promoters; and streamlines operations at the Patent and Trademark Office (PTO).

## BACKGROUND AND NEED FOR THE LEGISLATION

## 105TH CONGRESS: BACKGROUND

*Generally.* The United States is by far the world's largest producer of intellectual property, which 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. Patents issued in new fields of technology do not always benefit from the search of the best prior art. The existing patent reexamination system is an ineffective means for bringing relevant prior art unavailable to examiners during their search to the attention of the PTO due to the *ex parte* nature of the proceeding. Without even a minimal level of participation of third parties, many patents are now properly issued in areas of technology previously thought to be unpatentable, such as business methods, thereby forcing inventors to bear unreasonable costs and infringement of their inventions by having to apply for a patent on every process or method employed by them—even if unrelated to an end product. Some applicants have perfected ways to abuse the system through dilatory prosecution that allows them to essentially extort millions of dollars from inventors which independently implemented and commercialized the inventions in question. Another key problem is that the PTO is unable to run at peak efficiency due to excessive regulation.

Since many other nations have learned from our success, America no longer stands alone in its commitment to a strong system of patent protection for independent inventors, small businesses, and industries. Consequently, it is more important now than ever that Congress adopt certain reforms that will secure America's status as the world leader in the production and exportation of intellectual property.

*H.R. 400/S.507.* In light of this background, Chairman Coble introduced an omnibus patent and trademark bill during the 105th Congress to improve our current system. This legislation, H.R. 400, contained several titles addressing major problems which threaten our patent system. With one exception (that portion of the legislation containing miscellaneous provisions), each title consisted of an independent bill that was the subject of comprehensive hearings in the Subcommittee on Courts and Intellectual Property over two Congresses. Each of these titles also reflected 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 PTO.

The House passed H.R. 400 in amended form on April 24, 1997. The Senate Committee on the Judiciary reported a substitute version of the bill—S. 507—on March 23, 1998, but the full Senate took no further action on the legislation.

Both H.R. 400 and S. 507 contained several titles that were nearly identical or at least similar in content, but there were major differences as well, largely owing to amendments adopted during floor consideration of H.R. 400.

More specifically, Title I of both bills would have transformed the PTO into a government corporation; however, H.R. 400 created an intellectual property policy office in the Department of Commerce funded by user fees. There was no policy office equivalent in S. 507.

Title II of both bills contained provisions which required early publication of patent applications 18 months after filing (under current law, publication only occurs upon issuance of the patent). Pursuant to an amendment offered by Representative Kaptur, H.R. 400 generally exempted small businesses, independent inventors, and universities from the publication requirement unless they filed a counterpart application in a foreign country. S. 507 expanded this exemption to any U.S. patent filed only in the United States.

Both bills contained essentially the same patent term restoration provisions, but they were set forth in different sections: Title III of S. 507, and Title II of H.R. 400. Extensions of up to 10 years would be available in the case of successful appeals and unusual administrative delays. If delays were a function of patent interferences or government secrecy orders, a patent could be extended for the period of delay without any cap under either version.

Similarly, both H.R. 400 and S. 507 contained highly similar provisions pertaining to prior domestic commercial user rights. Unlike earlier prior user rights legislation, H.R. 400 expanded the scope of the right to include prior domestic "research" users, and this expansion was incorporated into S. 507. These changes were set forth in Title IV of S. 507 and Title III of H.R. 400.

Title IV of H.R. 400 established new regulations governing invention promotion services, an increasing source of consumer fraud within the patent world. There was no counterpart in S. 507.

Title V of S. 507 amended current law on the matter of patent reexamination in an effort to remove some of the disincentives to test patent validity in an inexpensive administrative proceeding in the PTO rather than in expensive U.S. district court proceedings. The House equivalent was deleted from H.R. 400 by the Kaptur amendment.

Finally, Title VI of S. 507 and Title V of H.R. 400 share some of the same miscellaneous patent provisions, excepting a section in the House bill that permitted applicants to pay extra fees instead of filing divisional applications and another requiring the PTO to publish procurement contracts not found in the Senate measure. In turn, S. 507 had provisions on electronic patent information in rural States and a GAO study of biological deposits which were not in H.R. 400.

#### 106TH CONGRESS: BACKGROUND

*Generally.* At the beginning of the 106th Congress, Chairman Coble worked with a coalition of members and groups, led by Representative Rohrabacher, to include in H.R. 1907 the amendments offered on the floor of the House in the 105th Congress and other responses to concerns raised by independent inventors. This good-faith collaboration has resulted in the reported version of H.R. 1907.

*Major concerns.* First-time inventors are frequently cheated out of hundreds of millions of dollars annually by unscrupulous invention promoters. American jobs are at risk by late issuing patents



and patents issued on inventions previously considered to be unpatentable subject matter. Our foreign competitors, who obtain nearly 50% of the U.S. patents issued each year, protect their companies and workers from the disruptions caused by such late-issuing patents.

Notwithstanding how diligent a patent applicant might be, there are circumstances where such an applicant can nonetheless lose years of effective patent term due to delays in the PTO and other circumstances beyond her control. While our foreign competitors are able to see the latest U.S. patent technology in their native languages barely six months after a U.S. inventor files a patent application in their country, the reverse is not true. U.S. researchers and investors are denied the opportunity to learn what their foreign competitors are working on until a U.S. patent issues. This causes duplicative research and wasted developmental expenditures, putting U.S. inventors at a serious disadvantage *vis-a-vis* their foreign counterparts and competitors.

An individual or company that wishes to test the validity of an issued U.S. patent that is believed to be too broad in scope has no effective alternative to simply waiting and challenging the patent in an expensive district court proceeding. Further, an independent inventor, when challenged on the validity of her patent, is potentially subject to suit anywhere in the country at great litigious expense. The ability of the PTO to recruit and train highly qualified engineers to become patent examiners and to give them the resources they need to avoid issuing patents on such questionable inventions is hampered by the maze of red tape in which the Office must function, a situation frequently worsened by excessive regulation.

H.R. 1907 will alleviate these concerns and improve the American intellectual property system.

#### HEARINGS

The Committee's Subcommittee on Courts and Intellectual Property held a hearing on the Committee Print of the "American Inventors Protection Act" (later introduced as H.R. 1907) on March 25, 1999. Testimony was received from seven witnesses representing seven organizations, along with two Members of Congress.

#### COMMITTEE CONSIDERATION

On May 20, 1999, the Subcommittee on Courts and Intellectual Property met in open session and ordered reported the Committee Print on the "American Inventors Protection Act" by voice vote, a quorum being present. On May 26, 1999, the Committee met in open session and ordered reported favorably the bill H.R. 1907 with amendment by voice vote, a quorum being present.

#### 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 Rep-

representatives, are incorporated in the descriptive portions of this report.

COMMITTEE ON GOVERNMENT REFORM 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(1)(3)(B) of rule XI of the Rules of the House of Representatives 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(1)(3)(C) of rule XI of the Rules of the House of Representatives, the Committee sets forth, with respect to the bill, H.R. 1907, 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, July 21, 1999.*

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. 1907, the American Inventors Protection Act of 1999.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Mark Hadley (for federal costs), who can be reached at 226-2860, and John Harris (for the private-sector impact), who can be reached at 226-2649.

Sincerely,

DAN L. CRIPPEN, *Director.*

Enclosure

*H.R. 1907—American Inventors Protection Act of 1999*

SUMMARY

H.R. 1907 would establish the United States Patent and Trademark Office (PTO) as an independent agency within the Department of Commerce and make a number of other changes in laws governing the issuance of patents and related procedures.

CBO estimates that implementing H.R. 1907 would result in net discretionary spending by the PTO totaling about \$37 million over the 2000-2004 period, assuming appropriation of the authorized amounts. Enacting H.R. 1907 would increase direct spending and receipts, but CBO estimates that any such effects would be less than \$500,000 in any year. Because the bill would affect direct spending and receipts, pay-as-you-go procedures would apply.

H.R. 1907 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not impose costs on state, local, or tribal governments. H.R. 1907 would create new private-sector mandates by placing requirements on companies that market inventions and by creating new fees for PTO services. New PTO fees are private-sector mandates because the federal government controls the patent system and no reasonable alternatives to the patent system exist. CBO estimates that the total costs of the private-sector mandates in H.R. 1907 would be below the statutory threshold established in UMRA (\$100 million in 1996, adjusted for inflation).

#### DESCRIPTION OF THE BILL'S MAJOR PROVISIONS

Title I would require invention marketing companies that evaluate the market potential of inventions to include standardized disclosures in contracts between the companies and the inventors. It would establish civil remedies for inventors who have been injured by violations of this title. Finally, title I would establish a new federal crime for providing false or misleading information to inventors and would impose fines of up to \$10,000 for each offense.

Title II would allow an inventor who has used an invention at least one year before it is patented by another party to continue using the invention without infringing on the new patent. This provision (also known as the "first inventor defense") would protect companies that choose to protect their inventions through trade secrets laws instead of patent protection and companies in sectors that until recently were denied patents.

Title III would extend the term of a patent for up to 10 years for administrative delays by PTO or by successful appellate reviews. In addition, the title would provide extensions for every day beyond three years that PTO took to issue a patent. Finally, this title would provide unlimited extensions for delays experienced as a result of interference and secrecy orders.

Title IV 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. Applications that are only for domestic use, subject to secrecy orders, or no longer pending would not be published. Under this title, following the grant of a patent, an inventor would be entitled to a reasonable royalty from anyone who used, sold, or imported the invention during the period from the time of publication until the patent was granted. Finally, title IV would authorize the PTO to raise existing fees or establish a new fee to offset the cost of publishing patent applications. Title V would allow third parties to request that PTO reexamine other pertinent patents and printed materials that the examiner might not have uncovered during the course of the original patent examination. The title also would give the requestor the opportunity to file comments on each response by the patent owner. It would allow either the patent holder or the requestor to appeal the decision of the patent examiner to the Board of Patent Appeals and Interference (BPAI) and to appeal the decision of the BPAI to the Court of Appeals for the Federal Circuit. Title V 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. Title VI would make the PTO an independent agency within the Department of Commerce. It would retain the same name and would be subject to the policy guidance of the Department of Commerce but would exercise more control regarding its operations and administration. This title also would establish an advisory committee for patents and one for trademarks. Title VII would change the procedure to apply for patents so as to effectively eliminate the requirement to pay fees for those applications that are later abandoned. H.R. 1907 also would require the PTO and the General Accounting Office (GAO) to complete a number of studies for the Congress. In addition, H.R. 1907 would make a number of other changes to patent law that would not significantly affect the federal budget.

#### ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1907 is shown in Table 1. The costs of this legislation fall within budget function 370 (commerce and housing credit).

Table 1. Estimated Budgetary Impact of H.R. 1907  
[By fiscal year, in millions of dollars]

	1999	2000	2001	2002	2003	2004
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Changes in PTO Fees						
Estimated Authorization Level <sup>1</sup> .....	0	3	-25	-27	-28	-30
Estimated Outlays .....	0	3	-25	-27	-28	-30
Changes in PTO Spending						
Estimated Authorization Level .....	0	13	38	37	38	40
Estimated Outlays .....	0	8	28	34	36	39
Changes in Net PTO Spending						
Estimated Authorization Level <sup>1</sup> .....	0	16	13	10	10	10
Estimated Outlays .....	0	11	3	7	8	8

#### BASIS OF ESTIMATE

For the purposes of this estimate, CBO assumes that H.R. 1907 will be enacted by the end of fiscal year 1999. Estimated outlays are based on historical spending patterns for the PTO and information provided by the agency.

#### *Spending Subject to Appropriation*

In general, most or all of PTO's spending is offset by the fees that it collects. In some years (for example, 1998 and 1999), the agency's cash collections have exceeded its expenditures. CBO estimates that net PTO spending under H.R. 1907 would be \$37 million higher than under current law over the 2000–2004 period—additional spending of \$145 million less additional collections of \$108 million, assuming the necessary appropriation action.

Under current law, the PTO cannot collect or spend any user fees without prior approval in an appropriation act. Although H.R. 1907 would establish the PTO as a government corporation, the agency would still need to receive such approval in appropriation acts to collect or spend any of the user fees. CBO assumes that over time

the PTO would be authorized to spend all of the fees that the agency collects.

*Changes in PTO Fees.* Table 2 shows the estimated fee collections under H.R. 1907 as compared to projected fee collections under current law. H.R. 1907 would require the PTO to collect some additional user fees, which CBO estimates would total \$108 million over five years.

Table 2. Estimated PTO Fees  
[Outlays in millions of dollars, by fiscal Year]

	1999	2000	2001	2002	2003	2004
Fees Under Current Law .....	-912	-984	-1,053	-1,127	-1,206	-1,290
Proposed Changes <sup>1</sup> .....	0	3	-25	-27	-28	-30
Fees Under H.R. 1097 .....	-912	-981	-1,078	-1,154	-1,234	-1,320

Note: Fee collections are recorded as negative outlays.

<sup>1</sup>Would require appropriation action.

*Publication Fees.* H.R. 1907 would authorize the PTO to raise existing fees or establish a new fee to offset the cost of publishing certain patent applications. (The agency has authority under current law to charge fees to offset costs of processing applications.) Because the PTO would not be allowed to collect or spend the additional fees without approval in appropriation acts, any collections would reduce discretionary spending. Based on information from the PTO, CBO estimates that the PTO would collect an additional \$89 million in publication fees over the 2000–2004 period. The PTO would incur some initial costs that would not be recovered by fees, and CBO expects a lag between the time the PTO collects and spends the fees. As a result, CBO estimates that the agency would spend about \$81 million on publications over the same period.

*Reexamination Fee.* H.R. 1907 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. 1907 would nearly double the number of reexamination requests, resulting in additional fee collections of about \$36 million over the 2000–2004 period. Because CBO expects a lag between the time the PTO collects and spends the fees, CBO estimates that the bill would increase PTO's spending on reexaminations by about \$31 million over the 2000–2004 period.

*Penalty Fee.* The bill also 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.

*Provisional Application Fee.* The bill would effectively waive the fee for provisional applications that later are abandoned. Based on information from the PTO, CBO estimates enacting H.R. 1907 would cause PTO to forgo about \$17 million over the 2000–2004 period.

*Changes in PTO Spending.* CBO estimates that the PTO would spend \$146 million more over the 2000–2004 period than under current law. Based on information from the agency, CBO estimates that extending the term of delayed patents would increase PTO's spending for administrative costs by about \$33 million over the

2000–2004 period, without having any corresponding effect on fee collections. Most of the remaining increase in spending under H.R. 1907—an estimated \$112 million over the 2000–2004 period, primarily for publishing applications and conducting reexamination proceedings—would be more than offset by increased fee collections over that same period.

Establishing the Patent and Trademark Office as an independent agency within the Department of Commerce 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.

*Other Discretionary Costs.* CBO estimates that the study required by the bill would cost GAO less than \$500,000 in fiscal year 2004. Because H.R. 1907 would establish a new federal crime, CBO anticipates that the U.S. government would be able to pursue cases that it otherwise would be unable to prosecute. Based on information from DOJ, however, we do not expect the government to pursue many additional cases. Thus, CBO estimates that implementing the bill would not have a significant impact on the cost of federal law enforcement activity. Implementing the bill also could increase costs to the federal courts if more civil suits are filed by private parties, but we do not expect many additional cases.

#### *Direct Spending*

*Criminal Fines.* Enacting H.R. 1907 could increase governmental receipts (i.e., revenues) from fines, but we estimate that any such increase would be less than \$500,000 annually. Criminal fines are deposited as revenues in the Crime Victims Fund and spent in subsequent years. Thus, any change in direct spending from the fund would match the increase in revenues (with a lag of one or more years).

*Royalty Payments.* Enacting H.R. 1907 could increase payments of royalties for use of an invention between the time the application was published and the patent was granted. However, CBO has no basis for estimating the timing or magnitude of such payments.

#### PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. CBO estimates that enacting H.R. 1907 would increase receipts from criminal fines and spending of those receipts by less than \$500,000 each year.

#### ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 1907 contains no intergovernmental mandates as defined in UMRA and would not impose costs on state, local, or tribal governments.

#### ESTIMATED IMPACT ON THE PRIVATE SECTOR

H.R. 1907 would create new private-sector mandates by placing requirements on invention marketing companies, by increasing existing Patent and Trademark Office fees, and by creating some new fees for PTO services. PTO fee increases and new fees are private-

sector mandates because the federal government controls the patent system and no reasonable alternatives to the patent system exist. CBO estimates that the total costs of the private-sector mandates in H.R. 1907 would be below the threshold established in UMRA (\$100 million in 1996, adjusted for inflation).

Title I of H.R. 1907 would protect inventors by regulating their contractual agreements with invention marketers. Through an extensive cover notice and various provisions within each contract, marketers of inventions would be required to identify their services, fees, business history, and the contractual and legal rights of inventors. They would also be required to give customers a written statement similar to the cover notice before signing contracts, and to make quarterly progress reports once contracts have been signed. Because these requirements affect content of contracts rather than invention marketers' day to day operations and because of the small size of the invention marketing industry, CBO expects that the total costs of the this mandate to the private sector would be small.

H.R. 1907 contains provisions that would authorize new fees and increase existing ones. The bill would allow the PTO to increase its fee for the publication of patent applications. Title V would create a new fee for delayed responses to PTO inquiries by patent owners in reexamination proceedings. CBO estimates that, in fiscal years 2001 through 2004, the PTO would collect an additional \$20 million dollars per year in publication fees from patent applications. Collections from the delayed response fee would not be significant.

ESTIMATE PREPARED BY:

Federal Costs: Mark Hadley (226-2860)  
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ESTIMATE APPROVED BY:

Robert A. Sunshine  
Deputy Assistant Director for Budget Analysis

CONSTITUTIONAL AUTHORITY STATEMENT

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

*Sec. 1. Short Title.* Section 1 sets forth the short title of H.R. 1907: the "American Inventors Protection Act of 1999."

*Sec. 2. Table of Contents.* Section 2 enumerates the table of contents of H.R. 1907.

TITLE I—INVENTORS' RIGHTS

*Generally.* Title I would create a new chapter five in title 35 of the United States Code, designed to curb the deceptive practices of certain invention promotion companies. Many of these companies advertise on television and in magazines that inventors may call a toll-free number for assistance in marketing their inventions. They are sent an invention evaluation form, which they are asked to

complete to allow the promoter to provide expert analysis of the market potential of their inventions. The inventors return the form with descriptions of the inventions, which become the basis for contacts by salespeople at the promotion companies. The next step is usually a “professional”-appearing product research report which contains nothing more than boilerplate information stating that the invention has outstanding market potential and fills an important need in the field. The promotion companies attempt to convince the inventor to buy their marketing services, normally on a sliding scale in which the promoter will ask for a front-end payment of up to \$10,000 and a percentage of resulting profits, or a reduced front-end payment of \$6,000 or \$8,000 with commensurately larger royalties on profits. Once paid under such a scenario, a promoter will typically and only forward information to a list of companies that never respond.

This title addresses these problems by requiring: (1) that contracts between marketing companies and inventors contain standardized disclosures, including the number of inventions evaluated by the promoter during the previous five years, the type of evaluation received, the number that received a profit, and contractual terms prescribing payment conditions and termination rights; and (2) that promotion companies submit quarterly reports to their client inventors, describing their efforts on behalf of the inventors.

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

*Sec. 101. Short title.* Title I may be cited as the “Inventors’ Rights Act.”

*Sec. 102. Invention promotion services.* This section adds a new chapter 5 to Part I of title 35, United States Code, consisting of §§51 through 59. Legitimate invention assistance and development organizations can be of great assistance to novice inventors by providing information on how to protect an invention, how to develop it, how to obtain financing to manufacture it, or how to license or sell the invention. 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 a victim of the predatory practices of an unscrupulous invention promoter.

New §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. Paragraph (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 §170(b)(1)(A) of the Internal Revenue Code of 1986; or any person registered and in good standing with the PTO who is acting within the scope of his or her registration to practice before the agency.



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 PTO is exempt from regulation when acting within the scope of that person's registration to practice before the agency. However, the Committee recognizes that registered patent attorneys and agents may provide services which fall outside the scope of their registration to practice before the PTO and within the definition of invention development services. Whenever a registered patent attorney or agent engages in conduct described in § 51(4)(B) and (C), she will be subject to the provisions of this act.

Section 51(4) defines the term "invention promotion 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 licensed 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 §52(a) requires that contracts for invention promotion services be in writing and that a copy of the signed contract be provided to the customer at the time she enters into the contract. In the event the contract is entered into on behalf of a third party, that third party must be identified and will be treated as a customer under the provisions of the chapter that apply.

Section 52(b) requires invention promoters to provide to customers, at the time a contract is entered into, a written document stating whether the promoter customarily seeks more than one contract in connection with an invention and seeks to perform services in connection with an invention in one or more phases, using one or more contracts governing the performance at each phase. In addition, invention promoters must provide the customer with a copy of the written contract together with a summary, in writing, describing the promoter'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 promoter.

Section 52(c) provides the customer with the right to terminate a contract for invention promotion services by sending a letter to the invention promoter 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 promoter execute the invention development contract. It is the intention of the Congress to provide the customer a "cooling off" period during 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 promoter on the date received, even though the date(s) in such instruments differ from the date of receipt.

New §53(a) of title 35 requires that every contract for invention promotion services include a cover sheet with a notice set forth 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 promoter and stating the number of those evaluated positively and the number negatively; advising the customer that assigning rights to the invention promoter may permit 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 promoter 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 promoter; informing the customer of the invention promotion companies with which the invention promoter's officer have been affiliated in the previous 10 years to enable the customer to evaluate 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 if an inventor proceeds without the advice of an attorney registered by the PTO.

Section 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 promoter. This section also prohibits inclusion of other matter.

Section 53(c) allows the invention promoter to delete from the total number of customers who have contracted with the promoter (as required to be given in §53(a)) those customers who have purchased trade show services, research, advertising, or other non-marketing services from the invention promoter. The invention promoter also need not include those who have defaulted in their payments under invention promotion contracts.

Section 54 of title 35 requires the invention promoter to provide each customer who has contracted for invention promotion 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 promoter on behalf of the customer during the report period and the services to be performed, giving the names of the persons who the invention promoter knows 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. Complete and accurate summaries 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 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 §55(a) requires that all contracts for invention promotion services include, in bold-face type of not less than 12-point size: the terms and conditions of payment and the contract termination rights required by §52; a statement making it clear that the customer may avoid entering into the contract by not making the initial payment to the invention promoter; a complete, clear, and concise description of the specific acts and services that the invention promoter is to perform for customer; a clear statement indicating whether the invention promoter 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 promoter 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 promoter 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 promoter or anyone on behalf of the invention promoter, 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 promotion services and an unequivocal statement acknowledging that the invention promoter is required to maintain all such records and correspondence for the customer for at least two years following the expiration of the invention promotion services contract; and a statement of the time schedule for performance of the invention promotion 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 promotion services.

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

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

Section 56(a) authorizes the customer to declare void any contract for invention promotion services that does not conform to the requirements of chapter 5 of Part I of title 35, United States Code. In addition, this section authorizes the customer to void any contract entered into in reliance upon any material false, fraudulent,

or misleading information, representation, notice, or advertisement of the invention promoter. The contract shall also be voidable where it provides for obtaining a utility, design, or plant patent unless the contract specifies that the filing will be done by an agent or attorney registered to practice before the PTO. Finally, §56(a) makes void and unenforceable any waiver by a customer of any provision required by chapter 5.

Section 56(b) establishes a civil cause of action against any invention promoter who injures a customer through a violation of any of the obligations of chapter 5 or through any material false or fraudulent statement, representation, or omission of material fact by the invention promoter, or any person acting on behalf of the invention promoter, or through failure of the invention promoter to make all the disclosures required under the chapter. In such a civil action, the customer may recover from the invention promoter, or any officers, directors, or partners of such promoter, reasonable costs, attorneys' fees, and the greater of \$5,000 or the amount of actual damages sustained by the customer. Subsection (b)(2) authorizes the court to increase damages to an amount not to exceed three times the amount awarded as statutory or actual damages in egregious cases which will be dependent on whether regulatory sanctions or other corrective action has been taken as a result of previous complaints against the invention promoter.

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

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

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

Section 58 provides that knowingly 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.

*Sec. 103. Effective date.* This section provides that the effective date of chapter 5 will be 60 days after the date of enactment of this Act.

#### TITLE II—FIRST INVENTOR DEFENSE

*Generally.* Title II strikes an equitable balance between the interests of U.S. inventors who have invented and commercialized

business methods and processes, many of which until recently were not patentable, and later U.S. or foreign inventors who have patented the processes. The title creates an earlier-inventor defense for inventors who have reduced an invention to practice in the U.S. at least one year before the patent filing date of the later inventor and commercially used the invention in the U.S. before the filing date. A party entitled to the defense must not have derived the invention from the patent owner. The bill protects the patent owner by providing that a party who establishes an earlier-inventor defense is not an earlier inventor for purposes of invalidating the patent.

The title clarifies the interface between two key branches of intellectual property law—patents and trade secrets. Patent law serves the public interest by encouraging innovation and investment in new technology, and may be thought of as providing a right to exclude other parties from an invention in return for the inventor making a public disclosure of the invention. Trade secret law, however, also serves the public interest by protecting investments in new technology. Trade secrets have taken on a new importance with an increase in the ability to patent all business methods and processes. It would be administratively and economically impossible to expect any inventor to apply for a patent on all business methods and processes now deemed patentable. In order to protect inventors and to encourage proper disclosure, this title is limited to business methods and processes only.

The earlier-inventor defense is important to many small and large businesses, including financial services and software companies—any business that relies on innovative business processes and methods. The defense does not apply to end products. The 1998 opinion by the U.S. Court of Appeals for the Federal Circuit in *State Street Bank and Trust Co. v. Signature Financial Group*,<sup>1</sup> which held that methods of doing business are patentable, has added to the urgency of the issue. Thousands of “back office” processes are now being patented. In the past, many businesses that developed and used such processes thought secrecy was the only protection available. Under established law, these pre-existing processes do not now qualify for patent protection because they have been in commercial use.

*Sec. 201. Short title.* Title II may be cited as the “First to Invent Act.”

*Sec. 202. Defense to patent infringement based on earlier inventor.* In establishing the defense, subsection (a) of §202 creates a new §273 of the Patent Act, which in subsection (a) sets forth the following definitions:

- (1) *commercially used and commercial use* mean use of a process or method in the United States in commerce or the use of a process or method in the design, testing, or production in the United States of a product or service;
- (2) *commercial use as applied to a nonprofit research laboratory and nonprofit entities such as a university, research center, or hospital intended to benefit the public* means that such entities may assert the defense only based on contin-

<sup>1</sup> \_\_\_ F.3d \_\_\_ (Fed. Cir. 1998) [hereinafter *State Street*].

ued use by and in the entities themselves, but that the defense is inapplicable to subsequent commercialization or use outside the entities;

- (3) *process or method* means processes as defined in §100 (b) of the Patent Act and includes inventions that were or could have been claimed in a patent in the form of a process; and
- (4) *effective filing date* means the earlier of the actual filing date of the application for the patent or the filing date of any earlier US, foreign, or international application to which the subject matter at issue is entitled under the Patent Act.

To be “commercially used” or in “commercial use” for purposes of subsection (a), the use must be in connection with an actual arm’s-length sale or other arm’s-length commercial transfer of a product or service. The process or method that is the subject matter of the defense may be an internal business process or method, such as internal management software or a preliminary or intermediate manufacturing procedure, which contributes to the effectiveness of the business that is producing the product or service transferred in an arm’s-length commercial transfer. Commercial use does not require the subject matter at issue to be accessible to or otherwise known to the public.

Subject matter that must undergo a premarketing regulatory review period during which safety or efficacy is established before commercial marketing or use is considered to be commercially used and in commercial use during the regulatory review period.

An invention is considered to be a process or method if it is used in connection with the production of a useful end-product or -service and is or could have been claimed in the form of a business process or method in a patent. A software-related invention, for example, that was claimed by the patent draftsman as a programmed machine when the same invention could have been protected with process or method patent claims is a process or method for purposes of §273.

Subsection (b)(1) of proposed §273 establishes a general defense against infringement under §271 of the Patent Act. Specifically, a person will not be held liable with respect to any subject matter that would otherwise infringe one or more claims to a business process or method in another party’s patent if the person:

- (1) acting in good faith, actually reduced the subject matter to practice at least one year before the effective filing date of the patent; and
- (2) commercially used the subject matter before the effective filing date of the patent.

Although not confined to the financial services industry, the first inventor defense is of particular significance to that industry, and the industry serves as a prime illustration of the need for the defense. The *State Street* decision has brought that industry abruptly to the forefront of cutting-edge patent law protection for subject matter that previously had been thought to be unpatentable. The *State Street* court came down on the side of a very broad scope of

subject matter that qualifies for patent protection. *State Street* clarifies that the characterization of subject matter as a method of doing business does not render it unpatentable. One consequence is that the “back office” processes and methods that are fundamental to the delivery of many financial services, but transparent to the end user of the services, are now fair game for patent protection.

An example suffices to show the nature of the problem and the fairness in the solution proposed by §273. From the end user’s perspective, a typical credit card transaction appears simple and straightforward. A cardholder presents her card as payment for goods or services, signs a charge slip, and goes on her way. But that seemingly effortless transaction most often requires the services of a number of third parties to interact between the cardholder and the card-issuing financial institution, both in real time and thereafter. When the card is first presented, a third-party credit card processor, in conjunction with communications companies, may provide real time authorization services to the card issuer to verify that the card is valid and not being offered for purchases beyond its pre-approved credit limit. The processing of the actual transaction may involve additional third parties such as acquiring banks and credit card interchange networks that pass the transaction along until it eventually reaches the card issuer who closes the loop by obtaining payment from the cardholder. Thus, a “simple” credit card transaction in most cases would be impossible without the sale or transfer of services between many third parties who utilize their own proprietary systems to process the transaction and interact with each other to pass the transaction along. Under proposed §273, each of these third parties would be free to continue their bona fide commercial operations without interference from a subsequent inventor who obtains a patent claiming common subject matter as her invention.

Accordingly, an “arm’s length commercial transfer of a product or service” under proposed §273 includes the use of an invention for a process or method, the subject matter of which may be directed to an information or data processing system providing a financial service. These financial services may embody business methods or processes incorporated into any number of systems including, but not limited to, trading, investment and liquidity management, securities custody and reporting, balance reporting, funds transfer, ACH, ATM processing, on-line banking, check processing, and compliance and risk management. In each of these systems, multiple processing and method steps are acting upon a customer’s data without its knowledge.

In the past, many of the financial institutions that developed and used such systems did so in a climate where trade secret protection was believed to be the only practical legal protection available. Under established law, these pre-existing systems do not now qualify for patent protection because they have been in commercial use for some time, albeit in secret. Such secret or “concealed” use may not prevent another, later inventor from obtaining patent protection that would bar the earlier developer and user from continuing to use the business processes and methods that are her earlier inventions and that may have been in use for years or even decades.

The definitions for “commercially used” and “commercial use” incorporate the requirement for use of the subject process or method in connection with an actual arm’s length sale or transfer. This ensures that the protection afforded by the prior user defense extends only to bona fide ongoing business practices without imposing any thresholds or limits on the scale of the business that qualifies for the defense.

Subsection (b)(2) states that the sale or other lawful disposition of a product or service produced by a patented process or method, by a person entitled to assert a §273 defense, exhausts the patent owner’s rights with respect to that product or service to the same extent such rights would have been exhausted had the sale or other disposition been made by the patent owner. For example, if a purchaser would have had the right to resell a product if bought from the patent owner, the purchaser has the same right if the product is purchased from a person entitled to a §273 defense.

Subsection (b)(3) creates limitations and qualifications on the use of the defense. First, a person may not assert the defense unless the invention for which the defense is asserted is for a business process or method, the exclusive purpose of which is to produce a useful end product or service; that is, the defense will not be available if the subject matter itself is a useful end product or service that constitutes one or more claims in the patent. Second, a person may not assert the defense if the subject matter was derived from the patent owner or persons in privity with the patent owner. Third, subsection (b)(3) makes clear that the application of the defense does not create a general license under all claims of the patent in question—it extends only to the specific subject matter claimed in the patent with respect to which the person can assert the defense. At the same time, however, the defense does extend to variations in the quantity or volume of use of the claimed subject matter, and to improvements that do not infringe additional specifically-claimed subject matter.

Subsection (b)(4) requires that the person asserting the defense must assume the burden of proof in establishing it by clear and convincing evidence. Subsection (b)(5) establishes that the person who abandons the commercial use of subject matter may not rely on activities performed before the date of such abandonment in establishing the defense with respect to actions taken after the date of abandonment. Such a person can rely only on the date when commercial use of the subject matter was resumed.

Subsection (b)(6) notes that the defense may only be asserted by the person who performed the acts necessary to establish the defense, and, except for transfer to the patent owner, the right to assert the defense cannot be licensed, assigned, or transferred to a third party except as an ancillary and subordinate part of a good-faith assignment or transfer for other reasons of the entire enterprise or line of business to which the defense relates. To illustrate, a person is lawfully entitled to assert the defense as it relates to the operation of a specific piece of machinery. The person owns several other pieces of machinery that perform distinct functions which, taken together, comprise the person’s business. That person may not transfer the defense as it relates to the specific piece of



machinery to a third party unless the entire commercial establishment is transferred as well.

Subsection (b)(7) limits the sites for which the defense may be asserted when the defense has been transferred along with the enterprise or line of business to which the defense relates, as permitted by subsection (b)(6). Specifically, when the enterprise or line of business to which the defense relates has been transferred, the defense may be asserted only for uses at those sites where the subject matter was used before the later of the patent filing date or the date of transfer of the enterprise or line of business. A site is a factory site or other major facility in which an enterprise or line of business has made a significant capital investment, and does not include, for example, offsite locations for development of software components or manufacture of parts or ingredients.

Subsection (b)(8) states that a person who fails to demonstrate a reasonable basis for asserting the defense may be held liable for attorneys fees under §285 of the Patent Act.

Subsection (b)(9) specifies that the successful assertion of the defense does not mean that the affected patent is invalid. Paragraph (9) eliminates a point of uncertainty under current law concerning the validity of patents, and strikes a balance between the rights of a later inventor who obtains a patent and an earlier inventor who continues to use its method or process in the conduct of its business. Under current law, although the matter has seldom been litigated, a party who commercially used an invention in secrecy before the patent filing date and invented the subject matter before the patent owner's invention may argue that the patent is invalid under §102 (g) of the Patent Act. Arguably, commercial use of an invention in secrecy is not suppression or concealment of the invention within the meaning of §102(g), and therefore the party's earlier invention will invalidate the patent.<sup>2</sup> The bill provides that a party who uses a process or business method commercially in secrecy before the patent filing date and establishes a §273 defense is not an earlier inventor for purposes of invalidating the patent.

*Sec. 203. Effective date and applicability.* The effective date for Title II is the date of enactment, except that the title does not apply to any infringement action pending on the date of enactment or to any subject matter for which an adjudication of infringement, including a consent judgment, has been made before the date of enactment.

#### TITLE III—PATENT TERM GUARANTEE

*Generally.* Title III amends the provisions in the Patent Act that compensate patent applicants for certain reductions in patent term that are not the fault of the applicant. The provisions that were initially included only provided adjustments for up to 10 years for secrecy orders, interferences, and successful appeals. Not only are these adjustments too short in some cases, but no adjustments were provided for administrative delays caused by the PTO that were beyond the control of the applicant. Accordingly, Title III removes the 10-year caps from the existing provisions, adds a new provision to compensate applicants fully for PTO-caused adminis-

<sup>2</sup>See *Dunlop Holdings v. \_\_\_\_\_*, \_\_\_\_\_ F.2d \_\_\_\_\_ (7th Cir. 19\_\_\_\_).

trative delays, and, for good measure, includes a new provision guaranteeing diligent applicants at least a 17-year term by extending the term of any patent not granted within three years of filing. Thus, no patent applicant diligently seeking to obtain a patent will receive a term of less than the 17 years as provided under the pre-GATT<sup>3</sup> standard; in fact, most will receive considerably more. Only those who purposely manipulate the system to delay the issuance of their patents will be penalized under Title III, a result that the Committee believes entirely appropriate.

*Sec. 301. Short title.* Title III may be cited as the “Patent Term Guarantee Act.”

*Sec. 302. Patent term guarantee authority.* Section 302 amends §154(b) of the Patent Act covering term. First, new subsection (b)(1)(A)(i)–(iv) guarantees day-for-day restoration of term lost as a result of delay created by the PTO when the agency fails to

- (1) make a notification of the rejection of any claim for a patent or any objection or argument under §132, or give or mail a written notice of allowance under §151, within 14 months after the date on which a non-provisional application was actually filed in the PTO;
- (2) respond to a reply under §132, or to an appeal taken under §134, within four months after the date on which the reply was filed or the appeal was taken;
- (3) act on an application within four months after the date of a decision by the Board of Patent Appeals and Interferences under §134 or §135 or a decision by a Federal court under §§141, 145, or 146 in a case in which allowable claims remain in the application; or
- (4) issue a patent within four months after the date on which the issue fee was paid under §151 and all outstanding requirements were satisfied.

Further, subject to certain limitations, *infra*, §154(b)(1)(B) guarantees a total application pendency of no more than three years. Specifically, day-for-day restoration of term is granted if the PTO has not issued a patent within three years after “the actual date of the application in the United States.” This language was intentionally selected to exclude the filing date of an application under the Patent Cooperation Treaty (PCT).<sup>4</sup> Otherwise, an applicant could obtain up to a 30-month extension of a U.S. patent merely by filing under PCT, rather than directly in the PTO, gaining an unfair advantage in contrast to strictly domestic applicants. Any periods of time

- (1) consumed in the continued examination of the application under §132(b) of the Patent Act as added by Sec. 303 of this Act;

<sup>3</sup>General Agreement on Tariffs and Trade, Pub. L. No. 103–465. The framework for international trade since its inception in 1948, GATT is now administered under the auspices of the World Trade Organization (WTO) (*see note 19, infra*).

<sup>4</sup>*See* HERBERT F. SCHWARTZ, PATENT LAW & PRACTICE (2d ed., Federal Judicial Center, 1995), note 72 at 22. The PCT is a multilateral treaty among more than 50 nations that is designed to simplify the patenting process when an applicant seeks a patent on the same invention in more than one nation. *See also* 35 U.S.C.A. chs. 35–37 and PCT Applicant’s Guide (1992, rev. 1994).

- (2) lost due to an interference under §135(a), a secrecy order under §181, or appellate review by the Board of Patent Appeals and Interferences or by a Federal court (irrespective of the outcome); and
- (3) incurred at the request of an applicant in excess of the three months to respond to a notice from the Office permitted by §154(b)(2)(C)(ii) unless excused by a showing by the applicant under §154(b)(3)(C) that in spite of all due care the applicant could not respond within three months shall not be considered a delay by the PTO and shall not be counted for purposes of determining whether the patent issued within three years from the actual filing date.

Day-for-day restoration is also granted under new §154(b)(1)(C) for delays resulting from interferences,<sup>5</sup> secrecy orders,<sup>6</sup> and appeals by the Board of Patent Appeals and Interferences or a Federal court in which a patent was issued as a result of a decision reversing an adverse determination of patentability.

Section 302 imposes limitations on restoration of term. In general, pursuant to new §154(b)(2)(A)–(C) of the bill, total adjustments granted for restorations under (b)(1) are reduced as follows:

- (A) To the extent that there are multiple grounds for extending the term of a patent that may exist simultaneously (e.g., delay due to a secrecy order under §181 and administrative delay under §154(b)(1)(A)), the term should not be extended for each ground of delay but only for the actual number of days that the issuance of a patent was delayed.
- (B) The term of any patent which has been disclaimed beyond a date certain may not receive an adjustment beyond the expiration date specified in the disclaimer.
- (C) Adjustments 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, based on regulations developed by the Director, and an applicant shall be deemed to have failed to engage in such reasonable efforts for any periods of time in excess of three months that are taken to respond to a notice from the Office making any rejection or other request.

New §154(b)(3) sets forth the procedures for the adjustment of patent terms. Paragraph (3)(A) empowers the Director to establish regulations by which term extensions are determined and contested. Paragraph (3)(B) requires the Director to send a notice of any determination with the notice of allowance and to give the applicant one opportunity to request reconsideration of the determination. Paragraph (3)(C) requires the Director to reinstate any time the applicant takes to respond to a notice from the Office in excess of three months that was deducted from any patent term extension that would otherwise have been granted if the applicant can show that he or she was, in spite of all due care, unable to respond within three months. In no case shall more than an additional three months be reinstated for each response. Paragraph

<sup>5</sup> 35 U.S.C. §135(a).

<sup>6</sup> 35 U.S.C. §181.

(3)(D) requires the Director to grant the patent after completion of determining any patent term extension irrespective of whether the applicant appeals.

New §154(b)(4) regulates appeals of term adjustment determinations made by the Director. Paragraph (4)(A) requires a dissatisfied applicant to seek remedy in the District Court for the District of Columbia under the Administrative Procedures Act<sup>7</sup> within 180 days after the grant of the patent. The Director shall alter the term of the patent to reflect any final judgment. Paragraph (4)(B) precludes a third party from challenging the determination of a patent term prior to patent grant.

Section 302(b) makes certain conforming amendments to §282 of the Patent Act and the appellate jurisdiction of the U.S. Court of Appeals for the Federal Circuit.<sup>8</sup>

*Sec. 303. Continued examination of patent applications.* Section 303 amends §132 of the Patent Act to permit an applicant to request that an examiner continue the examination (reexamine) an application following a notice of rejection by the examiner. New §132(b) authorizes the Director to prescribe regulations for the continued examination of an application notwithstanding a “final” rejection, at the request of the applicant. The Director may also establish appropriate fees for continued examination proceedings, and shall provide a 50% fee reduction for small entities which qualify for preferential treatment under §41(h)(1) of the Patent Act.

*Section 304. Technical clarification.* Section 304 of the bill coordinates technical term adjustment provisions set forth in §154(b) with those in §156(a) of the Patent Act.

*Section 305. Effective date.* The effective date for the amendments in §§302 and 304 is the date of enactment and, with the exception of design applications (the terms of which are not measured from filing), applies to any application filed on or after that date. The amendments made by §303 take effect six months after date of enactment to allow the PTO to prepare implementing regulations.

#### TITLE IV—UNITED STATES PUBLICATION OF PATENT APPLICATIONS FILED ABROAD

*Generally.* Title IV provides for the publication of pending patent applications which have a corresponding foreign counterpart. Any pending U.S. application filed only in the United States (e.g., one that does not have a foreign counterpart) will not be published if the applicant so requests. Thus, an applicant wishing to maintain her application in confidence may do so merely by filing only in the United States and requesting that the PTO not publish the application. For those applicants who do file abroad or who voluntarily publish their applications, provisional rights will be available for assertion against any third party who uses the claimed invention between publication and grant provided that substantially similar claims are contained in both the published application and granted patent. This change will ensure that American inventors will be

<sup>7</sup> 5 U.S.C. §§551–559, 701–706, 1305, 3105, 3344, 5372, 7521.

<sup>8</sup> 28 U.S.C. §1295.

able to see the technology that our foreign competition is seeking to patent much earlier than is possible today.

*Sec. 401. Short title.* Title IV may be cited as the “Publication of Foreign Filed Applications Act.”

*Sec. 402. Publication.* Amended §122 of the Patent Act continues the general rule in subsection (a) that patent applications will be maintained in confidence. Paragraph (1)(A) of new subsection (b) creates a new exception to this general rule by requiring publication of certain applications promptly after the expiration of an 18-month period following the earliest claimed U.S. or foreign filing date. Design patent applications<sup>9</sup> and provisional applications<sup>10</sup> are not subject to publication. The Director is authorized by subparagraph (B) to determine what information concerning published applications shall be made available to the public, and, under subparagraph (C) any decision made in this regard is final and not subject to review.

Subsection (b)(2) enumerates exceptions to the general rule requiring publication. Subparagraph (A) precludes publication of any application that is no longer pending at the 18th month from filing. Subparagraph (B) bars publication of any application that is the subject of a secrecy order until the secrecy order is rescinded.

Pursuant to subparagraph (C)(i), any applicant who is not filing overseas and does not wish her application to be published can simply make a request and state that her invention has not and will not be the subject of an application filed in a foreign country that requires publication after 18 months. Subparagraph (C)(ii) clarifies that an applicant may rescind this request at any time. Moreover, if an applicant has requested that her application not be published in a foreign country with a publication requirement, subparagraph (C)(iii) imposes a duty on the applicant to notify the Director of this fact. An unexcused failure to notify the Director will result in the abandonment of the application. If an applicant either rescinds a request that her application not be published or notifies the Director that an application has been filed in an early publication country or through the PCT, the U.S. application will be published at 18 months pursuant to subsection (b)(1).

Finally, under subparagraph (C)(v), where an applicant has filed an application in a foreign country, either directly or through the PCT, so that the application will be published 18 months from its earliest effective filing date, the applicant may limit the scope of the publication by the PTO to the total of the cumulative scope of the applications filed in all foreign countries. Where the foreign application is identical to the application filed in the United States or where an application filed under the PCT is identical to the application filed in the United States, the applicant may not limit the extent to which the application filed in the United States is published. However, where an applicant has limited the description of an application filed in a foreign country, either directly or through

<sup>9</sup> 35 U.S.C. §171. Since design applications do not disclose technology, inventors do not have a particular interest in having them published. The bill as written therefore simplifies the proposed system of publication to confine the requirement to those applications for which there is a need for publication.

<sup>10</sup> 35 U.S.C. §111(b). Pursuant to 35 U.S.C. §111(b)(5), all provisional applications are abandoned 12 months after the date of their filing; accordingly, they are not subject to the 18-month publication requirement.

the PCT in comparison with the application filed in the PTO, the applicant may restrict the publication by the PTO to no more than the cumulative details of what will be published in all of the foreign applications and through the PCT. The applicant may restrict the extent of publication of her U.S. application by submitting a redacted copy of the application to the PTO eliminating only those details that will not be published in any of the foreign applications. Any description contained in at least one of the foreign national or PCT filings may not be excluded from publication in the corresponding U.S. patent application. To ensure that any redacted copy of the U.S. application is published in place of the original U.S. application, the redacted copy must be received within 16 months from the earliest effective filing date. Finally, if the published U.S. application as redacted by the applicant does not enable a person skilled in the art to make and use the claimed invention, provisional rights under §154(d) shall not be available.

Subsection (c) requires the Director to establish procedures to ensure that no protest or other form of pre-issuance opposition to the grant of a patent on an application may be initiated after publication without the express written consent of the applicant.

Subsection (d) requires the Government Accounting Office (GAO) to conduct a study of applicants who file only in the United States during a three-year period beginning on the effective date of Title IV. The study will focus on the percentage of U.S. applicants who file only in the United States versus those who file outside the United States; how many domestic-only filers request not to be published; how many who request not to be published later rescind that request; and whether there is any correlation between the type of applicant (e.g., small vs. large entity) and publication. The Comptroller General must submit the findings of the study, once completed, to the Committees on the Judiciary of the House and Senate.

*Sec. 403. Time for claiming benefit of earlier filing date.* Section 119 of the Patent Act prescribes procedures to implement the right to claim priority under Article 4 of the Paris Convention for the Protection of Industrial Property.<sup>11</sup> Under that Article, an applicant seeking protection in the United States may claim the filing date of an application for the same invention filed in another Convention country—provided the subsequent application is filed in the United States within 12 months of the earlier filing in the foreign country.

Section 403 of Title IV amends §119(b) of the Patent Act to authorize the Director to establish a cut-off date by which the applicant must claim priority. This is to ensure that the claim will be made early enough—generally not later than the 16th month from the earliest effective filing date—so as to permit an orderly publication schedule for pending applications. As the PTO moves to electronic filing, it is envisioned that this date could be moved closer to the 18th month.

<sup>11</sup> Mar. 20, 1883, as revised at Brussels, Dec. 14, 1900, 25 Stat. 1645, T.S. No. 579, and subsequently through 1967. The Paris Convention contains a number of specific provisions relating directly to industrial designs and other more general provisions which are also applicable to industrial designs. The Convention has 99 member nations, including the United States. See also Pierre Maugue, *The International Protection of Industrial Designs Under the International Conventions*, 19 Univ. of Baltimore Law Review 393-396 (Nos. One/Two, Fall 1989/Winter 1990).

The amendment to §119(b) also gives the Director the discretion to consider the failure of the applicant to file a timely claim for priority to be a waiver of any such priority claim. The Director is also authorized to establish procedures (including the payment of a surcharge) to accept an unintentionally delayed priority claim.

Section 403(b) of Title IV amends §120 of the Patent Act in a similar way. This provision empowers the Director to: establish a time by which the priority of an earlier filed United States application must be claimed; consider the failure to meet that time limit to be a waiver of the right to claim such priority; and accept an unintentionally late claim of priority subject to the payment of a surcharge.

*Sec. 404. Provisional rights.* Section 404 amends §154 of the Patent Act by adding a new subsection (d) to accord provisional rights to obtain a reasonable royalty for applicants whose applications are published under amended §122(b) of the Patent Act, *supra*, or applications designating the United States filed under the PCT. Generally, this provision establishes the right of an applicant to obtain a reasonable royalty from any person who, during the period beginning on the date that his or her application is published and ending on the date a patent is issued—

- (1) makes, uses, offers for sale, or sells the invention in the United States, or imports such an invention into the United States; or
- (2) if the invention claimed is a process, makes, uses, offers for sale, sells, or imports a product made by that process in the United States; and
- (3) had actual notice of the published application and, in the case of an application filed under the PCT designating the United States that is published in a language other than English, a translation of the application into English.

The requirement of actual notice is critical. The mere fact that the published application is included in a commercial database where it might be found is insufficient. The published applicant must give actual notice of the published application to the accused infringer and explain what acts are regarded as giving rise to provisional rights.

Another important limitation on the availability of provisional royalties is that the claims in the published application that are alleged to give rise to provisional rights must also appear in the patent in substantially identical form. To allow anything less than substantial identity would impose an unacceptable burden on the public. If provisional rights were available in the situation where the only valid claim infringed first appeared in the granted patent, the public would have no guidance as to the specific behavior to avoid between publication and grant. Every person or company that might be operating within the scope of the disclosure of the published application would have to conduct her own private examination to determine whether a published application contained patentable subject matter that she should avoid. The burden should be on the applicant to initially draft a schedule of claims that gives adequate notice to the public of what she is seeking to patent.

Amended §154(d)(3) imposes a six-year statute of limitations from grant in which an action for reasonable royalties must be brought.

Amended §154(d)(4) sets forth some additional rules qualifying when an international application under the PCT will give rise to provisional rights. The date that will give rise to provisional rights for international applications will be the date on which the PTO receives a copy of the application published under the PCT in the English language; if the application is published under the PCT in a language other than English, then the date on which provisional rights will arise will be the date on which the PTO receives a translation of the international application in the English language. The Director is empowered to require an applicant to provide a copy of the international application and a translation of it.

New §154(b)(5) provides an additional benefit for applicants who seek to obtain the benefits of early publication to protect their early marketing of their inventions against copiers. While early publication will permit an applicant to obtain a reasonable royalty from copiers, the applicant cannot enjoin such copiers. New §154(b)(5) addresses that problem. When in the course of examination, an applicant receives a communication from the PTO (an “office action”) that one or more claims of her published application are allowable, the applicant is permitted to request the issuance of a patent incorporating those claims. The applicant may continue to prosecute the remaining still “rejected” claims as provided in chapter 12 of the Patent Act. Any subsequently allowed claims may be incorporated into the patent or issued as a separate patent as determined by the Director. The Director is also authorized to charge appropriate fees to cover the cost of incorporating additional claims into the patent or issuing a separate patent. Coupled with the possibility of provisional rights from publication (and publication can be requested upon filing) to the early grant of a patent on a single allowed claim, Title IV greatly enhances the arsenal of rights available to a small entity or independent inventor who markets her invention quickly.

*Sec. 405. Prior art effect of published applications.* Section 405 amends §102(e) of the Patent Act to treat an application published by the PTO in the same fashion as a patent published by the PTO. Accordingly, a published application is given prior art effect as of its earliest effective U.S. filing date against any subsequently filed U.S. applications. As with patents, any foreign filing date to which the published application is entitled will not be the effective filing date of the U.S. published application for prior art purposes. An exception to this general rule is made for international applications designating the United States that are published under Article 21(2)(a) of the PCT in the English language. Such applications are given a prior art effect as of their international filing date. The prior art effect accorded to patents under §405 remain unchanged from present §102(e) of the Patent Act.

*Sec. 406. Cost recovery for publications.* Section 406 authorizes the Director to recover the costs of early publication required by the amendment made by §402 of this Act by charging a separate publication fee after a notice of allowance is given pursuant to §151 of the Patent Act.



*Sec. 407. Conforming amendments.* Section 407 consists of various technical and conforming amendments to the Patent Act. These include amending §181 of the Patent Act to clarify that publication of pending applications does not apply to applications under secrecy orders, and amending §284 of the Patent Act to ensure that increased damages authorized under §284 shall not apply to the reasonable royalties possible under amended §154(d). In addition, §374 of the Patent Act is amended to provide that the effect of the publication of an international application designating the United States shall be the same as the publication of an application published under amended §122(b), except as its effect as prior art is modified by amended §102(e) and its giving rise to provisional rights is qualified by new §154(d).

*Sec. 408. Effective date.* Title IV shall take effect on the date that is one year after the date of enactment and shall apply to all applications filed under §111 of the Patent Act on or after that date; and to all applications complying with §371 of the Patent Act that resulted from international applications filed on or after that date. The provisional rights provided in amended §154(d) and the prior art effect provided in amended §102(e) shall apply to all applications pending on the date that is one year after the date of enactment that are voluntarily published by their applicants. Finally, §404 (provisional rights) shall apply to international applications designating the United States that are filed on or after the date that is one year after the date of enactment.

#### TITLE V—PATENT LITIGATION REDUCTION ACT

*Generally.* Title V reduces expensive patent litigation in U.S. district courts by allowing third-party requesters to participate minimally in reexamination proceedings in the PTO. Congress enacted legislation to authorize reexamination of patents in the PTO in 1980, but reexamination has been used infrequently since a third party who requests reexamination cannot participate at all in the proceedings. Numerous witnesses have suggested that the volume of lawsuits in district courts will be reduced if third parties are given an opportunity to make their case for patent invalidity in the PTO. Title V encourages third parties to rely on reexamination proceedings.

Title V allows third-party requesters to submit one *written* comment each time the patent owner files a response to the PTO. In addition, third-party requesters can appeal to the PTO Board of Patent Appeals and Interferences and to the Court of Appeals for the Federal Circuit from a PTO determination that a reexamined patent is valid. To prevent harassment, third-party requesters who participate in a reexamination proceeding are estopped from raising in a subsequent court action or reexamination any issue of patent validity that they raised or could have raised during reexamination. Anyone who requests reexamination must identify the real party in interest.

Title V retains the requirement of current law that reexamination cannot be commenced unless the PTO makes an unappealable threshold determination that a “substantial new question” is raised. As under current law, grounds for reexamination are lim-

ited to earlier patents and printed publications—grounds that are well-suited for consideration in PTO proceedings.

*Sec. 501. Short title.* Title V may be cited as the “Patent Litigation Reduction Act.”

*Sec. 502. Definitions.* Section 502 amends §100 of the Patent Act by defining “third-party requester” as a person requesting reexamination under §302 who is not a patent owner.

*Sec. 503. Reexamination procedures.* Under §301 of the Patent Act, any person at any time may cite in writing prior art to the PTO. This citation consists of patents or printed publications which that person believes will bear on the patentability of any claim of a particular patent. If the person explains in writing the pertinency and manner of applying such prior art to at least one claim of the patent, the citation of such prior art and the explanation will become a part of the official file of the patent.

Proposed §301, like current §301, governs the citation of prior art having a bearing on a granted patent. It does not afford any right to cite prior art having a bearing on pending patent applications. Citations of prior art having a bearing on published or other pending applications may be regulated or prohibited by the Director, for example, under procedures to ensure that no protest or other form of pre-issuance opposition to the grant of a patent on an application may be initiated after publication of the application without the express written consent of the applicant.<sup>12</sup>

Section 503 of the bill deletes the last sentence of current §301, which guarantees anonymity to the person citing prior art, upon request. Under proposed §301, the Director may require that the identity of the person citing prior art, or the identity of the real party in interest on whose behalf the prior art is cited, be publicly disclosed.

Section 503 amends §302 of the Patent Act by requiring that any person who files a written request for reexamination based on a citation of prior art must reveal the identity of the real party in interest.

Proposed §303 of the Patent Act confers upon the Commissioner the authority and responsibility to determine, within three months after the filing of a request for reexamination, whether a substantial new question affecting patentability of any claim of the patent is raised by the request. A decision in this regard is final and not subject to judicial review. Section 503 of the bill retains these features and leaves the authority and responsibility with the Director (formerly known as Commissioner<sup>13</sup>).

Proposed §§304–305 of the Patent Act as amended by §503 are substantially similar to §§304–305 of current law. Under proposed §304, if the Director determines that a substantial new question of patentability affecting a claim is raised, the determination shall include an order for reexamination for resolution of the question. The order may be accompanied by the initial PTO action on the merits of reexamination conducted in accordance with §305. Generally, under proposed §305 reexamination shall be conducted according to the procedures set forth in §§132–133 of the Patent Act. The patent

<sup>12</sup>See §402 of H.R. 1907, *supra*.

<sup>13</sup>See §613 of H.R. 1907, *infra*.

owner will be permitted to propose any amendment to the patent and a new claim or claims, with one exception: no proposed amended or new claim enlarging the scope of the claims will be allowed.

Proposed §305 elaborates on procedure with regard to third-party requesters who, for the first time, are permitted to participate in reexamination proceedings. 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. In addition, the third-party requester shall receive a copy of any communication sent by the PTO to the patent owner concerning reexamination. After each response by the patent owner to an action on the merits by the PTO, the third-party requester shall have one opportunity to file written comments, but not to make oral arguments, addressing issues raised by the PTO or in the patent owner's response. In the absence of good cause, as under current law, the agency must act in reexamination matters with special dispatch.

Proposed §306 prescribes the procedures for appeal of an adverse PTO decision by the patent owner and the third-party requester. Both the patent owner and the third-party requester are entitled to appeal to the Patent Board of Appeals and Interferences (§134 of the Patent Act) and to the U.S. Court of Appeals for the Federal Circuit (§§141–144); either may also be a party to any appeal by the other. Neither party is entitled to the alternative to a Federal Circuit appeal that a patent owner has under current law—which is a civil action under §145 of the Patent Act.

To deter unnecessary litigation, proposed §306 imposes constraints on the third-party requester. In general, a third-party requester who is granted a reexamination by the PTO may not assert at a later time in any civil action in U.S. district court<sup>14</sup> the invalidity of any claim finally determined to be patentable on any ground that the third-party requester raised or could have raised during reexamination. At the same time, the third-party requester may assert invalidity based on newly discovered prior art unavailable at the time of the reexamination. Prior art was unavailable at the time of the reexamination if it was not known to the individuals who were involved in the reexamination proceeding on behalf of the third-party requester and the PTO.

Title V creates a new §308 which sets forth certain conditions by which reexamination is prohibited to prevent harassment of a patent holder. In general, once an order for reexamination has been issued, neither a third-party requester nor the patent owner may file a subsequent request for reexamination until a reexamination certificate is issued and published, unless the Director orders otherwise. Further, if a third-party requester asserts patent invalidity in a civil action and a final decision is entered that the party failed to prove the assertion of invalidity, or if a final decision in a reexamination instituted by the requester is favorable to patentability, after any appeals, that third-party requester cannot thereafter request reexamination on the basis of issues which were or which could have been raised. However, the third-party requester may assert invalidity based on newly discovered prior art unavailable at

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<sup>14</sup> See 28 U.S.C. §1338.

the time of the civil action or reexamination. Prior art was unavailable at the time if it was not known to the individuals who were involved in the civil action or reexamination proceeding on behalf of the third-party requester and the PTO.

Proposed §309 gives a patent owner the right, once reexamination has been ordered, to obtain a stay of any pending litigation involving an issue of patentability of any claims of the patent that are the subject of the reexamination, unless the court determines that the stay would not serve the interests of justice.

*Sec. 504. Conforming amendments.* Section 504 makes the following conforming amendments to the Patent Act:

A patent owner must pay a fee of \$1,210 for each petition in connection with an unintentionally delayed response by the patent owner during a reexamination.

A patent *applicant*, any of whose claims has been twice rejected; a patent *owner* in a reexamination proceeding; and a *third-party requester* may all appeal final adverse decisions from a primary examiner to the Board of Patent Appeals and Interferences.

Proposed §141 states that either a patent owner or a third-party requester in a reexamination proceeding may appeal an adverse decision by the Board of Patent Appeals and Interferences *only* to the U.S. Court of Appeals for the Federal Circuit (and not to a U.S. district court).

The Director is required pursuant to §143 (proceedings on appeal to the Federal Circuit) to submit to the court the grounds for the PTO decision in any reexamination, as well as in any *ex parte* case, addressing all the issues involved in the appeal.

*Sec. 505. Report to Congress.* Five years after the effective date of Title V, the Director must submit to Congress a report evaluating whether the reexamination proceedings set forth in the Title are inequitable to any of the parties in interest and, if so, the report shall contain recommendations for change to eliminate the inequity.

*Sec. 506. Estoppel Effect of Reexamination.* Section 506 estops any party who requests reexamination from challenging at a later time, in any civil action, any fact determined during the process of the reexamination. The estoppel arises after a final decision in the reexamination or a final decision in any appeals of the reexamination. If §506 is held to be unenforceable, the enforceability of the rest of title V or the Act is not affected.

*Sec. 507. Effective date.* Title V shall take effect on the date that is one year after the date of enactment and shall apply to all reexamination requests filed on or after such date.

#### TITLE VI—PATENT AND TRADEMARK OFFICE

*Generally.* Title VI establishes the PTO as an agency of the United States within the Department of Commerce. The Secretary of Commerce gives policy direction to the agency, but the agency itself is responsible for the management and administration of operations and has independent control of budget allocations and expenditures, personnel decisions and processes, and procurement. The Committee intends that the Office will conduct its patent and trademark operations without micro-management by Department of Commerce officials, with the exception of policy guidance of the

Secretary. The agency is headed by an Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office, a Deputy, and a Commissioner of Patents and a Commissioner of Trademarks. The agency is exempt from government-wide personnel ceilings. A patent public advisory committee and a trademark public advisory committee are established to advise the Director on agency policies, goals, performance, budget and user fees.

*Sec. 601. Short title.* Title VI may be cited as the “Patent and Trademark Office Efficiency Act.”

*Subtitle A—United States Patent and Trademark Office*

*Sec. 611. Establishment of Patent and Trademark Office.* Section 611 establishes the PTO as an agency of the United States within the Department of Commerce and under the policy direction of the Secretary of Commerce. The PTO is explicitly responsible for decisions regarding the management and administration of its operations and has independent control of budget allocations and expenditures, personnel decisions and processes, procurements, and other administrative and management functions. Patent operations and trademark operations are to be treated as separate operating units within the Office.

The PTO shall maintain its principal office in the metropolitan Washington, D.C., area, for the service of process and papers and for the purpose of discharging its functions. For purposes of venue in civil actions, the agency is deemed to be a resident of the district in which its principal office is located, except where otherwise provided by law. The PTO is also permitted to establish satellite offices in such other places in the United States as it considers necessary and appropriate to conduct business.

*Sec. 612. Powers and duties.* Subject to the policy direction of the Secretary of the Commerce, in general the PTO will be responsible for granting and issuing patents, the registration of trademarks, and the dissemination of patent and trademark information to the public.

The PTO will also possess specific powers, which include:

- (1) a requirement to adopt and use an Office seal for judicial notice purposes and for authenticating patents, trademark certificates and papers issued by the Office;
- (2) the authority to establish regulations, not inconsistent with law, that
  - (A) govern the conduct of PTO proceedings within the Office,
  - (B) shall be made after notice and opportunity for full participation by interested public and private parties,
  - (C) facilitate and expedite the processing of patent applications, particularly those which can be processed electronically,
  - (D) govern the recognition, conduct, and qualifications of agents, attorneys, or other persons representing applicants or others before the PTO,

- (E) recognize the public interest in ensuring that the patent system retain a reduced fee structure for small entities, and
  - (F) provide for the development of a performance-based process for managing that includes quantitative and qualitative measures, standards for evaluating cost-effectiveness, and consistency with principles of impartiality and competitiveness;
- (3) the authority to acquire, construct, purchase, lease, hold, manage, operate, improve, alter and renovate any real, personal, or mixed property as it considers necessary to discharge its functions;
  - (4) the authority to make purchases of property, contracts for construction, maintenance, or management and operation of facilities, as well as to contract for and purchase printing services without regard to those federal laws which govern such proceedings;
  - (5) the authority to use services, equipment, personnel, facilities and equipment of other federal entities, with their consent and on a reimbursable basis;
  - (6) the authority to 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 foreign government or international organization to perform functions on its behalf;
  - (7) the authority to retain and use all of its revenues and receipts;
  - (8) a requirement to promote exports of goods and services of the United States industries that rely on intellectual property, this activity being undertaken in coordination with the Under Secretary of Commerce for International Trade;
  - (9) a requirement to advise the President, through the Secretary of Commerce, on national and certain international intellectual property policy issues;
  - (10) a requirement to advise Federal departments and agencies of intellectual property policy in the United States and intellectual property protection abroad;
  - (11) a requirement to provide guidance regarding proposals offered by agencies to assist foreign governments and international intergovernmental organizations on matters of intellectual property protection;
  - (12) the authority to conduct programs, studies or exchanges regarding domestic or international intellectual property law and the effectiveness of intellectual property protection domestically and abroad;
  - (13) a requirement to advise the Secretary of Commerce on any programs and studies relating to intellectual property policy that the PTO may conduct or is authorized to conduct, cooperatively with foreign intellectual property of-

ices and international intergovernmental organizations;  
and

- (14) the authority to (A) coordinate with the Department of State in conducting programs and studies cooperatively with foreign intellectual property offices and international intergovernmental organizations, and (B) transfer, with the concurrence of the Secretary of State, up to \$100,000 in any year to the Department of State to pay an international intergovernmental organization for studies and programs advancing international cooperation concerning patents, trademarks, and other matters.

The specific powers set forth in new subsection (b) are clarified in new subsection (c). The special payments of paragraph (14)(B) are additional to other payments or contributions and are not subject to any limitation imposed by law. Nothing in subsection (b) derogates from the duties of the Secretary of State or the United States Trade Representative as set forth in §141 of the Trade Act of 1974<sup>15</sup>, nor derogates from the duties and functions of the Register of Copyrights. The Director is required to consult with the Administrator of General Services when exercising authority under paragraphs (3) and (4)(A). Finally, nothing in §612 may 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 PTO.

*Sec. 613. Organization and management.* Section 613 details the organization and management of the agency. The powers and duties of the PTO shall be vested in the Director, who shall be appointed by the President, by and with the consent of the Senate. The Director performs two main functions. As Under Secretary of Commerce for Intellectual Property, she serves as the policy advisor to the Secretary of Commerce on intellectual property issues. As Director, she is responsible for the management and direction of the PTO. She shall consult with the Public Advisory Committees, *infra*, on a regular basis regarding operations of the agency and before submitting budgetary proposals and fee or regulation changes. The Director shall take an oath of office, and will maintain a program for identifying national security positions and providing the appropriate clearances. In addition to receiving a basic rate of compensation as prescribed in 5 U.S.C. §5314, the Director may receive a bonus of up to 50 percent of the Director's annual rate of pay, based on an evaluation by the Secretary of Commerce as defined in an annual performance agreement developed between the two. Under no condition may the Director's combined salary and bonus exceed the salary of the President. The President may remove the Director from office, but must provide notification, including an explanation of any such removal, to both houses of Congress.

The Director shall appoint a Deputy Director to act in the capacity of the Director if the Director is absent or incapacitated. The Secretary of Commerce shall appoint two Commissioners, one for Patents, the other for Trademarks. The Commissioners will have five-year terms and may be reappointed to new terms by the Sec-

<sup>15</sup> 19 U.S.C. §2171.

retary. Each Commissioner shall possess a demonstrated experience in patent and trademark law, respectively; and they shall be responsible for the management and direction of the patent and trademark operations, respectively. In addition to receiving a basic rate of compensation under the Senior Executive Service<sup>16</sup> and a locality payment, the Commissioners may receive bonuses of up to 50 percent of their annual basic rate of compensation based on a performance evaluation by the Secretary, acting through the Director. The Secretary may remove Commissioners for misconduct or unsatisfactory performance.

The Director may also appoint other officers, agents, and employees as she sees fit, and define their responsibilities with equal discretion. The PTO is specifically not subject to any administratively or statutorily imposed limits (full-time equivalents, or "FTEs") on positions or personnel.

The PTO is charged with developing an incentive program to retain senior (of the primary examiner grade or higher) patent and trademark examiners eligible for retirement for the sole purpose of training patent and trademark examiners.

The PTO will be subject to all provisions of title 5 of the U.S. Code governing federal employees. All relevant labor agreements which are in effect the day before enactment of Title VI shall be adopted by the agency. All PTO employees as of the day before the effective date of Title VI shall remain officers and employees of the agency without a break in service or changes in their accumulated leave or compensatory time accounts. Other personnel of the Department of Commerce shall be transferred to the PTO if a major function of their work is reimbursed by the PTO, they spend at least half of their work time in support of the PTO, or a transfer to the PTO would be in the interest of the agency, as determined by the Secretary of Commerce in consultation with the Director.

On or after the effective date of the Act, the President shall appoint an individual to serve as Director until a Director qualifies under subsection (a). The persons serving as the Assistant Commissioner for Patents and the Assistant Commissioner for Trademarks on the day before the effective date of the Act may serve as the Commissioner for Patents and the Commissioner for Trademarks, respectively, until a respective Commissioner is appointed under subsection (b)(2).

*Sec. 614. Public Advisory Committees.* Section 614 provides a new section 5 of the Patent Act which establishes a Patent Public Advisory Committee and a Trademark Public Advisory Committee. Each Committee has nine voting members with three-year terms appointed by and serving at the pleasure of the Secretary of Commerce. Initial appointments will be made within three months of the effective date of the Act; and three of the initial appointees will receive one-year terms, three will receive two-year terms, and three will receive full terms. Vacancies will be filled within three months. The Secretary will also designate chairpersons for three-year terms.

The members of the Committees will be U.S. citizens and will be chosen to represent the interests of users. The Patent Public Advi-

<sup>16</sup>28 U.S.C. §5382.



sory Committee shall have members who represent small and large entity applicants in the United States in proportion to the number of applications filed by the small and large entity applicants. In no case shall the small entity applicants be represented by less than 25 percent of the members of the Patent Public Advisory Committee. The members of both Committees shall include individuals with substantial background and achievement in finance, management, labor relations, science, technology, and office automation. Each labor organization recognized by the PTO shall be represented on the Committees by a non-voting member.

The Committees meet at the call of the chair to consider an agenda established by the chair. Each Committee reviews the policies, goals, performance, budget, and user fees that bear on its area of concern and advises the Director on these matters. Within 60 days of the end of a fiscal year, the Committees prepare annual reports, transmit the reports to the Secretary of Commerce, the President, and the Committees on the Judiciary of the Congress, and publish the reports in the *Official Gazette* of the PTO.

Members of the Committees are compensated at a defined daily rate for meeting and travel days. Members are provided access to PTO records and information other than personnel or other privileged information including that concerning patent applications. Members are special Government employees within the meaning of §202 of title 18. The Federal Advisory Committee Act shall not apply to the Committees. Finally, §614 provides that Committee meetings shall be open to the public unless by a majority vote the Committee meets in executive session to consider personnel or other confidential information.

*Sec. 615. Patent and Trademark Office funding.* Pursuant to §42(c) of the Patent Act, fees available to the Commissioner under §31 of the Trademark Act of 1946<sup>17</sup> may be used only for the processing of trademark registrations and for other trademark-related activities, and to cover a proportionate share of the administrative costs of the PTO. In an effort to more tightly “fence” trademark funds for trademark purposes, §615 amends this language such that *all* (trademark) fees available to the Commissioner *shall* be used for trademark registration and other trademark-related purposes. In other words, the Commissioner may exercise *no* discretion when spending funds; they must be earmarked for trademark purposes.

*Sec. 616. Conforming amendments.* Technical conforming amendments (repeals) to the Patent Act are set forth in §616.

*Sec. 617. Trademark Trial and Appeal Board.* Section 617 amends §17 of the Trademark Act of 1946 by specifying that the Director shall give notice to all affected parties and shall direct a Trademark Trial and Appeal Board to determine the respective rights of those parties before it in a relevant proceeding. The section also invests the Director with the power of appointing administrative trademark judges to the Board. The Director, the Commissioner of Trademarks, the Commissioner of Patents, and the administrative trademark judges shall serve on the Board.

<sup>17</sup> 15 U.S.C. §1051, et seq.

*Sec. 618. Board of Patent Appeals and Interferences.* Under existing §7 of the Patent Act, the Commissioner, Deputy Commissioner, Assistant Commissioners, and the examiners-in-chief constitute the Board of Patent Appeals and Interferences. Pursuant to §618 of Title VI, the Board is comprised of the Director, the Commissioner for Patents, the Commissioner for Trademarks, and the administrative patent judges. In addition, the existing statute allows each appellant a hearing before three members of the Board who are designated by the Commissioner. Section 618 empowers the Director with this authority.

*Sec. 619. Annual report of Director.* No later than 180 days after the end of each fiscal year, the Director must provide a report to Congress detailing funds received and expended by the PTO, the purposes for which the funds were spent, the quality and quantity of PTO work, the nature of training provided to examiners, the evaluations of the Director and the Commissioners by the Secretary of Commerce, the Director's and Commissioners' compensation, and other information relating to the agency.

*Sec. 620. Suspension or exclusion from practice.* Under existing §32 of the Patent Act, the Commissioner (the Director pursuant to §632 of this Act) has the authority, after notice and a hearing, to suspend or exclude from further practice before the PTO any person who is incompetent, disreputable, indulges in gross misconduct or fraud, or is noncompliant with PTO regulations. Section 620 permits the Director to designate an attorney who is an officer or employee of the PTO to conduct a hearing under §32.

*Section 621. Pay of Director.* Section 621 replaces the Assistant Secretary of Commerce and Commissioner of Patents and Trademarks with the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office to receive pay at Level III of the Executive Schedule.<sup>18</sup>

#### *Subtitle B—Effective Date; Technical Amendments*

*Sec. 631. Effective date.* The effective date of Title VI is four months after the date of enactment.

*Section 632. Technical and conforming amendments.* Section 632 sets forth numerous technical and conforming amendments related to Title VI.

#### *Subtitle C—Miscellaneous Provisions*

*Sec. 641. References.* Section 641 clarifies that any reference to the transfer of a function from a department or office to the head of such department or office means the head of such department or office to which the function is transferred. In addition, references in other federal materials to the Commissioner of Patents and Trademarks refers, upon enactment, to the Director of the United States Patent and Trademark Office. Similarly, references to the Assistant Commissioner for Patents is deemed to refer to the Commissioner for Patents and references to the Assistant Commissioner for Trademarks is deemed to refer to the Commissioner for Trademarks.

<sup>18</sup>5 U.S.C. §5314.

*Sec. 642. Exercise of authorities.* Under §642, except as otherwise provided by law, a federal official to whom a function is transferred pursuant to Title VI may exercise all authorities under any other provision of law that were available regarding the performance of that function to the official empowered to perform that function immediately before the date of the transfer (of the function).

*Sec. 643. Savings provisions.* Relevant legal documents that relate to a function which is transferred by Title VI, and which are in effect on the date of such transfer, shall continue in effect according to their terms unless later modified or repealed in an appropriate manner. Applications or proceedings concerning any benefit, service, or license pending on the effective date of Title VI before an office transferred shall not be affected, and shall continue thereafter, but may later be modified or repealed in the appropriate manner.

Title VI will not affect suits commenced before the effective date of passage. Suits or actions by or against the Department of Commerce, its employees, or the Secretary shall not abate by reason of enactment of Title VI. Suits against a relevant government officer in her official capacity shall continue post enactment, and if a function has transferred to another officer by virtue of enactment, that other officer shall substitute as the defendant. Finally, administrative and judicial review procedures that apply to a function transferred shall apply to the head of the relevant federal agency and other officers to which the function is transferred.

*Sec. 644. Transfer of assets.* Section 644 states that all available personnel, property, records, and funds related to a function transferred pursuant to Title VI shall be made available to the relevant official or head of the agency to which the function transfers at such time or times as the Director of the Office of Management and Budget (OMB) directs.

*Sec. 645. Delegation and assignment.* Section 645 allows an official to whom a function is transferred under Title VI to delegate that function to another officer or employee. The official to whom the function was originally transferred nonetheless remains responsible for the administration of the function.

*Sec. 646. Authority of Director of the Office of Management and Budget with respect to functions transferred.*

Pursuant to §646, if necessary the Director of OMB shall make any determination of the functions transferred pursuant to Title VI.

*Sec. 647. Certain vesting of functions considered transfers.* Section 647 states that the vesting of a function in a department or office pursuant to reestablishment of an office shall be considered to be the transfer of that function.

*Sec. 648. Availability of existing funds.* Under §648, existing appropriations and funds available for the performance of functions and other activities terminated pursuant to Title VI shall remain available (for the duration of their period of availability) for necessary expenses in connection with the termination and resolution of such functions and activities, subject to the submission of a plan to House and Senate appropriators in accordance with Public Law 105-277 (Departments of Commerce, Justice, and State, the Judiciary and Related Agencies Appropriations Act, Fiscal Year 1999).

*Sec. 649. Definitions. Function* includes any duty, obligation, power, authority, responsibility, right, privilege, activity, or program.

*Office* includes any office, administration, agency, bureau, institute, council, unit, organizational entity, or component thereof.

#### TITLE VII—MISCELLANEOUS PATENT PROVISIONS

*Generally.* Title VII consists of seven largely-unrelated provisions that make needed clarifying and technical changes to the Patent Act. Title VII also authorizes a study. The provisions in Title VII take effect on the date of enactment except where stated otherwise in certain sections.

*Sec. 701. Provisional applications.* Section 701 amends §111(b)(5) of the Patent Act by permitting a provisional application to be treated as a non-provisional application. The applicant must make a request within 12 months after the filing date of the provisional application for it to be treated as a non-provisional application.

Section 701 also amends §119(e) of the Patent Act by clarifying the treatment of a provisional application when its last day of pendency falls on a weekend or a Federal holiday, and by eliminating the requirement that a provisional application must be co-pending with a non-provisional application if the provisional application is to be relied on in any PTO proceeding.

*Sec. 702. International applications.* Section 702 amends §119(a) of the Patent Act to permit persons who filed an application for patent first in a WTO<sup>19</sup> 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.<sup>20</sup> 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 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.

Section 702 also adds subsection (f) to §119 of the Patent Act 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<sup>21</sup> Contracting Party. Many foreign countries provide only a *sui generis* system of protection for plant

<sup>19</sup>World Trade Organization. The agreement establishing the WTO is a multilateral instrument which creates a permanent organization to oversee the implementation of the Uruguay Round Agreements, including the GATT 1994, to provide a forum for multilateral trade negotiations and to administer dispute settlements (*see note 3, supra*). STAFF OF THE HOUSE COMM. ON WAYS AND MEANS, 104TH CONG., 1ST SESS., OVERVIEW AND COMPILATION OF U.S. TRADE STATUTES 1040 (Comm. Print 1995).

<sup>20</sup>Trade-Related Aspects of Intellectual Property Rights Agreement; i.e., that component of GATT which addresses intellectual property rights among the signatory members.

<sup>21</sup>International Convention for the Protection of New Varieties of Plants. UPOV is administered by the World Intellectual Property Organization (WIPO), which is charged with the administration of, and activities concerning revisions to, the international intellectual property treaties. UPOV has 40 members, and guarantees plant breeders national treatment and right of priority in other countries that are members of the treaty, along with certain other benefits. *See M.A. LEAFFER, INTERNATIONAL TREATIES ON INTELLECTUAL PROPERTY* at 47 (BNA, 2d ed. 1997).

varieties. Because §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) is added to §119 to define the terms "WTO member country" and "UPOV Contracting Party."

*Sec. 703. Certain limitations on remedies for patent infringement not applicable.* Section 703 amends §287(c)(4) of the Patent Act, which pertains to certain limitations on remedies for patent infringement, to make it applicable to applications filed on or after September 30, 1996.

*Sec. 704. Electronic filing.* Section 704 amends §22 of the Patent Act to clarify that the PTO may receive information in electronic form.

*Sec. 705. Study and report on biologic deposits in support of biotechnology patents.* Section 705 charges the Comptroller General, in consultation with the PTO Director, with conducting a study and submitting a report to Congress no later than six months after the date of enactment on the potential risks to the U.S. biotechnological industry regarding biological deposits in support of biotechnology patents. The study shall include: an examination of the risk of export and of transfers to third parties of biological deposits, and the risks posed by the 18-month publication requirement of Title IV; an analysis of comparative legal and regulatory regimes; and any related recommendations. The PTO is then charged with considering these recommendations when drafting regulations affecting biological deposits.

*Sec. 706. Prior invention.* Section 706 amends §102(g) of the Patent Act to make clear that an inventor who is involved in a PTO interference proceeding by operation of §104 is subject to the requirements of §102(g), including the requirement that the invention was not abandoned, suppressed, or concealed.

*Sec. 707. Prior art exclusion for certain commonly assigned patents.* Section 707 amends §103 of the Patent Act, which sets forth patentability conditions related to the nonobviousness of subject matter. Section 103(c) of the current statute states that subject matter developed by another person which qualifies as prior art only under §102(f) or (g) shall not preclude granting a patent on an invention with only obvious differences where the subject matter and claimed invention were, at the time the invention was made, owned by the same person or subject to an obligation of assignment to the same person. The bill amends §103(c) by adding a reference to §102(e), which currently bars the granting of a patent if the invention was described in another patent granted on an application filed before the applicant's date of invention. The effect of the amendment is to allow an applicant to receive a patent when an invention with only obvious differences from the applicant's invention was described in a patent granted on an application filed before the applicant's invention, provided the inventions are commonly owned or subject to an obligation of assignment to the same person.

## CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) 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.
<b>[1. Patent and Trademark Office</b> .....	<b>1]</b>
<i>I. Establishment, Officers and Employees, Functions</i> .....	<i>1</i>
* * * * *	

**[PART I—PATENT AND TRADEMARK OFFICE]*****PART I—UNITED STATES PATENT AND  
TRADEMARK OFFICE***

Chap.	Sec.
<b>[1. Establishment, Officers, Functions</b> .....	<b>1]</b>
<i>1. Establishment, Officers and Employees, Functions</i> .....	<i>1</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.
  - [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.

**[§ 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 in effect for level III of the Executive Schedule under section 5314 of title 5, United States Code.

【(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.】

## **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 Public Advisory Committee.*
6. *Board of Patent Appeals and Interferences.*
7. *Library.*
8. *Classification of patents.*
9. *Certified copies of records.*
10. *Publications.*
11. *Exchange of copies of patents and applications with foreign countries.*
12. *Copies of patents and applications for public libraries.*
13. *Annual report to Congress.*

### **§ 1. Establishment**

*(a) ESTABLISHMENT.—The United States Patent and Trademark Office is established as an agency of the United States, within the Department of Commerce. In carrying out its functions, the United States Patent and Trademark Office shall be subject to the policy direction of the Secretary of Commerce, but otherwise shall retain*

responsibility for decisions regarding the management and administration of its operations and shall exercise independent control of its budget allocations and expenditures, personnel decisions and processes, procurements, and other administrative and management functions in accordance with this title and applicable provisions of law. Those operations designed to grant and issue patents and those operations which are designed to facilitate the registration of trademarks shall be treated as separate operating units within the Office.

(b) *OFFICES.*—The United States Patent and Trademark Office shall maintain its principal office in the metropolitan Washington, DC, 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 in the United States 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, subject to the policy direction of the Secretary of Commerce—

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

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

(b) *SPECIFIC POWERS.*—The Office—

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

(2) may establish regulations, not inconsistent with law, which—

(A) shall govern the conduct of proceedings in the Office;

(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;



(E) shall 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(b)(1) of this title; and

(F) provide for the development of a performance-based process that includes quantitative and qualitative measures and standards for evaluating cost-effectiveness and is consistent with the principles of impartiality and competitiveness;

(3) 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;

(4)(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;

(5) 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;

(6) 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;

(10) shall advise Federal departments and agencies on matters of intellectual property policy in the United States and intellectual property protection in other countries;

(11) shall provide guidance, as appropriate, with respect to proposals by agencies to assist foreign governments and international intergovernmental organizations on matters of intellectual property protection;

(12) may conduct programs, studies, or exchanges of items or services regarding domestic and international intellectual property law and the effectiveness of intellectual property protection domestically and throughout the world;

(13)(A) shall advise the Secretary of Commerce on programs and studies relating to intellectual property policy that are conducted, or authorized to be conducted, cooperatively with

foreign intellectual property offices and international intergovernmental organizations; and

(B) may conduct programs and studies described in subparagraph (A); and

(14)(A) in coordination with the Department of State, may conduct programs and studies cooperatively with foreign intellectual property offices and international intergovernmental organizations; 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.

(c) **CLARIFICATION OF SPECIFIC POWERS.**—(1) The special payments under paragraph (14)(B) shall be in addition to any other payments or contributions to international organizations described in paragraph (14)(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.

(2) Nothing in subsection (b) shall derogate from the duties of the Secretary of State or from the duties of the United States Trade Representative as set forth in section 141 of the Trade Act of 1974 (19 U.S.C. 2171).

(3) Nothing in subsection (b) shall derogate from the duties and functions of the Register of Copyrights or otherwise alter current authorities relating to copyright matters.

(4) In exercising the Director's powers under paragraphs (3) and (4)(A) of subsection (b), the Director shall consult with the Administrator of General Services.

(d) **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) **UNDER SECRETARY AND DIRECTOR.**—

(1) **IN GENERAL.**—The powers and duties of the United States Patent and Trademark Office shall be vested in an Under Secretary of Commerce and 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 has a professional background and experience in patent or trademark law the Director shall be responsible for providing policy direction and management supervision for the Office.

(2) **DUTIES.**—

(A) **IN GENERAL.**—The Director shall be responsible for the supervision 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) *CONSULTING WITH THE PUBLIC ADVISORY COMMITTEES.*—The Director shall consult with the Patent Public Advisory Committee established in section 5 on a regular basis on matters relating to the patent operations of the Office, shall consult with the Trademark Public Advisory Committee established in section 5 on a regular basis on matters relating to the trademark operations of the Office, and shall consult with the respective Public Advisory Committee 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, as the case may be.

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

(4) *COMPENSATION.*—In addition to the Director's pay as prescribed in section 5314 of title 5, the Director may receive a bonus in an amount up to, but not in excess of, 50 percent of the Director's annual rate of pay, 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 organization and individual goals in key operational areas as delineated in an annual performance plan agreed to by the Director and the Secretary and made public in the annual report of the Director. Payment of a bonus under this paragraph may be made to the Director only to the extent that such payment does not cause the Director's total aggregate compensation in a calendar year to equal or exceed the amount of the salary of the President under section 102 of title 3.

(5) *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.

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

(1) *DEPUTY UNDER SECRETARY AND DEPUTY DIRECTOR.*—The Director shall appoint a Deputy Under Secretary of Commerce and Deputy Director of the United States Patent and Trademark 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. The Deputy Under Secretary and Deputy Director of the United States Patent and Trademark Office shall be a citizen of the United States who has a professional background and experience in patent or trademark law.

(2) *COMMISSIONERS.*—

(A) *APPOINTMENT AND DUTIES.*—The Secretary of Commerce shall appoint a Commissioner for Patents and a Commissioner for Trademarks. The Commissioner for Patents shall be a citizen of the United States with demonstrated management ability and professional background and experience in patent law and serve for a term of 5

years. The Commissioner for Trademarks shall be a citizen of the United States with demonstrated management ability and professional background and experience in trademark law and serve for a term of 5 years. The Commissioner for Patents and the Commissioner for Trademarks shall serve as the chief operating officers for the operations of the Office relating to patents and trademarks, respectively, and shall be responsible for the management and direction of all aspects of the activities of the Office that affect the administration of patent and trademark operations, respectively. The Secretary may reappoint a Commissioner to subsequent terms of 5 years as long as the performance of the Commissioner as set forth in the performance agreement in subparagraph (B) is satisfactory.

(B) SALARY AND PERFORMANCE AGREEMENT.—The Commissioners shall be paid an annual rate of basic pay not to exceed the maximum rate of basic pay for the Senior Executive Service established under section 5382 of title 5, United States Code, including any applicable locality-based comparability payment that may be authorized under section 5304(h)(2)(C) of title 5. The compensation of the Commissioners shall be considered for purposes of section 207(c)(2)(A) of title 18, United States Code, to be the equivalent of that described under clause (ii) of section 207(c)(2)(A) of title 18. In addition, the Commissioners may receive a bonus in an amount of up to, but not in excess of, 50 percent of the Commissioner's annual rate of basic pay, based upon an evaluation by the Secretary of Commerce, acting through the Director, of the Commissioners' performance as defined in an annual performance agreement between the Commissioners and the Secretary. The annual performance agreements shall incorporate measurable organization and individual goals in key operational areas as delineated in an annual performance plan agreed to by the Commissioners and the Secretary. Payment of a bonus under this subparagraph may be made to the Commissioners only to the extent that such payment does not cause the Commissioners' total aggregate compensation in a calendar year to equal or exceed the amount of the salary of the President under section 102 of title 3.

(C) REMOVAL.—The Commissioners may be removed from office by the Secretary for misconduct or nonsatisfactory performance under the performance agreement described in subparagraph (B). The Secretary shall provide notification of any such removal to both Houses of Congress.

(3) 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 title, 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.*

(4) *TRAINING OF EXAMINERS.—The Patent and Trademark Office shall develop an incentive program to retain as employees patent and trademark examiners of the primary examiner grade or higher who are eligible for retirement, for the sole purpose of training patent and trademark examiners.*

(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.*

(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 Efficiency 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 Efficiency 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 Efficiency 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, as necessary to carry out the purposes of this Act, 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 Efficiency 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 Efficiency 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 Efficiency Act may serve as the Commissioner for Trademarks until the date on which a Commissioner for Trademarks is appointed under subsection (b).*

**§ 4. Restrictions on officers and employees as to interest in patents**

Officers and employees of the Patent and Trademark Office shall be incapable, during the period of their appointments and for one year thereafter, of applying for a patent and of acquiring, directly or indirectly, except by inheritance or bequest, any patent or any right or interest in any patent, issued or to be issued by the Office. In patents applied for thereafter they shall not be entitled to any priority date earlier than one year after the termination of their appointment.

**§ 5. Patent and Trademark Office Public Advisory Committees**

*(a) ESTABLISHMENT OF PUBLIC ADVISORY COMMITTEES.—*

*(1) APPOINTMENT.—The United States Patent and Trademark Office shall have a Patent Public Advisory Committee and a Trademark Public Advisory Committee, each of which shall have 9 voting members who shall be appointed by the Secretary of Commerce and serve at the pleasure of the Secretary of Commerce. Members of each Public Advisory Committee shall be appointed for a term of 3 years, except that of the members first appointed, 3 shall be appointed for a term of 1 year, and 3 shall be appointed for a term of 2 years. In making appointments to each Committee, the Secretary of Commerce shall consider the risk of loss of competitive advantage in international commerce or other harm to United States companies as a result of such appointments.*

*(2) CHAIR.—The Secretary shall designate a chair of each Advisory Committee, whose term as chair shall be for 3 years.*

*(3) TIMING OF APPOINTMENTS.—Initial appointments to each Advisory Committee shall be made within 3 months after the effective date of the Patent and Trademark Office Efficiency Act. Vacancies shall be filled within 3 months after they occur.*

*(b) BASIS FOR APPOINTMENTS.—Members of each Advisory Committee—*

*(1) shall be citizens of the United States who shall be chosen so as to represent the interests of diverse users of the Patent and Trademark Office with respect to patents, in the case of the Patent Public Advisory Committee, and with respect to trademarks, in the case of the Trademark Public Advisory Committee;*

(2) shall include members who represent small and large entity applicants located in the United States in proportion to the number of applications filed by such members, but in no case shall members who represent small entity patent applicants, including small business concerns, independent inventors, and nonprofit organizations, constitute less than 25 percent of the members of the Patent Public Advisory Committee; and

(3) shall include individuals with substantial background and achievement in finance, management, labor relations, science, technology, and office automation.

In addition to the voting members, each Advisory Committee shall include a representative of each labor organization recognized by the Patent and Trademark Office. Such representatives shall be non-voting members of the Advisory Committee to which they are appointed.

(c) *MEETINGS.*—Each Advisory Committee shall meet at the call of the chair to consider an agenda set by the Chair.

(d) *DUTIES.*—Each Advisory Committee shall—

(1) review the policies, goals, performance, budget, and user fees of the Patent and Trademark Office with respect to patents, in the case of the Patent Public Advisory Committee, and with respect to Trademarks, in the case of the Trademark Public Advisory Committee, and advise the Director on these matters;

(2) within 60 days after the end of each fiscal year—

(A) prepare an annual report on the matters referred to in paragraph (1);

(B) transmit the report to the Secretary of Commerce, the President, and the Committees on the Judiciary of the Senate and the House of Representatives; and

(C) publish the report in the Official Gazette of the Patent and Trademark Office.

(e) *COMPENSATION.*—Each member of each Advisory Committee shall be compensated for each day (including travel time) during which such member is attending meetings or conferences of that Advisory Committee or otherwise engaged in the business of that Advisory Committee, 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. While away from such member's home or regular place of business such member shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5.

(f) *ACCESS TO INFORMATION.*—Members of each Advisory Committee shall be provided access to records and information in the 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.

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

(h) *INAPPLICABILITY OF FEDERAL ADVISORY COMMITTEE ACT.*—The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to each Advisory Committee.

(i) *OPEN MEETINGS.*—*The meetings of each Advisory Committee shall be open to the public, except that each Advisory Committee may by majority vote meet in executive session when considering personnel or other information.*

#### **【§ 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 Director, 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). 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.*

**§ [8.] 7. 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.] 8. 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.] 9. Certified copies of records**

The [Commissioner] *Director* may furnish certified copies of specifications and drawings of patents issued by the Patent and

Trademark Office, and of other records available either to the public or to the person applying therefor.

**§ [11.] 10. 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.

2. Certificates of trade-mark registrations, including statements and drawings, together with copies of the same.

3. The Official Gazette of the United States Patent and Trademark Office.

4. Annual indexes of patents and patentees, and of trademarks and registrants.

5. Annual volumes of decisions in patent and trade-mark cases.

6. Pamphlet copies of the patent laws and rules of practice, laws and rules relating to trade-marks, and circulars or other publications relating to the business of the Office.

(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.] 11. 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.] 12. 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.]

**§ 13. 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, the nature of training provided to examiners, the evaluation of the Director and the Commissioners by the Secretary of Commerce, the Director's and*

*the Commissioners' compensation, and other information relating to the Office.*

## CHAPTER 2—PROCEEDINGS IN THE PATENT AND TRADEMARK OFFICE

\* \* \* \* \*

### § 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*.

(b) When the day, or the last day, for taking any action or paying any fee in the United States Patent and Trademark Office falls on Saturday, Sunday, or a Federal holiday within the District of Columbia, the action may be taken, or the fee paid, on the next succeeding secular or business day.

### § 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.

(b) Whenever such written declaration is used, the document must warn the declarant that willful false statements and the like are punishable by fine or imprisonment, or both (18 U.S.C. 1001).

### § 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.】
- 32. Suspension or exclusion from practice.
- 33. Unauthorized representation as practitioner.

**【§ 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.

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**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,

\$1,210, unless the petition is filed under section 133 or 151 of this title, in which case the fee shall be \$110.】

(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, \$1,210, 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, \$110;

\* \* \* \* \*

For the purpose of computing fees, a multiple dependent claim 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, \$940.
- (2) 7 years and 6 months after grant, \$1,900.
- (3) 11 years and 6 months after grant, \$2,910.

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 6 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 6-month grace period the payment of an applicable maintenance fee. No fee may 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) \* \* \*

\* \* \* \* \*

(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 agency 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 of Patents and Trademarks】 Director**.

\* \* \* \* \*

(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 sys-

tems. The **[Commissioner]** *Director* shall also publish such report in the Federal Register. The Commissioner 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]** *Director*.

(b) All fees paid to the **[Commissioner]** *Director* 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) To the extent and in the amounts provided in advance in appropriations Acts, fees authorized in this title or any other Act to be charged or established by the **[Commissioner]** *Director* shall be collected by and shall be available to the **[Commissioner]** *Director* to carry out the activities of the Patent and Trademark Office. **[Fees]** *All fees* available to the **[Commissioner]** *Director* under section 31 of the Trademark Act of 1946 **[may]** *shall* 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]** *Director* may refund any fee paid by mistake or any amount paid in excess of that required.

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### **CHAPTER 5—INVENTION PROMOTION 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 promoter.*

59. *Rule of construction.*

#### **§ 51. Definitions**

*For purposes of this chapter—*

(1) *the term “contract for invention promotion services” means a contract by which an invention promoter undertakes invention promotion services for a customer;*

(2) *the term “customer” means any person, firm, partnership, corporation, or other entity who enters into a financial relationship or 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, except when that person performs any act described in subparagraph (B) or (C) of paragraph (4); and

(4) the term "invention promotion 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, offering to license or sell, 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 promotion services.

## **§52. Contracting requirements**

(a) *IN GENERAL.*—(1) Every contract for invention promotion 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, the identity and address of such party shall be disclosed by such party's agent and such party shall be considered a customer for purposes of this chapter.

(b) *REQUIREMENTS OF INVENTION PROMOTER.*—The invention promoter shall—

(1) state in a written document, at the time a customer enters into a contract for invention promotion services, whether the usual business practice of the invention promoter 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 promoter, 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 invention promoter.

(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 promotion services by sending a written letter to the invention promoter 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 promoter 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 promoter or to a third party for the benefit of the invention promoter, without regard to the date or dates appearing in such instrument, shall be deemed payment received by the invention promoter on the date received for purposes of this section.

**§ 53. Standard provisions for cover notice**

(a) CONTENTS.—Every contract for invention promotion 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 PROMOTER FOR COMMERCIAL POTENTIAL IN THE PAST FIVE (5) YEARS IS XXXXX. OF THAT NUMBER, XXXXX RECEIVED POSITIVE EVALUATIONS AND XXXXX RECEIVED NEGATIVE EVALUATIONS.**

**“IF YOU ASSIGN EVEN A PARTIAL INTEREST IN THE INVENTION TO THE INVENTION PROMOTER, THE INVENTION PROMOTER 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 PROMOTER IN THE PAST FIVE (5) YEARS IS XXXXX. THE TOTAL NUMBER OF CUSTOMERS KNOWN BY THIS INVENTION PROMOTER TO HAVE RECEIVED, BY VIRTUE OF THIS INVENTION PROMOTER'S PERFORMANCE, AN AMOUNT OF MONEY IN EXCESS OF THE AMOUNT PAID BY THE CUSTOMER TO THIS INVENTION PROMOTER IS XXXXXXX. AS A RESULT OF THE EFFORTS OF THIS INVENTION PROMOTER, XXXXX NUMBER OF CUSTOMERS HAVE RECEIVED LICENSE AGREEMENTS FOR THEIR INVENTIONS.**

**“THE OFFICERS OF THIS INVENTION PROMOTER HAVE COLLECTIVELY OR INDIVIDUALLY BEEN AFFILIATED IN THE LAST TEN (10) YEARS WITH THE FOLLOWING INVENTION PROMOTION COMPANIES: (LIST THE NAMES AND ADDRESSES OF ALL PREVIOUS INVENTION PROMOTION 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 WHICH RESULTED IN REGULATORY SANCTIONS OR OTHER CORRECTIVE ACTIONS.

"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 promoter, 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 PROMOTER 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 promoter, nor with respect to customers who have defaulted in their payment to the invention promoter.

#### **§54. Reports to customer required**

With respect to every contract for invention promotion services, the invention promoter 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 promotion 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 the initial payment to the invention promoter;

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

(4) a statement as to whether the invention promoter 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 promoter 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 promoter undertakes to perform for the customer;

(6) if any oral or written representation of estimated or projected customer earnings is given by the invention promoter (or any agent, employee, officer, director, partner, or independent contractor of such invention promoter), 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 promotion services, and a statement that the invention promoter is required to maintain all records and correspondence relating to performance of the invention promotion 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 promotion services, including an estimated date in which such performance is expected to be completed.

(b) **INVENTION PROMOTER AS FIDUCIARY.**—To the extent that the description of the specific acts or services affords discretion to the invention promoter with respect to what specific acts or services shall be performed, the invention promoter 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 promoter's premises during normal business hours.

### **§56. Remedies**

(a) **IN GENERAL.**—(1) Any contract for invention promotion 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 promotion services entered into in reliance upon any material false, fraudulent, or misleading information, representation, notice, or advertisement of the invention promoter (or any agent, employee, officer, director, partner, or independent contractor of such invention promoter) 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 promotion 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 promoter 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 promoter or by any material false or fraudulent statement or representation, or any omission of material fact, by an invention promoter (or any agent, employee, director, officer, partner, or independent contractor of such invention promoter) or by failure of an invention promoter to make all the disclosures required under this chapter, may recover in a civil action against the invention promoter (or the officers, directors, or partners of such invention promoter) 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, taking into account past complaints made against the invention promoter that resulted in regulatory sanctions or other corrective actions based on those records compiled by the Director under section 57.

(c) REBUTTABLE PRESUMPTION OF INJURY.—For purposes of this section, substantial violation of any provision of this chapter by an invention promoter or execution by the customer of a contract for invention promotion 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 promoters publicly available, together with any response of the invention promoters.

(b) REQUEST FOR COMPLAINTS.—The Director may request complaints relating to invention promotion 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 promoters.

#### **§ 58. Fraudulent representation by an invention promoter**

Whoever, in providing invention promotion 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**

\* \* \* \* \*

**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 reexamination 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)(A) an application for patent, published pursuant to section 122(b), 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) shall have the effect under this subsection of a national application published under section 122(b) only if the international application designating the United States was published under Article 21(2)(a) of such treaty in the English language, or*

*(B) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that a patent shall not be deemed filed in the United States for the purposes of this subsection based on the filing of an international application filed under the treaty defined in section 351(a), or*

\* \* \* \* \*

**[(g) before the applicant’s invention thereof the invention was made in this country by another who had not abandoned, suppressed, or concealed it. In determining priority of invention there shall be considered not only the respective dates of conception and reduction to practice of the invention, but also the reasonable dili-**

gence of one who was first to conceive and last to reduce to practice, from a time prior to conception by the other.】

*(g)(1) during the course of an interference conducted under section 135 or section 291, another inventor involved therein establishes, to the extent permitted in section 104, that before such person's invention thereof the invention was made by such other inventor and not abandoned, suppressed, or concealed, or (2) before such person's invention thereof, the invention was made in this country by another inventor who had not abandoned, suppressed, or concealed it. In determining priority of invention under this subsection, there shall be considered not only the respective dates of conception and reduction to practice of the invention, but also the reasonable diligence of one who was first to conceive and last to reduce to practice, from a time prior to conception by the other.*

**§ 103. Conditions for patentability; non-obvious subject matter**

(a) \* \* \*

\* \* \* \* \*

(c) Subject matter developed by another person, which qualifies as prior art only under 【subsection (f) or (g)】 *one or more of subsections (e), (f), and (g)* of section 102 of this title, shall not preclude patentability under this section where the subject matter and the claimed invention were, at the time the invention was made, owned by the same person or subject to an obligation of assignment to the same person.

**§ 104. Invention made abroad**

(a) IN GENERAL.—

(1) \* \* \*

\* \* \* \* \*

(3) USE OF INFORMATION.—To the extent that any information in a NAFTA country or a WTO member country concerning knowledge, use, or other activity relevant to proving or disproving a date of invention has not been made available for use in a proceeding in the Patent and Trademark Office, a court, or any other competent authority to the same extent as such information could be made available in the United States, the 【Commissioner】 *Director*, court, or such other authority shall draw appropriate inferences, or take other action permitted by statute, rule, or regulation, in favor of the party that requested the information in the proceeding.

\* \* \* \* \*

**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**.

\* \* \* \* \*

(3) FEE AND OATH.—The application must be accompanied by the fee required by law. The fee and oath 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**.

(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) \* \* \*

\* \* \* \* \*

(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 Commissioner, a provisional application may be treated as an application filed under subsection (a). Subject to section 119(e)(3) of this title, 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 WTO member country or in a foreign country which affords similar privileges in the case of applications filed in such WTO member country or the United States or to citizens of the United States*, 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, identifying the foreign application by specifying its application number, country, and the day, month, and year of its filing, is filed in the Patent and Trademark Office at such time during the pendency of the application as required by the Director.*

*(2) The Director may consider the failure of the applicant to file a timely claim for priority as a waiver of any such claim. The Director may establish procedures, including the payment of a surcharge, to accept an unintentionally delayed claim under this section.*

*(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 foreign intellectual property authority*

*in which the foreign application was filed and show the date of the application and of the filing of the specification and other papers.*

(c) In like manner and subject to the same conditions and requirements, the right provided in this section may be based upon a subsequent regularly filed application in the same *WTO member country* or foreign country instead of the first filed foreign application, provided that any foreign application filed prior to such subsequent application has been withdrawn, abandoned, or otherwise disposed of, without having been laid open to public inspection and without leaving any rights outstanding, and has not served, nor thereafter shall serve, as a basis for claiming a right of priority.

\* \* \* \* \*

(e)(1) An application for patent filed under section 111(a) or section 363 of this title for an invention disclosed in the manner provided by the first paragraph of section 112 of this title in a provisional application filed under section 111(b) of this title, by an inventor or inventors named in the provisional application, shall have the same effect, as to such invention, as though filed on the date of the provisional application filed under section 111(b) of this title, if the application for patent filed under section 111(a) or section 363 of this title is filed not later than 12 months after the date on which the provisional application was filed and if it contains or is amended to contain a specific reference to the provisional application.

(2) A provisional application filed under section 111(b) of this title may not be relied upon in any proceeding in the Patent and Trademark Office unless the fee set forth in subparagraph (A) or (C) of section 41(a)(1) of this title has been paid [and the provisional application was pending on the filing date of the application for patent under section 111(a) or section 363 of this title].

(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 secular or business day.*

(f) *Applications for plant breeder's rights filed in a WTO member country (or in a foreign 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 patent, subject to the same conditions and requirements of this section as apply to applications for patents.*

(g) *As used in this section—*

(1) *the term "WTO member country" has the meaning given that term in section 2(10) of the Uruguay Round Agreements Act; 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 pro-

vided 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 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. *The Director may determine the time period during the pendency of the application within which an amendment containing the specific reference to the earlier filed application is submitted. 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 unintentionally late submissions of amendments under this section.*

**§ 121. Divisional applications**

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.

**【§ 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 any such application 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) *UNITED STATES PUBLICATION OF APPLICATIONS PUBLISHED ABROAD.—*

(1) *IN GENERAL.*—(A) *Subject to paragraph (2), each application for patent, except applications for design patents filed under chapter 16 and provisional applications filed under section 111(b), shall be published, in accordance with procedures determined by the Director, promptly upon the expiration of a period of 18 months after 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) *Pursuant to this title and 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 under section 181 shall not be published.*

(C)(i) *If an applicant, upon filing, makes a request that an application not be published pursuant to paragraph (1), and states in such request that the invention disclosed in the application has not been the subject of an application filed in another country, or under a multilateral international agreement, that requires publication of applications 18 months after filing, the application shall not be published as provided in paragraph (1).*

(ii) *An applicant may rescind a request made under clause (i) at any time.*

(iii) *An applicant who has made a request under clause (i) but who subsequently files, in a foreign country or under a multilateral international agreement specified in clause (i), an application directed to the invention disclosed in the application filed in the Patent and Trademark Office, shall notify the Director of such filing not later than 45 days after the date of the filing of such foreign or international application. A failure of the applicant to provide such notice within the prescribed period shall result in the application being regarded as abandoned, unless it is shown to the satisfaction of the Director that the delay in submitting the notice was unintentional.*

(iv) *If a notice is made pursuant to clause (iii), or the applicant rescinds a request pursuant to clause (ii), the Director shall publish the application on or as soon as is practical after the date that is specified in clause (i).*

(v) *If an applicant has filed applications in one or more foreign countries, directly or through a multilateral international agreement, and such foreign filed applications corresponding to an application filed in the Patent and Trademark Office or the description of the invention in such foreign filed applications is less extensive than the application or description of the invention in the application filed in the Patent and Trademark Office, the applicant may submit a redacted copy of the application filed in the Patent and Trademark Office eliminating any*

*part or description of the invention in such application that is not also contained in any of the corresponding applications filed in a foreign country. The Director may only publish the redacted copy of the application unless the redacted copy of the application is not received within 16 months after the earliest effective filing date for which a benefit is sought under this title. The provisions of section 154(d) shall not apply to a claim if the description of the invention published in the redacted application filed under this clause with respect to the claim does not enable a person skilled in the art to make and use the subject matter of the claim.*

*(c) PROTEST AND PRE-ISSUANCE OPPOSITION.—The Director shall establish appropriate procedures to ensure that no protest or other form of pre-issuance opposition to the grant of a patent on an application may be initiated after publication of the application without the express written consent of the applicant.*

## 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

*(a)* 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.

*(b)* *The Director shall prescribe regulations to provide for the continued examination of applications for patent at the request of the applicant. The Commissioner may establish appropriate fees for such continued examination and shall provide a 50 percent reduction on such fees for small entities that qualify for reduced fees under section 41(h)(1) of this title.*

### § 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.

\* \* \* \* \*

(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 unenforce-

able 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. By filing such an appeal the applicant waives his or her right to proceed under section 145 of this title. *A patent owner or third-party requester in a reexamination proceeding dissatisfied with the final decision in an appeal to the Board of Patent Appeals and Interferences under section 134 may appeal the decision only to the United States Court of Appeals for the Federal Circuit.* 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 pro-

vided 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 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.	*	*	*	*	*
154.	Contents and term of patent; <i>provisional rights</i> .	*	*	*	*	*

**§ 151. Issue of patent**

\* \* \* \* \*

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) IN GENERAL.—

(1) CONTENTS.—Every patent shall contain a short title of the invention and a grant to the patentee, his heirs or assigns, of the right to exclude others from making, using, offering for sale, or selling the invention throughout the United States or importing the invention into the United States, and, if the invention is a process, of the right to exclude others from using, offering for sale or selling throughout the United States, or importing into the United States, products made by that process, referring to the specification for the particulars thereof.

(2) TERM.—Subject to the payment of fees under this title, such grant shall be for a term beginning on the date on which the patent issues and ending 20 years from the date on which the application for the patent was filed in the United States or, if the application contains a specific reference to an earlier filed application or applications under section 120, 121, or 365(c) of this title, from the date on which the earliest such application was filed.

(3) PRIORITY.—Priority under section 119, 365(a), or 365(b) of this title shall not be taken into account in determining the term of a patent.

(4) SPECIFICATION AND DRAWING.—A copy of the specification and drawing shall be annexed to the patent and be a part of such patent.

**【(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) ADJUSTMENT OF PATENT TERM.—

(1) PATENT TERM GUARANTEES.—

(A) GUARANTEE OF PROMPT PATENT AND TRADEMARK OFFICE RESPONSES.—*Subject to the limitations under paragraph (2), if the issue of an original patent is delayed due to the failure of the Patent and Trademark Office to—*

*(i) make a notification of the rejection of any claim for a patent or any objection or argument under section 132, or give or mail a written notice of allowance under section 151, within 14 months after the date on which the application was filed;*

*(ii) respond to a reply under section 132, or to an appeal taken under section 134, within 4 months after the date on which the reply was filed or the appeal was taken;*

*(iii) act on an application within 4 months after the date of a decision by the Board of Patent Appeals and Interferences under section 134 or 135 or a decision by a Federal court under section 141, 145, or 146 in a case in which allowable claims remain in the application; or*

*(iv) issue a patent within 4 months after the date on which the issue fee was paid under section 151 and all outstanding requirements were satisfied;*

*the term of the patent shall be extended one day for each day after the end of the period specified in clause (i), (ii), (iii), or (iv), as the case may be, until the action described in such clause is taken.*

(B) GUARANTEE OF NO MORE THAN 3-YEAR APPLICATION PENDENCY.—*Subject to the limitations under paragraph (2), if the issue of an original patent is delayed due to the failure of the Patent and Trademark Office to issue a patent within 3 years after the actual filing date of the application in the United States, not including—*

*(i) any time consumed by continued examination of the application requested by the applicant under section 132(b);*

*(ii) any time consumed by a proceeding under section 135(a), any time consumed by the imposition of an order pursuant to section 181, or any time consumed by appellate review by the Board of Patent Appeals and Interferences or by a Federal court; or*

(iii) any delay in the processing of the application by the Patent and Trademark Office requested by the applicant except as permitted by paragraph (2)(C), the term of the patent shall be extended 1 day for each day after the end of that 3-year period until the patent is issued.

(C) *GUARANTEE OR ADJUSTMENTS FOR DELAYS DUE TO INTERFERENCES, SECRECY ORDERS, AND APPEALS.*—Subject to the limitations under paragraph (2), if the issue of an original patent is delayed due to—

(i) a proceeding under section 135(a);

(ii) the imposition of an order pursuant to section 181; or

(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,

the term of the patent shall be extended one day for each day of the pendency of the proceeding, order, or review, as the case may be.

(2) *LIMITATIONS.*—

(A) *IN GENERAL.*—To the extent that periods of delay attributable to grounds specified in paragraph (1) overlap, the period of any adjustment granted under this subsection shall not exceed the actual number of days the issuance of the patent was delayed.

(B) *DISCLAIMED TERM.*—No patent the term of which has been disclaimed beyond a specified date may be adjusted under this section beyond the expiration date specified in the disclaimer.

(C) *REDUCTION OF PERIOD OF ADJUSTMENT.*—

(i) The period of adjustment of the term of a patent under paragraph (1) shall be reduced by a period equal to the period of time during which the applicant failed to engage in reasonable efforts to conclude prosecution of the application.

(ii) With respect to adjustments to patent term made under the authority of paragraph (1)(B), an applicant shall be deemed to have failed to engage in reasonable efforts to conclude processing or examination of an application for the cumulative total of any periods of time in excess of 3 months that are taken to respond to a notice from the Office making any rejection, objection, argument, or other request, measuring such 3-month period from the date the notice was given or mailed to the applicant.

(iii) 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.

(3) *PROCEDURES FOR PATENT TERM ADJUSTMENT DETERMINATION.*—

(A) *The Director shall prescribe regulations establishing procedures for the application for and determination of patent term adjustments under this subsection.*

(B) *Under the procedures established under subparagraph (A), the Director shall—*

*(i) make a determination of the period of any patent term adjustment under this subsection, and shall transmit a notice of that determination with the written notice of allowance of the application under section 151; and*

*(ii) provide the applicant one opportunity to request reconsideration of any patent term adjustment determination made by the Director.*

(C) *The Director shall reinstate all or part of the cumulative period of time of an adjustment under paragraph (2)(C) if the applicant, prior to the issuance of the patent, makes a showing that, in spite of all due care, the applicant was unable to respond within the 3-month period, but in no case shall more than 3 additional months for each such response beyond the original 3-month period be reinstated.*

(D) *The Director shall proceed to grant the patent after completion of the Director's determination of a patent term adjustment under the procedures established under this subsection, notwithstanding any appeal taken by the applicant of such determination.*

(4) *APPEAL OF PATENT TERM ADJUSTMENT DETERMINATION.—*

(A) *An applicant dissatisfied with a determination made by the Director under paragraph (3) shall have remedy by a civil action against the Director filed in the United States District Court for the District of Columbia within 180 days after the grant of the patent. Chapter 7 of title 5 shall apply to such action. Any final judgment resulting in a change to the period of adjustment of the patent term shall be served on the Director, and the Director shall thereafter alter the term of the patent to reflect such change.*

(B) *The determination of a patent term adjustment under this subsection shall not be subject to appeal or challenge by a third party prior to the grant of the patent.*

\* \* \* \* \*

(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), or in the case of an international application filed under the treaty defined in section 351(a) 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 ap-*

*plication 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 in a case in which 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.—*

*(A) EFFECTIVE DATE.—The right under paragraph (1) to obtain a reasonable royalty based upon the publication under the treaty defined in section 351(a) of an international application designating the United States shall commence on the date on which the Patent and Trademark Office receives a copy of the publication under the treaty of the international application, or, if the publication under the treaty of the international application is in a language other than English, on the date on which the Patent and Trademark Office receives a translation of the international application in the English language.*

*(B) COPIES.—The Director may require the applicant to provide a copy of the international application and a translation thereof.*

*(5) ISSUANCE OF PATENTS ON INDIVIDUAL CLAIMS.—If the Director in a notification to the applicant under section 132 indicates that one or more claims of a published application are allowable, the applicant may request the issuance of a patent incorporating those claims. The applicant may continue prosecution of the remaining claims as provided in chapter 12 of this title. Any subsequently allowed claims may be incorporated into the patent or issued in a separate patent, in accordance with regulations adopted by the Director. The Director may establish appropriate fees to cover the costs of incorporating any additional claims into the patent or issuing a separate patent.*

#### **§ 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) The term of a patent which claims a product, a method of using a product, or a method of manufacturing a product shall be extended in accordance with this section from the original expiration date of the patent, *which shall include any patent term adjustment granted under section 154(b)*, if—

(1) \* \* \*

\* \* \* \* \*

(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) \* \* \*

\* \* \* \* \*

(ii) the Secretary of Health and Human Services if the patent claims any other drug product, a medical device, or a food additive or color additive or a method of using or manufacturing such a product, device, or additive and if the product, device, and additive are subject to the Federal Food, Drug, and Cosmetic Act,

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) \* \* \*

(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】** *Di-*



rector 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) \* \* \*

\* \* \* \* \*

(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.

(d) The **【Secretary of Commerce】** *Director* shall report to the Congress annually on the use of statutory invention registrations. Such report shall include an assessment of the degree to which agencies of the Federal Government are making use of the statutory invention registration system, the degree to which it aids the management of federally developed technology, and an assessment

of the cost savings to the Federal Government of the use of such procedures.

#### CHAPTER 15—PLANT PATENTS

\* \* \* \* \*

##### § 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—SECURITY OF CERTAIN INVENTIONS AND FILING APPLICATIONS IN FOREIGN COUNTRY

\* \* \* \* \*

##### § 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] *Commissioner of Patents* 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] *Commissioner of Patents*, 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] *Commissioner of Patents* and the [Commissioner] *Commissioner of Patents* shall order that the invention be kept secret and shall withhold *the publication of the ap-*

*plication* 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】** *Commissioner of Patents* 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】** *Director under rules prescribed by the Patent and Trademark Office*.

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】** *Commissioner of Patents* 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】** *Commissioner of Patents* 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】** *Commissioner of Patents* 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】** *Commissioner of Patents*. The abandonment shall be held to have occurred as of the time of violation. The consent of the **【Commissioner】** *Commissioner of Patents* 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.

\* \* \* \* \*

**§ 184. Filing of application in foreign country**

Except when authorized by a license obtained from the **【Commissioner】** *Commissioner of Patents* a person shall not file or cause

or authorize to be filed in any foreign country prior to six months after filing in the United States an application for patent or for the registration of a utility model, industrial design, or model in respect of an invention made in this country. A license shall not be granted with respect to an invention subject to an order issued by the **【Commissioner】** *Commissioner of Patents* pursuant to section 181 of this title without the concurrence of the head of the departments and the chief officers of the agencies who caused the order to be issued. The license may be granted retroactively where an application has been filed abroad through error and without deceptive intent and the application does not disclose an invention within the scope of section 181 of this title.

\* \* \* \* \*

#### **§ 188. Rules and regulations, delegation of power**

The Atomic Energy Commission, the Secretary of a defense department, the chief officer of any other department or agency of the Government designated by the President as a defense agency of the United States, and the **【Secretary of Commerce】** *Patent and Trademark Office*, may separately issue rules and regulations to enable the respective department or agency to carry out the provisions of this chapter, and may delegate any power conferred by this chapter.

### **CHAPTER 18—PATENT RIGHTS IN INVENTIONS MADE WITH FEDERAL ASSISTANCE**

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#### **§ 202. Disposition of rights**

(a) Each nonprofit organization or small business firm may, within a reasonable time after disclosure as required by paragraph (c)(1) of this section, elect to retain title to any subject invention: *Provided, however,* That a funding agreement may provide otherwise (i) when the contractor is not located in the United States or does not have a place of business located in the United States or is subject to the control of a foreign government, (ii) in exceptional circumstances when it is determined by the agency that restriction or elimination of the right to retain title to any subject invention will better promote the policy and objectives of this chapter (iii) when it is determined by a Government authority which is authorized by statute or Executive order to conduct foreign intelligence or counter-intelligence activities that the restriction or elimination of the right to retain title to any subject invention is necessary to protect the security of such activities or, **【iv】** (iv) when the funding agreement includes the operation of a Government-owned, contractor-operated facility of the Department of Energy primarily dedicated to that Department's naval nuclear propulsion or weapons related programs and all funding agreement limitations under this subparagraph on the contractor's right to elect title to a subject invention are limited to inventions occurring under the above two programs of the Department of Energy.**【.】** The rights of the nonprofit organization or small business firm shall be subject to the

provisions of paragraph (c) of this section and the other provisions of this chapter.

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**PART III—PATENTS AND PROTECTION OF PATENT RIGHTS**

**CHAPTER 25—AMENDMENT AND CORRECTION OF PATENTS**

\* \* \* \* \*

**§ 251. Reissue of defective patents**

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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.

\* \* \* \* \*

**§ 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.

\* \* \* \* \*

**§ 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.

\* \* \* \* \*

**CHAPTER 27—GOVERNMENT INTERESTS IN PATENTS**

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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 department 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. *Defense to infringement based on earlier inventor.*

\* \* \* \* \*

**§ 273. Defense to infringement based on earlier inventor**

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

(1) the terms “commercially used” and “commercial use” mean use of a process or method in the United States or the use of a process or method in the design, testing, or production in the United States of a product or service, so long as such use is in connection with an actual arm’s-length sale or other arm’s-length commercial transfer of a product or service, whether or not the subject matter at issue is accessible to or otherwise known to the public, except that the subject matter for which commercial marketing or use is subject to a premarketing regulatory review period during which the safety or efficacy of the subject matter is established, including any period specified in section 156(g), shall be deemed “commercially used” and in “commercial use” during such regulatory review period;

(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), except that the use—

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

(B) may not be asserted as a defense with respect to any subsequent commercialization or use outside such laboratory or nonprofit entity;

(3) the term “process or method” means “process” as defined in section 100(b), and includes any invention that produces a useful end product or service which has been or could have been claimed in a patent in the form of a process; 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) *IN GENERAL.*—It shall be a defense to an action for infringement under section 271 of this title with respect to any subject matter that would otherwise infringe one or more claims asserting a process or method in the patent being asserted against a person, if such person had, acting in good faith, actually reduced the subject matter to practice at least one year before the effective filing date of such patent, and commercially used the subject matter before the effective filing date of such patent.

(2) *EXHAUSTION OF RIGHT.*—The sale or other disposition, of a product or service produced by a patented process or method, by a person entitled to assert a defense under this section with respect to that product or service 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.



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

(A) *PATENT.*—*A person may not assert the defense under this section unless the invention for which the defense is asserted is for a process or method, the exclusive purpose of which is to produce a useful end product or service.*

(B) *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.*

(C) *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 specific 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.*

(4) *BURDEN OF PROOF.*—*A person asserting the defense under this section shall have the burden of establishing the defense by clear and convincing evidence.*

(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 this section with respect to actions taken after the date of such abandonment.*

(6) *PERSONAL DEFENSE.*—*The defense under this section may be asserted only 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 as an ancillary and subordinate part of a good faith assignment or transfer for other reasons of the entire enterprise or line of business to which the defense relates.*

(7) *LIMITATION ON SITES.*—*A defense under this section, when acquired as part of a good faith assignment or transfer of an entire enterprise or line of business to which the defense relates, may only be asserted for uses at sites where the subject matter that would otherwise infringe one or more of the claims is in use before the later of the effective filing date of the patent or the date of the assignment or transfer of such enterprise or line of business.*

(8) *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.*

(9) *INVALIDITY.*—A patent shall not be deemed to be invalid under section 102 or 103 of this title solely because a defense is raised or 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] 154(b) or 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.

\* \* \* \* \*

**§ 284. Damages**

Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court.

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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**§ 287. Limitation on damages and other remedies; marking and notice**

(a) \* \* \*

\* \* \* \* \*

(c)(1) \* \* \*

\* \* \* \* \*

(4) This subsection shall not apply to any patent issued [before the date of enactment of this subsection] *based on an application the earliest effective filing date of which is prior to September 30, 1996.*

\* \* \* \* \*

**§ 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.

\* \* \* \* \*

**§ 294. Voluntary arbitration**

(a) \* \* \*

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(d) When an award is made by an arbitrator, the patentee, his assignee or licensee shall give notice thereof in writing to the [Commissioner] *Director*. There shall be a separate notice prepared for each patent involved in such proceeding. Such notice shall set forth the names and addresses of the parties, the name of the inventor, and the name of the patent owner, shall designate the number of the patent, and shall contain a copy of the award. If an award is modified by a court, the party requesting such modification shall give notice of such modification to the [Commissioner] *Director*. The [Commissioner] *Director* shall, upon receipt of either notice, enter the same in the record of the prosecution of such patent. If the required notice is not filed with the [Commissioner] *Director*, any party to the proceeding may provide such notice to the [Commissioner] *Director*.

(e) The award shall be unenforceable until the notice required by subsection (d) is received by the [Commissioner] *Director*.

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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.
- [304. Reexamination order by Commissioner.
- [305. Conduct of reexamination proceedings.

¶306. Appeal.

¶307. Certificate of patentability, unpatentability, and claim cancellation.

### **¶ 301. Citation of prior art**

¶Any person at any time may cite to the Office in writing prior art consisting of patents or printed publications which that person believes to have a bearing on the patentability of any claim of a particular patent. If the person explains in writing the pertinency and manner of applying such prior art to at least one claim of the patent, the citation of such prior art and the explanation thereof will become a part of the official file of the patent. At the written request of the person citing the prior art, his or her identity will be excluded from the patent file and kept confidential.

### **¶ 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.】

**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 Director.*
- 304. *Reexamination order by Director.*
- 305. *Conduct of reexamination proceedings.*
- 306. *Appeal.*
- 307. *Certificate of patentability, unpatentability, and claim cancellation.*
- 308. *Reexamination prohibited.*
- 309. *Stay of litigation.*

### **§ 301. Citation of prior art**

*Any person at any time may cite to the Office in writing prior art consisting of patents or printed publications which that person believes to have a bearing on the patentability of any claim of a particular patent. If the person explains in writing the pertinency and manner of applying such prior art to at least one claim of the patent, the citation of such prior art and the explanation thereof will become a part of the official file of the patent.*

### **§ 302. Request for reexamination**

*(a) IN GENERAL.—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.*

*(b) REQUIREMENTS.—The request shall—*

*(1) be in writing, include the identity of the real party in interest, and be accompanied by payment of a reexamination fee established by the Director under section 41; and*

*(2) set forth the pertinency and manner of applying cited prior art to every claim for which reexamination is requested.*

*(c) COPY.—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 section 302, 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, and any time, the Director may determine whether a substantial new question of patentability is raised by patents and publications.*

*(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.*

### **§ 304. Reexamination order by Director**

*If, in a determination made under section 303(a), 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.*

### **§ 305. Conduct of reexamination proceedings**

*(a) IN GENERAL.—Subject to subsection (b), reexamination shall be conducted according to the procedures established for initial ex-*

amination under the provisions of sections 132 and 133, except as provided for under this section. 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. In addition, the third-party requester shall receive a copy of any communication sent by the Office to the patent owner concerning the patent subject to the reexamination proceeding.

(3) Each time that the patent owner files a response to an action on the merits from the Patent and Trademark Office, the third-party requester shall have one opportunity to file written comments addressing issues raised by the action of the Office or the patent owner's response thereto, if those written comments are received by the Office within 30 days after the date of service of 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, and may appeal under the provisions of sections 141 through 144, 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 under subsection (b).

(b) *THIRD-PARTY REQUESTER.*—A third-party requester may—

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

(2) be a party to any appeal taken by the patent owner, subject to subsection (c).

(c) *CIVIL ACTION.*—A third-party requester whose request for a reexamination results in an order under section 304 is estopped from asserting at a later time, in any civil action arising in whole or in part under section 1338 of title 28, the invalidity of any claim finally determined to be valid and patentable on any ground which the third-party requester raised or could have raised during the reexamination proceedings. 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 proceedings.

**§ 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.

\* \* \* \* \*

**§ 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, neither the patent owner nor the third-party requester, if any, nor privies of either, may file a subsequent request for reexamination of the patent until a reexamination certificate is issued and published under section 307, unless authorized by the *Director*.

(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 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, and a reexamination requested by that party or its privies on the basis of such issues may not thereafter be maintained by the Office, notwithstanding any other provision of this chapter. 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 proceedings.

**§ 309. Stay of litigation**

Once an order for reexamination of a patent has been issued under section 304, the patent owner may obtain a stay of any pending litigation which involves an issue of patentability of any claims of the patent which are the subject of the reexamination order, unless the court before which such litigation is pending determines that a stay would not serve the interests of justice.

**PART IV—PATENT COOPERATION TREATY**

\* \* \* \* \*

**CHAPTER 35—DEFINITIONS**

\* \* \* \* \*



**§ 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.

\* \* \* \* \*

**CHAPTER 36—INTERNATIONAL STAGE**

\* \* \* \* \*

**§ 361. Receiving Office**

(a) \* \* \*

\* \* \* \* \*

(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*.

\* \* \* \* \*

**§ 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) \* \* \*

\* \* \* \* \*

(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 en-

titled 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.

\* \* \* \* \*

**§ 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.

\* \* \* \* \*

**CHAPTER 37—NATIONAL STAGE**

\* \* \* \* \*

**§ 371. National stage: Commencement**

(a) \* \* \*

\* \* \* \* \*

(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.

\* \* \* \* \*

**§ 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).*

**§ 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.

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**TITLE 28, UNITED STATES CODE**

\* \* \* \* \*

**PART IV—JURISDICTION AND VENUE**

\* \* \* \* \*

**CHAPTER 83—COURTS OF APPEALS**

\* \* \* \* \*

**§ 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 interference, 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

(C) a district court to which a case was directed pursuant to section **【145 or 146】** *145, 146, or 154(b)* of title 35;

\* \* \* \* \*

**PART V—PROCEDURE**

\* \* \* \* \*

**CHAPTER 115—EVIDENCE; DOCUMENTARY**

Sec.

1731. Handwriting.

\* \* \* \* \*

1744. Copies of [Patent Office] *United States Patent and Trademark Office* documents, generally.

\* \* \* \* \*

**§ 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.

\* \* \* \* \*

**CHAPTER 123—FEES AND COSTS**

**§ 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 [Patent Office] *United States Patent and Trademark Office* prior to the commencement of the action.

\* \* \* \* \*

**ACT OF JULY 5, 1946**

(Commonly Referred to as the Trademark Act of 1946)

\* \* \* \* \*

## TITLE I—THE PRINCIPAL REGISTER

\* \* \* \* \*

SECTION 1. (a) The owner of a trademark used in commerce may apply to register his or her trademark under this Act on the principal register hereby established:

(1) By filing in the Patent and Trademark Office—

(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*.

\* \* \* \* \*

(3) By complying with such rules or regulations, not inconsistent with law, as may be prescribed by the **【Commissioner】** *Director*.

(b) A person who has a bona fide intention, under circumstances showing the good faith of such person, to use a trademark in commerce may apply to register the trademark under this Act on the principal register hereby established:

(1) By filing in the Patent and Trademark Office—

(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 commerce, 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

\* \* \* \* \*

(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 and, those goods or services specified in the notice of allowance on or in connection with which the mark is used in commerce. 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 accom-

panied 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*.

SEC. 2. No trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it—

(a) \* \* \*

\* \* \* \* \*

(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 subsections (a), (b), (c), (d), (e)(3), and (e)(5) 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.

\* \* \* \* \*

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 cancelation, and upon cancelation 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.

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 publication 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.

\* \* \* \* \*

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

published under this subsection shall not be subject to the provisions of section 13 of this Act.

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] *Director* 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) there has been no final decision adverse to registrant's claim of ownership of such mark for such goods or services, or to registrant's right to register the same or to keep the same on the register; and

\* \* \* \* \*

(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.

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 trademarks 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 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 services, 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.

\* \* \* \* \*

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).

\* \* \* \* \*

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

SEC. 31. (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.

\* \* \* \* \*  
 SEC. 34. (a) \* \* \* \* \*  
 \* \* \* \* \*

(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.

\* \* \* \* \*  
 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.

\* \* \* \* \*  
 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.  
 \* \* \* \* \*

TITLE VIX—INTERNATIONAL CONVENTIONS

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, trademarks, 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 term “Commissioner” means the Commissioner of Patents and Trademarks.】 *The term “Director” means the Director of the United States Patent and Trademark Office.*

\* \* \* \* \*

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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**TITLE 5, UNITED STATES CODE**

**PART I—THE AGENCIES GENERALLY**

\* \* \* \* \*

**CHAPTER 5—ADMINISTRATIVE PROCEDURE**

\* \* \* \* \*

SUBCHAPTER I—GENERAL PROVISIONS

**§ 500. Administrative practice; general provisions**

(1) “agency” has the meaning given it by section 551 of this title; and

(a) For the purpose of this section—

\* \* \* \* \*

(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.

\* \* \* \* \*

**CHAPTER 51—CLASSIFICATION**

\* \* \* \* \*

**§ 5102. Definitions; application**

(a) \* \* \*

\* \* \* \* \*

(c) This chapter does not apply to—

(1) \* \* \*

\* \* \* \* \*

**[(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;*

\* \* \* \* \*

**CHAPTER 53—PAY RATES AND SYSTEMS**

\* \* \* \* \*

SUBCHAPTER II—EXECUTIVE SCHEDULE PAY RATES

\* \* \* \* \*

**§ 5314. Positions at level III**

Level III 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:

Solicitor General of the United States.

\* \* \* \* \*

**[Assistant Secretary of Commerce and Commissioner of Patents and Trademarks.]**

*Under Secretary of Commerce and Director of the United States Patent and Trademark Office.*

\* \* \* \* \*

**§ 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.

- \* \* \* \* \*
- [Commissioner of Patents, Department of Commerce.]**
- \* \* \* \* \*
- [Deputy Commissioner of Patents and Trademarks.]**
- [Assistant Commissioner of Patents.]**
- [Assistant Commissioner for Trademarks.]**
- \* \* \* \* \*

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**SECTION 9 OF THE SMALL BUSINESS ACT**

- \* \* \* \* \*
- SEC. 9. (a) \* \* \*
- \* \* \* \* \*

(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) the heads of each of the Federal agencies required by subsection (n) to establish an STTR program;

**[(B) the Commissioner of Patents and Trademarks; and]**

*(B) the Director of the United States Patent and Trademark Office; and*

- \* \* \* \* \*

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**SECTION 12 OF THE 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, and 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 Service;
- [(c)]** (3) National Institute of Standards and Technology;
- [(d)]** Patent Office;

[(e)] (4) Bureau of the Census;  
 [(f)] (5) United States Fire Administration  
 [(g)] (6) such other bureaus or other organizational units as  
 the Secretary of Commerce may from time to time establish in ac-  
 cordance with the law.

\* \* \* \* \*

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**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.

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**TRADE ACT OF 1974**

\* \* \* \* \*

**TITLE I—NEGOTIATING AND OTHER AUTHORITY**

\* \* \* \* \*

**CHAPTER 8—IDENTIFICATION OF MARKET BARRIERS AND CERTAIN UNFAIR TRADE PRACTICES**

\* \* \* \* \*

**SEC. 182. IDENTIFICATION OF COUNTRIES THAT DENY ADEQUATE PROTECTION, OR MARKET ACCESS, FOR INTELLECTUAL PROPERTY RIGHTS.**

(a) \* \* \*

\* \* \* \* \*

(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 [Commissioner of Patents and Trademarks] *Director of the United States Patent and Trademark Office*, other appropriate 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) \* \* \*

\* \* \* \* \*

(b) INITIATION OF INVESTIGATION BY MEANS OTHER THAN PETITION.—

(1) \* \* \*

\* \* \* \* \*

(2)(A) \* \* \*

\* \* \* \* \*

(D) The Trade Representative shall, from time to time, consult 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).

\* \* \* \* \*

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**ACT OF APRIL 12, 1892**

[No. 8.] Joint resolution to encourage the establishment and endowment of institutions 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.

\* \* \* \* \*

*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**

\* \* \* \* \*

**CHAPTER V—DRUGS AND DEVICES**

\* \* \* \* \*

SEC. 505. (a) \* \* \*

\* \* \* \* \*

(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* .

\* \* \* \* \*

SEC. 512. (a)(1) \* \* \*

\* \* \* \* \*

(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* .

\* \* \* \* \*

**CHAPTER VII—GENERAL AUTHORITY**

\* \* \* \* \*

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** *Director* 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. It shall be unlawful for any person engaged in business as a distiller, brewer, rectifier, blender, or other producer, or as an importer or wholesaler, of distilled spirits, wine, or malt beverages, or as a bottler, or warehouseman and bottler, of distilled spirits, directly or indirectly or through an affiliate:

(a) \* \* \*

\* \* \* \* \*

(e) 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 Secretary of the Treasury, 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 Secretary of the Treasury 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 August 29, 1935; 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.

\* \* \* \* \*

**ATOMIC ENERGY ACT OF 1954**

\* \* \* \* \*

**TITLE I—ATOMIC ENERGY**

\* \* \* \* \*

**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.

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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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**NATIONAL AERONAUTICS AND SPACE ACT OF 1958**

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TITLE III—MISCELLANEOUS

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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.

(d) Upon any application as to which any such statement has been transmitted to the Administrator, the [Commissioner] *Director* may, if the invention is patentable, issue a patent to the appli-

cant unless the Administrator, within ninety days after receipt of such application and statement, requests that such patent be issued to him on behalf of the United States. If, within such time, the Administrator files such a request with the **【Commissioner】 Director**, the **【Commissioner】 Director** shall transmit notice thereof to the applicant, and shall issue such patent to the Administrator unless the applicant within thirty days after receipt of such notice requests a hearing before the Board of Patent Appeals and Interferences on the question whether the Administrator is entitled under this section to receive such patent. The Board may hear and determine, in accordance with rules and procedures established for interference cases, the question so presented, and its determination shall be subject to appeal by the applicant or by the Administrator to the United States Court of Appeals for the Federal Circuit in accordance with procedures governing appeals from decisions of the Board of Patent Appeals and Interferences in other proceedings.

(e) Whenever any patent has been issued to any applicant in conformity with subsection (d), and the Administrator thereafter has reason to believe that the statement filed by the applicant in connection therewith contained any false representation of any material fact, the Administrator within five years after the date of issuance of such patent may file with the **【Commissioner】 Director** a request for the transfer to the Administrator of title to such patent on the records of the **【Commissioner】 Director**. Notice of any such request shall be transmitted by the **【Commissioner】 Director** to the owner of record of such patent, and title, to such patent shall be so transferred to the Administrator unless within thirty days after receipt of such notice such owner of record requests a hearing before the Board of Patent Appeals and Interferences on the question whether any such false representation was contained in such statement. Such question shall be heard and determined, and determination thereof shall be subject to review, in the manner prescribed by subsection (d) for questions arising thereunder. No request made by the Administrator under this subsection for the transfer of title to any patent, and no prosecution for the violation of any criminal statute, shall be barred by any failure of the Administrator to make a request under subsection (d) for the issuance of such patent to him, or by any notice previously given by the Administrator stating that he had no objection to the issuance of such patent to the applicant therefore.

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**SECTION 12 OF THE SOLAR HEATING AND COOLING  
DEMONSTRATION ACT OF 1974**

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 pro-

moting 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.

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**INSPECTOR GENERAL ACT OF 1978**

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, or the Office of Personnel Management; 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 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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