

105TH CONGRESS
1ST SESSION

H. R. 400

To amend title 35, United States Code, with respect to patents, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 9, 1997

Mr. COBLE (for himself, Mr. CONYERS, Mr. GOODLATTE, and Ms. LOFGREN) introduced the following bill; which was referred to the Committee on the Judiciary

A BILL

To amend title 35, United States Code, with respect to patents, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

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

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1 **TITLE I—PATENT AND TRADE-**
 2 **MARK OFFICE MODERNIZA-**
 3 **TION**

4 **SEC. 101. SHORT TITLE.**

5 This title may be cited as the “Patent and Trade-
 6 mark Office Modernization Act”.

7 **Subtitle A—United States Patent**
 8 **and Trademark Office**

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

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

13 **“§ 1. Establishment**

14 “(a) ESTABLISHMENT.—The United States Patent
 15 and Trademark Office is established as a wholly owned
 16 Government corporation subject to chapter 91 of title 31,

1 separate from any department of the United States, and
2 shall be an agency of the United States under the policy
3 direction of the Secretary of Commerce. For purposes of
4 internal management, the United States Patent and
5 Trademark Office shall be a corporate body not subject
6 to direction or supervision by any department of the Unit-
7 ed States, except as otherwise provided in this title.

8 “(b) OFFICES.—The United States Patent and
9 Trademark Office shall maintain its principal office in the
10 metropolitan Washington, D.C. area, for the service of
11 process and papers and for the purpose of carrying out
12 its functions. The United States Patent and Trademark
13 Office shall be deemed, for purposes of venue in civil ac-
14 tions, to be a resident of the district in which its principal
15 office is located, except where jurisdiction is otherwise pro-
16 vided by law. The United States Patent and Trademark
17 Office may establish satellite offices in such other places
18 as it considers necessary and appropriate in the conduct
19 of its business.

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

1 **SEC. 112. POWERS AND DUTIES.**

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

4 **“§ 2. Powers and duties**

5 “(a) IN GENERAL.—The United States Patent and
6 Trademark Office, under the policy direction of the Sec-
7 retary of Commerce, shall be responsible for—

8 “(1) the granting and issuing of patents and
9 the registration of trademarks;

10 “(2) conducting studies, programs, or ex-
11 changes of items or services regarding domestic and
12 international intellectual property law, the adminis-
13 tration of the Office, or any other function vested in
14 the Office by law, including programs to recognize,
15 identify, assess, and forecast the technology of pat-
16 ented inventions and their utility to industry;

17 “(3)(A) authorizing or conducting studies and
18 programs cooperatively with foreign patent and
19 trademark offices and international organizations, in
20 connection with intellectual property matters; and

21 “(B) with the concurrence of the Secretary of
22 State, authorizing the transfer of not to exceed
23 \$100,000 in any year to the Department of State
24 for the purpose of making special payments to inter-
25 national intergovernmental organizations for studies

1 and programs for advancing international coopera-
2 tion concerning patents, trademarks, and related
3 matters; and

4 “(4) disseminating to the public information
5 with respect to patents and trademarks.

6 The special payments under paragraph (3)(B) shall be in
7 addition to any other payments or contributions to inter-
8 national organizations described in paragraph (3)(B) and
9 shall not be subject to any limitations imposed by law on
10 the amounts of such other payments or contributions by
11 the United States Government.

12 “(b) SPECIFIC POWERS.—The Office—

13 “(1) shall have perpetual succession;

14 “(2) shall adopt and use a corporate seal, which
15 shall be judicially noticed and with which letters pat-
16 ent, certificates of trademark registrations, and pa-
17 pers issued by the Office shall be authenticated;

18 “(3) may sue and be sued in its corporate name
19 and be represented by its own attorneys in all judi-
20 cial and administrative proceedings, subject to the
21 provisions of section 7;

22 “(4) may indemnify the Director, and other of-
23 ficers, attorneys, agents, and employees (including
24 members of the Management Advisory Board estab-
25 lished in section 5) of the Office for liabilities and

1 expenses incurred within the scope of their employ-
2 ment;

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

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

8 “(B) shall be made after notice and oppor-
9 tunity for full participation by interested public
10 and private parties;

11 “(C) shall facilitate and expedite the proc-
12 essing of patent applications, particularly those
13 which can be filed, stored, processed, searched,
14 and retrieved electronically, subject to the provi-
15 sions of section 122 relating to the confidential
16 status of applications; and

17 “(D) may govern the recognition and con-
18 duct of agents, attorneys, or other persons rep-
19 resenting applicants or other parties before the
20 Office, and may require them, before being rec-
21 ognized as representatives of applicants or
22 other persons, to show that they are of good
23 moral character and reputation and are pos-
24 sessed of the necessary qualifications to render
25 to applicants or other persons valuable service,

1 advice, and assistance in the presentation or
2 prosecution of their applications or other busi-
3 ness before the Office;

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

9 “(7)(A) may make such purchases, contracts
10 for the construction, maintenance, or management
11 and operation of facilities, and contracts for supplies
12 or services, without regard to the provisions of the
13 Federal Property and Administrative Services Act of
14 1949 (40 U.S.C. 471 and following), the Public
15 Buildings Act (40 U.S.C. 601 and following), and
16 the Stewart B. McKinney Homeless Assistance Act
17 (42 U.S.C. 11301 and following); and

18 “(B) may enter into and perform such pur-
19 chases and contracts for printing services, including
20 the process of composition, platemaking, presswork,
21 silk screen processes, binding, microform, and the
22 products of such processes, as it considers necessary
23 to carry out the functions of the Office, without re-
24 gard to sections 501 through 517 and 1101 through
25 1123 of title 44;

1 “(8) may use, with their consent, services,
2 equipment, personnel, and facilities of other depart-
3 ments, agencies, and instrumentalities of the Fed-
4 eral Government, on a reimbursable basis, and co-
5 operate with such other departments, agencies, and
6 instrumentalities in the establishment and use of
7 services, equipment, and facilities of the Office;

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

13 “(10) may use, with the consent of the United
14 States and the agency, government, or international
15 organization concerned, the services, records, facili-
16 ties, or personnel of any State or local government
17 agency or instrumentality or foreign government or
18 international organization to perform functions on
19 its behalf;

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

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

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

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

15 “(15) may execute, in accordance with its by-
16 laws, rules, and regulations, all instruments nec-
17 essary and appropriate in the exercise of any of its
18 powers; and

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

1 “(c) CONSTRUCTION.—Nothing in this section shall
2 be construed to nullify, void, cancel, or interrupt any pend-
3 ing request-for-proposal let or contract issued by the Gen-
4 eral Services Administration for the specific purpose of re-
5 locating or leasing space to the United States Patent and
6 Trademark Office.”.

7 **SEC. 113. ORGANIZATION AND MANAGEMENT.**

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

10 **“§ 3. Officers and employees**

11 “(a) DIRECTOR.—

12 “(1) IN GENERAL.—The management of the
13 United States Patent and Trademark Office shall be
14 vested in a Director of the United States Patent and
15 Trademark Office (in this title referred to as the
16 ‘Director’), who shall be a citizen of the United
17 States and who shall be appointed by the President,
18 by and with the advice and consent of the Senate.
19 The Director shall be a person who, by reason of
20 professional background and experience in patent or
21 trademark law, is especially qualified to manage the
22 Office.

23 “(2) DUTIES.—

24 “(A) IN GENERAL.—The Director shall be
25 responsible for the management and direction

1 of the Office, including the issuance of patents
2 and the registration of trademarks, and shall
3 perform these duties in a fair, impartial, and
4 equitable manner.

5 “(B) ADVISING THE PRESIDENT.—The Di-
6 rector shall advise the President, through the
7 Secretary of Commerce, of all activities of the
8 Office undertaken in response to obligations of
9 the United States under treaties and executive
10 agreements, or which relate to cooperative pro-
11 grams with those authorities of foreign govern-
12 ments that are responsible for granting patents
13 or registering trademarks. The Director shall
14 also recommend to the President, through the
15 Secretary of Commerce, changes in law or pol-
16 icy which may improve the ability of United
17 States citizens to secure and enforce patent
18 rights or trademark rights in the United States
19 or in foreign countries.

20 “(C) CONSULTING WITH THE MANAGE-
21 MENT ADVISORY BOARD.—The Director shall
22 consult with the Management Advisory Board
23 established in section 5 on a regular basis on
24 matters relating to the operation of the Office,

1 and shall consult with the Board before submit-
2 ting budgetary proposals to the Office of Man-
3 agement and Budget or changing or proposing
4 to change patent or trademark user fees or pat-
5 ent or trademark regulations.

6 “(D) SECURITY CLEARANCES.—The Direc-
7 tor, in consultation with the Director of the Of-
8 fice of Personnel Management, shall maintain a
9 program for identifying national security posi-
10 tions and providing for appropriate security
11 clearances.

12 “(3) TERM.—The Director shall serve a term of
13 5 years, and may continue to serve after the expira-
14 tion of the Director’s term until a successor is ap-
15 pointed and assumes office. The Director may be re-
16 appointed to subsequent terms.

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

20 “(5) COMPENSATION.—The Director shall re-
21 ceive compensation at the rate of pay in effect for
22 level III of the Executive Schedule under section
23 5314 of title 5 and, in addition, may receive as a
24 bonus, an amount which would raise the Director’s
25 total compensation to not more than the equivalent

1 of the level of the rate of pay in effect for level I
2 of the Executive Schedule under section 5312 of title
3 5, based upon an evaluation by the Secretary of
4 Commerce of the Director's performance as defined
5 in an annual performance agreement between the
6 Director and the Secretary. The annual performance
7 agreement shall incorporate measurable goals as de-
8 lined in an annual performance plan agreed to by
9 the Director and the Secretary.

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

14 “(7) DESIGNEE OF DIRECTOR.—The Director
15 shall designate an officer of the Office who shall be
16 vested with the authority to act in the capacity of
17 the Director in the event of the absence or incapae-
18 ity of the Director.

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

20 “(1) COMMISSIONERS.—The Director shall ap-
21 point a Commissioner for Patents and a Commis-
22 sioner for Trademarks for terms that shall expire on
23 the date on which the Director's term expires. The
24 Commissioner for Patents shall be a person with

1 demonstrated experience in patent law and the Com-
2 missioner for Trademarks shall be a person with
3 demonstrated experience in trademark law. The
4 Commissioner for Patents and the Commissioner for
5 Trademarks shall be the principal policy and man-
6 agement advisers to the Director on all aspects of
7 the activities of the Office that affect the adminis-
8 tration of patent and trademark operations, respec-
9 tively.

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

12 “(A) appoint such officers, employees (in-
13 cluding attorneys), and agents of the Office as
14 the Director considers necessary to carry out
15 the functions of the Office; and

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

20 The Office shall not be subject to any administra-
21 tively or statutorily imposed limitation on positions
22 or personnel, and no positions or personnel of the
23 Office shall be taken into account for purposes of
24 applying any such limitation.

1 “(c) CONTINUED APPLICABILITY OF TITLE 5.—Offi-
2 cers and employees of the Office shall be subject to the
3 provisions of title 5 relating to Federal employees.

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

9 “(e) CARRYOVER OF PERSONNEL.—

10 “(1) FROM PTO.—Effective as of the effective
11 date of the Patent and Trademark Office Mod-
12 ernization Act, all officers and employees of the Pat-
13 ent and Trademark Office on the day before such ef-
14 fective date shall become officers and employees of
15 the Office, without a break in service.

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

22 “(A) such individual serves in a position
23 for which a major function is the performance

1 of work reimbursed by the Patent and Trade-
2 mark Office, as determined by the Secretary of
3 Commerce;

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

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

12 Any transfer under this paragraph shall be effective
13 as of the same effective date as referred to in para-
14 graph (1), and shall be made without a break in
15 service.

16 “(3) ACCUMULATED LEAVE.—The amount of
17 sick and annual leave and compensatory time accu-
18 mulated under title 5 before the effective date de-
19 scribed in paragraph (1), by those becoming officers
20 or employees of the Office pursuant to this sub-
21 section, are obligations of the Office.

22 “(f) TRANSITION PROVISIONS.—

23 “(1) INTERIM APPOINTMENT OF DIRECTOR.—
24 On or after the effective date of the Patent and
25 Trademark Office Modernization Act, the President

1 shall appoint an individual to serve as the Director
2 until the date on which a Director qualifies under
3 subsection (a). The President shall not make more
4 than one such appointment under this subsection.

5 “(2) CONTINUATION IN OFFICE OF CERTAIN
6 OFFICERS.—(A) The individual serving as the As-
7 sistant Commissioner for Patents on the day before
8 the effective date of the Patent and Trademark Of-
9 fice Modernization Act may serve as the Commis-
10 sioner for Patents until the date on which a Com-
11 missioner for Patents is appointed under subsection
12 (b).

13 “(B) The individual serving as the Assistant
14 Commissioner for Trademarks on the day before the
15 effective date of the Patent and Trademark Office
16 Modernization Act may serve as the Commissioner
17 for Trademarks until the date on which a Commis-
18 sioner for Trademarks is appointed under subsection
19 (b).”.

20 **SEC. 114. MANAGEMENT ADVISORY BOARD.**

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

1 **“§ 5. Patent and Trademark Office Management Advi-**
2 **sory Board**

3 “(a) ESTABLISHMENT OF MANAGEMENT ADVISORY
4 BOARD.—

5 “(1) APPOINTMENT.—The United States Pat-
6 ent and Trademark Office shall have a Management
7 Advisory Board (hereafter in this title referred to as
8 the ‘Board’) of 12 members, 4 of whom shall be ap-
9 pointed by the President, 4 of whom shall be ap-
10 pointed by the Speaker of the House of Representa-
11 tives, and 4 of whom shall be appointed by the ma-
12 jority leader of the Senate. Not more than 3 of the
13 4 members appointed by each appointing authority
14 shall be members of the same political party.

15 “(2) TERMS.—Members of the Board shall be
16 appointed for a term of 4 years each, except that of
17 the members first appointed by each appointing au-
18 thority, 1 shall be for a term of 1 year, 1 shall be
19 for a term of 2 years, and 1 shall be for a term of
20 3 years. No member may serve more than 1 term.

21 “(3) CHAIR.—The President shall designate the
22 chair of the Board, whose term as chair shall be for
23 3 years.

24 “(4) TIMING OF APPOINTMENTS.—Initial ap-
25 pointments to the Board shall be made within 3
26 months after the effective date of the Patent and

1 Trademark Office Modernization Act, and vacancies
2 shall be filled within 3 months after they occur.

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

12 “(6) COMMITTEES.—The Chair shall designate
13 members of the Board to serve on a committee on
14 patent operations and on a committee on trademark
15 operations to perform the duties set forth in sub-
16 section (e) as they relate specifically to the Office’s
17 patent operations, and the Office’s trademark oper-
18 ations, respectively.

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

1 “(c) APPLICABILITY OF CERTAIN ETHICS LAWS.—
2 Members of the Board shall be special Government em-
3 ployees within the meaning of section 202 of title 18.

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

6 “(e) DUTIES.—The Board shall—

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

11 “(2) within 60 days after the end of each fiscal
12 year, prepare an annual report on the matters re-
13 ferred to in paragraph (1), transmit the report to
14 the President and the Committees on the Judiciary
15 of the Senate and the House of Representatives, and
16 publish the report in the Patent and Trademark Of-
17 fice Official Gazette.

18 “(f) COMPENSATION.—Members of the Board shall
19 be compensated for each day (including travel time) dur-
20 ing which they are attending meetings or conferences of
21 the Board or otherwise engaged in the business of the
22 Board, at the rate which is the daily equivalent of the an-
23 nual rate of basic pay in effect for level III of the Execu-
24 tive Schedule under section 5314 of title 5, and while away
25 from their homes or regular places of business they may

1 be allowed travel expenses, including per diem in lieu of
2 subsistence, as authorized by section 5703 of title 5.

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

9 **SEC. 115. CONFORMING AMENDMENTS.**

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

12 (b) REGULATIONS FOR AGENTS AND ATTORNEYS.—
13 Section 31 of title 35, United States Code, and the item
14 relating to such section in the table of sections for chapter
15 3 of title 35, United States Code, are repealed.

16 **SEC. 116. TRADEMARK TRIAL AND APPEAL BOARD.**

17 Section 17 of the Act of July 5, 1946 (commonly re-
18 ferred to as the “Trademark Act of 1946”) (15 U.S.C.
19 1067) is amended to read as follows:

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

1 “(b) The Trademark Trial and Appeal Board shall
2 include the Director, the Commissioner for Patents, the
3 Commissioner for Trademarks, and members competent
4 in trademark law who are appointed by the Director.”.

5 **SEC. 117. BOARD OF PATENT APPEALS AND INTER-**
6 **FERENCES.**

7 Chapter 1 of title 35, United States Code, is amended
8 by striking section 7 and inserting after section 5 the fol-
9 lowing:

10 **“§ 6. Board of Patent Appeals and Interferences**

11 “(a) ESTABLISHMENT AND COMPOSITION.—There
12 shall be in the United States Patent and Trademark Of-
13 fice a Board of Patent Appeals and Interferences. The Di-
14 rector, the Commissioner for Patents, the Commissioner
15 for Trademarks, and the examiners-in-chief shall con-
16 stitute the Board. The examiners-in-chief shall be persons
17 of competent legal knowledge and scientific ability.

18 “(b) DUTIES.—The Board of Patent Appeals and
19 Interferences shall, on written appeal of an applicant, re-
20 view adverse decisions of examiners upon applications for
21 patents and shall determine priority and patentability of
22 invention in interferences declared under section 135(a).
23 Each appeal and interference shall be heard by at least
24 3 members of the Board, who shall be designated by the

1 Director. Only the Board of Patent Appeals and Inter-
2 ferences may grant rehearings.”.

3 **SEC. 118. SUITS BY AND AGAINST THE OFFICE.**

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

7 **“§ 7. Suits by and against the Office**

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

14 “(b) REPRESENTATION BY THE DEPARTMENT OF
15 JUSTICE.—The United States Patent and Trademark Of-
16 fice shall be deemed an agency of the United States for
17 purposes of section 516 of title 28.

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

22 **SEC. 119. ANNUAL REPORT OF DIRECTOR.**

23 Section 14 of title 35, United States Code, is amend-
24 ed to read as follows:

1 **“§ 14. Annual report to Congress**

2 “The Director shall report to the Congress, not later
3 than 180 days after the end of each fiscal year, the mon-
4 eys received and expended by the Office, the purposes for
5 which the moneys were spent, the quality and quantity of
6 the work of the Office, and other information relating to
7 the Office. The report under this section shall also meet
8 the requirements of section 9106 of title 31, to the extent
9 that such requirements are not inconsistent with the pre-
10 ceding sentence. The report required under this section
11 shall not be deemed to be the report of the United States
12 Patent and Trademark Office under section 9106 of title
13 31, and the Director shall file a separate report under
14 such section.”.

15 **SEC. 120. SUSPENSION OR EXCLUSION FROM PRACTICE.**

16 Section 32 of title 35, United States Code, is amend-
17 ed by inserting before the last sentence the following: “The
18 Director shall have the discretion to designate any attor-
19 ney who is an officer or employee of the United States
20 Patent and Trademark Office to conduct the hearing re-
21 quired by this section.”.

22 **SEC. 121. FUNDING.**

23 Section 42 of title 35, United States Code, is amend-
24 ed to read as follows:

1 **“§ 42. Patent and Trademark Office funding**

2 “(a) FEES PAYABLE TO THE OFFICE.—All fees for
3 services performed by or materials furnished by the Unit-
4 ed States Patent and Trademark Office shall be payable
5 to the Office.

6 “(b) USE OF MONEYS.—Moneys from fees shall be
7 available to the United States Patent and Trademark Of-
8 fice to carry out, to the extent provided in appropriations
9 Acts, the functions of the Office. Moneys of the Office not
10 otherwise used to carry out the functions of the Office
11 shall be kept in cash on hand or on deposit, or invested
12 in obligations of the United States or guaranteed by the
13 United States, or in obligations or other instruments
14 which are lawful investments for fiduciary, trust, or public
15 funds. Fees available to the Office under this title shall
16 be used for the processing of patent applications and for
17 other services and materials relating to patents. Fees
18 available to the Office under section 31 of the Act of July
19 5, 1946 (commonly referred to as the ‘Trademark Act of
20 1946’; 15 U.S.C. 1113), shall be used only for the process-
21 ing of trademark registrations and for other services and
22 materials relating to trademarks.

23 “(c) BORROWING AUTHORITY.—The United States
24 Patent and Trademark Office is authorized to issue from
25 time to time for purchase by the Secretary of the Treasury

1 its debentures, bonds, notes, and other evidences of in-
2 debtedness (hereafter in this subsection referred to as ‘ob-
3 ligations’) to assist in financing its activities. Borrowing
4 under this subsection shall be subject to prior approval
5 in appropriations Acts. Such borrowing shall not exceed
6 amounts approved in appropriations Acts. Any borrowing
7 under this subsection shall be repaid only from fees paid
8 to the Office and surcharges appropriated by the Con-
9 gress. Such obligations shall be redeemable at the option
10 of the Office before maturity in the manner stipulated in
11 such obligations and shall have such maturity as is deter-
12 mined by the Office with the approval of the Secretary
13 of the Treasury. Each such obligation issued to the Treas-
14 ury shall bear interest at a rate not less than the current
15 yield on outstanding marketable obligations of the United
16 States of comparable maturity during the month preced-
17 ing the issuance of the obligation as determined by the
18 Secretary of the Treasury. The Secretary of the Treasury
19 shall purchase any obligations of the Office issued under
20 this subsection and for such purpose the Secretary of the
21 Treasury is authorized to use as a public-debt transaction
22 the proceeds of any securities issued under chapter 31 of
23 title 31, and the purposes for which securities may be is-
24 sued under that chapter are extended to include such pur-
25 pose. Payment under this subsection of the purchase price

1 of such obligations of the United States Patent and Trade-
2 mark Office shall be treated as public debt transactions
3 of the United States.”.

4 **SEC. 122. TRANSFERS.**

5 (a) **TRANSFER OF FUNCTIONS.**—Except to the extent
6 that such functions, powers, and duties relate to the direc-
7 tion of patent or trademark policy, there are transferred
8 to, and vested in, the United States Patent and Trade-
9 mark Office all functions, powers, and duties vested by
10 law in the Secretary of Commerce or the Department of
11 Commerce or in the officers or components in the Depart-
12 ment of Commerce with respect to the authority to grant
13 patents and register trademarks, and in the Patent and
14 Trademark Office, as in effect on the day before the effec-
15 tive date of this title, and in the officers and components
16 of such Office.

17 (b) **TRANSFER OF FUNDS AND PROPERTY.**—The
18 Secretary of Commerce shall transfer to the United States
19 Patent and Trademark Office, on the effective date of this
20 title, so much of the assets, liabilities, contracts, property,
21 records, and unexpended and unobligated balances of ap-
22 propriations, authorizations, allocations, and other funds
23 employed, held, used, arising from, available to, or to be
24 made available to the Department of Commerce, including
25 funds set aside for accounts receivable, which are related

1 to functions, powers, and duties which are vested in the
 2 Patent and Trademark Office by this title.

3 **Subtitle B—Effective Date;**
 4 **Technical Amendments**

5 **SEC. 131. EFFECTIVE DATE.**

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

9 **SEC. 132. TECHNICAL AND CONFORMING AMENDMENTS.**

10 (a) AMENDMENTS TO TITLE 35.—

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

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

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

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

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

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

21 (4) The table of sections for chapter 1 of title
 22 35, United States Code, is amended to read as
 23 follows:

1 **“CHAPTER 1—ESTABLISHMENT, OFFICERS**
2 **AND EMPLOYEES, FUNCTIONS**

“Sec.

“1. Establishment.

“2. Powers and duties.

“3. Officers and employees.

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

“5. Patent and Trademark Office Management Advisory Board.

“6. Board of Patent Appeals and Interferences.

“7. Suits by and against the Office.

“8. Library.

“9. Classification of patents.

“10. Certified copies of records.

“11. Publications.

“12. Exchange of copies of patents with foreign countries.

“13. Copies of patents for public libraries.

“14. Annual report to Congress.”.

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

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

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

12 (8) Title 35, United States Code, is amended by
13 striking “Commissioner” each place it appears and
14 inserting “Director”.

15 (9) Section 41(a)(8)(A) of title 35, United
16 States Code, is amended by striking “On” and in-
17 serting “on”.

1 (10) Section 10101 of the Omnibus Budget
2 Reconciliation Act of 1990 (35 U.S.C. 41 note) is
3 amended—

4 (A) in subsection (b)(2)—

5 (i) by inserting “United States” be-
6 fore “Patent and Trademark” each place it
7 appears; and

8 (ii) in subparagraph (A) by striking
9 “in the Department of Commerce”; and

10 (B) in subsection (c) by striking “Commis-
11 sioner of Patents and Trademarks” and insert-
12 ing “Director of the United States Patent and
13 Trademark Office”.

14 (b) OTHER PROVISIONS OF LAW.—

15 (1)(A) Section 45 of the Act of July 5, 1946
16 (commonly referred to as the “Trademark Act of
17 1946”; 15 U.S.C. 1127), is amended by striking
18 “The term ‘Commissioner’ means the Commissioner
19 of Patents and Trademarks.” and inserting “The
20 term ‘Director’ means the Director of the United
21 States Patent and Trademark Office.”.

22 (B) The Act of July 5, 1946 (commonly re-
23 ferred to as the “Trademark Act of 1946”; 15
24 U.S.C. 1051 and following), is amended by striking

1 “Commissioner” each place it appears and inserting
2 “Director”.

3 (2) Section 9101(3) of title 31, United States
4 Code, is amended by adding at the end the follow-
5 ing:

6 “(R) the United States Patent and Trade-
7 mark Office.”.

8 (3) Section 500(e) of title 5, United States
9 Code, is amended by striking “Patent Office” and
10 inserting “United States Patent and Trademark Of-
11 fice”.

12 (4) Section 5102(c)(23) of title 5, United
13 States Code, is amended by striking “Patent and
14 Trademark Office, Department of Commerce” and
15 inserting “United States Patent and Trademark Of-
16 fice”.

17 (5) Section 5316 of title 5, United States Code
18 (5 U.S.C. 5316) is amended by striking “Commis-
19 sioner of Patents, Department of Commerce.”,
20 “Deputy Commissioner of Patents and Trade-
21 marks.”, “Assistant Commissioner for Patents.”,
22 and “Assistant Commissioner for Trademarks.”.

1 (6) Section 12 of the Act of February 14, 1903
2 (15 U.S.C. 1511) is amended by striking “(d) Pat-
3 ent and Trademark Office;” and redesignating sub-
4 sections (a) through (g) as paragraphs (1) through
5 (6), respectively.

6 (7) The Act of April 12, 1892 (27 Stat. 395;
7 20 U.S.C. 91) is amended by striking “Patent Of-
8 fice” and inserting “United States Patent and
9 Trademark Office”.

10 (8) Sections 505(m) and 512(o) of the Federal
11 Food, Drug, and Cosmetic Act (21 U.S.C. 355(m)
12 and 360b(o)) are each amended by striking “Patent
13 and Trademark Office of the Department of Com-
14 merce” and inserting “United States Patent and
15 Trademark Office”.

16 (9) Section 105(e) of the Federal Alcohol Ad-
17 ministration Act (27 U.S.C. 205(e)) is amended by
18 striking “United States Patent Office” and inserting
19 “United States Patent and Trademark Office”.

20 (10) Section 1744 of title 28, United States
21 Code is amended—

22 (A) by striking “Patent Office” each place
23 it appears in the text and section heading and
24 inserting “United States Patent and Trade-
25 mark Office”;

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

4 (C) by striking “Commissioner” and in-
5 serting “Director”.

6 (11) Section 1745 of title 28, United States
7 Code, is amended by striking “United States Patent
8 Office” and inserting “United States Patent and
9 Trademark Office”.

10 (12) Section 1928 of title 28, United States
11 Code, is amended by striking “Patent Office” and
12 inserting “United States Patent and Trademark Of-
13 fice”.

14 (13) Section 160 of the Atomic Energy Act of
15 1954 (42 U.S.C. 2190) is amended—

16 (A) by striking “United States Patent Of-
17 fice” and inserting “United States Patent and
18 Trademark Office”; and

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

22 (14) Section 305(c) of the National Aeronautics
23 and Space Act of 1958 (42 U.S.C. 2457(c)) is
24 amended—

1 (A) by striking “Commissioner of Patents”
2 and inserting “Director of the United States
3 Patent and Trademark Office”; and

4 (B) by striking “Commissioner” and in-
5 serting “Director”.

6 (15) Section 12(a) of the Solar Heating and
7 Cooling Demonstration Act of 1974 (42 U.S.C.
8 5510(a)) is amended by striking “Commissioner of
9 the Patent Office” and inserting “Director of the
10 United States Patent and Trademark Office”.

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

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

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

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

23 (20) Section 10(i) of the Trading With the
24 Enemy Act (50 U.S.C. App. 10(i)) is amended by
25 striking “Commissioner of Patents” and inserting

1 “Director of the United States Patent and Trade-
2 mark Office”.

3 (21) Section 11 of the Inspector General Act of
4 1978 (5 U.S.C. App.) is amended—

5 (A) in paragraph (1)—

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

9 (ii) by striking “and” before “the
10 Chairperson of the Federal Deposit Insur-
11 ance Corporation;”;

12 (iii) by striking “or” before “the Com-
13 missioner of Social Security;” and

14 (iv) by inserting “or the Director of
15 the United States Patent and Trademark
16 Office;” after “Social Security Administra-
17 tion;” and

18 (B) in paragraph (2)—

19 (i) by striking “or” before “the Veter-
20 ans’ Administration;” and

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

1 **Subtitle C—Miscellaneous**
2 **Provisions**

3 **SEC. 141. REFERENCES.**

4 (a) **IN GENERAL.**—Any reference in any other Fed-
5 eral law, Executive order, rule, regulation, or delegation
6 of authority, or any document of or pertaining to a depart-
7 ment or office from which a function is transferred by this
8 title—

9 (1) to the head of such department or office is
10 deemed to refer to the head of the department or of-
11 fice to which such function is transferred; or

12 (2) to such department or office is deemed to
13 refer to the department or office to which such func-
14 tion is transferred.

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

19 (1) to the Commissioner of Patents and Trade-
20 marks is deemed to refer to the Director of the
21 United States Patent and Trademark Office;

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

1 (3) to the Assistant Commissioner for Trade-
2 marks is deemed to refer to the Commissioner for
3 Trademarks; or

4 **SEC. 142. EXERCISE OF AUTHORITIES.**

5 Except as otherwise provided by law, a Federal offi-
6 cial to whom a function is transferred by this title may,
7 for purposes of performing the function, exercise all au-
8 thorities under any other provision of law that were avail-
9 able with respect to the performance of that function to
10 the official responsible for the performance of the function
11 immediately before the effective date of the transfer of the
12 function under this title.

13 **SEC. 143. SAVINGS PROVISIONS.**

14 (a) **LEGAL DOCUMENTS.**—All orders, determinations,
15 rules, regulations, permits, grants, loans, contracts, agree-
16 ments, certificates, licenses, and privileges—

17 (1) that have been issued, made, granted, or al-
18 lowed to become effective by the President, the Sec-
19 retary of Commerce, any officer or employee of any
20 office transferred by this title, or any other Govern-
21 ment official, or by a court of competent jurisdic-
22 tion, in the performance of any function that is
23 transferred by this title, and

24 (2) that are in effect on the effective date of
25 such transfer (or become effective after such date

1 pursuant to their terms as in effect on such effective
2 date),
3 shall continue in effect according to their terms until
4 modified, terminated, superseded, set aside, or revoked in
5 accordance with law by the President, any other author-
6 ized official, a court of competent jurisdiction, or operation
7 of law.

8 (b) PROCEEDINGS.—This title shall not affect any
9 proceedings or any application for any benefits, service,
10 license, permit, certificate, or financial assistance pending
11 on the effective date of this title before an office trans-
12 ferred by this title, but such proceedings and applications
13 shall be continued. Orders shall be issued in such proceed-
14 ings, appeals shall be taken therefrom, and payments shall
15 be made pursuant to such orders, as if this title had not
16 been enacted, and orders issued in any such proceeding
17 shall continue in effect until modified, terminated, super-
18 seded, or revoked by a duly authorized official, by a court
19 of competent jurisdiction, or by operation of law. Nothing
20 in this subsection shall be considered to prohibit the dis-
21 continuance or modification of any such proceeding under
22 the same terms and conditions and to the same extent that
23 such proceeding could have been discontinued or modified
24 if this title had not been enacted.

1 (c) SUITS.—This title shall not affect suits com-
2 menced before the effective date of this title, and in all
3 such suits, proceedings shall be had, appeals taken, and
4 judgments rendered in the same manner and with the
5 same effect as if this title had not been enacted.

6 (d) NONABATEMENT OF ACTIONS.—No suit, action,
7 or other proceeding commenced by or against the Depart-
8 ment of Commerce or the Secretary of Commerce, or by
9 or against any individual in the official capacity of such
10 individual as an officer or employee of an office trans-
11 ferred by this title, shall abate by reason of the enactment
12 of this title.

13 (e) CONTINUANCE OF SUITS.—If any Government of-
14 ficer in the official capacity of such officer is party to a
15 suit with respect to a function of the officer, and under
16 this title such function is transferred to any other officer
17 or office, then such suit shall be continued with the other
18 officer or the head of such other office, as applicable, sub-
19 stituted or added as a party.

20 (f) ADMINISTRATIVE PROCEDURE AND JUDICIAL RE-
21 VIEW.—Except as otherwise provided by this title, any
22 statutory requirements relating to notice, hearings, action
23 upon the record, or administrative or judicial review that
24 apply to any function transferred by this title shall apply
25 to the exercise of such function by the head of the Federal

1 agency, and other officers of the agency, to which such
2 function is transferred by this title.

3 **SEC. 144. TRANSFER OF ASSETS.**

4 Except as otherwise provided in this title, so much
5 of the personnel, property, records, and unexpended bal-
6 ances of appropriations, allocations, and other funds em-
7 ployed, used, held, available, or to be made available in
8 connection with a function transferred to an official or
9 agency by this title shall be available to the official or the
10 head of that agency, respectively, at such time or times
11 as the Director of the Office of Management and Budget
12 directs for use in connection with the functions trans-
13 ferred.

14 **SEC. 145. DELEGATION AND ASSIGNMENT.**

15 Except as otherwise expressly prohibited by law or
16 otherwise provided in this title, an official to whom func-
17 tions are transferred under this title (including the head
18 of any office to which functions are transferred under this
19 title) may delegate any of the functions so transferred to
20 such officers and employees of the office of the official as
21 the official may designate, and may authorize successive
22 redelegations of such functions as may be necessary or ap-
23 propriate. No delegation of functions under this section
24 or under any other provision of this title shall relieve the

1 official to whom a function is transferred under this title
2 of responsibility for the administration of the function.

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

6 (a) DETERMINATIONS.—If necessary, the Director of
7 the Office of Management and Budget shall make any de-
8 termination of the functions that are transferred under
9 this title.

10 (b) INCIDENTAL TRANSFERS.—The Director of the
11 Office of Management and Budget, at such time or times
12 as the Director shall provide, may make such determina-
13 tions as may be necessary with regard to the functions
14 transferred by this title, and to make such additional inci-
15 dental dispositions of personnel, assets, liabilities, grants,
16 contracts, property, records, and unexpended balances of
17 appropriations, authorizations, allocations, and other
18 funds held, used, arising from, available to, or to be made
19 available in connection with such functions, as may be nec-
20 essary to carry out the provisions of this title. The Direc-
21 tor shall provide for the termination of the affairs of all
22 entities terminated by this title and for such further meas-
23 ures and dispositions as may be necessary to effectuate
24 the purposes of this title.

1 **SEC. 147. CERTAIN VESTING OF FUNCTIONS CONSIDERED**
2 **TRANSFERS.**

3 For purposes of this title, the vesting of a function
4 in a department or office pursuant to reestablishment of
5 an office shall be considered to be the transfer of the func-
6 tion.

7 **SEC. 148. AVAILABILITY OF EXISTING FUNDS.**

8 Existing appropriations and funds available for the
9 performance of functions, programs, and activities termi-
10 nated pursuant to this title shall remain available, for the
11 duration of their period of availability, for necessary ex-
12 penses in connection with the termination and resolution
13 of such functions, programs, and activities.

14 **SEC. 149. DEFINITIONS.**

15 For purposes of this title—

16 (1) the term “function” includes any duty, obli-
17 gation, power, authority, responsibility, right, privi-
18 lege, activity, or program; and

19 (2) the term “office” includes any office, ad-
20 ministration, agency, bureau, institute, council, unit,
21 organizational entity, or component thereof.

1 **TITLE II—EXAMINING PROCE-**
2 **DURE IMPROVEMENTS: PUB-**
3 **LICATION WITH PROVISIONAL**
4 **ROYALTIES; TERM EXTEN-**
5 **SIONS; FURTHER EXAMINA-**
6 **TION**

7 **SEC. 201. SHORT TITLE.**

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

10 **SEC. 202. PUBLICATION.**

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

13 **“§ 122. Confidential status of applications; publica-**
14 **tion of patent applications**

15 “(a) CONFIDENTIALITY.—Except as provided in sub-
16 section (b), applications for patents shall be kept in con-
17 fidence by the Patent and Trademark Office and no infor-
18 mation concerning applications for patents shall be given
19 without authority of the applicant or owner unless nec-
20 essary to carry out the provisions of an Act of Congress
21 or in such special circumstances as may be determined by
22 the Director.

23 “(b) PUBLICATION.—

24 “(1) IN GENERAL.—(A) Subject to paragraph
25 (2), each application for patent, except applications

1 for design patents filed under chapter 16 of this title
2 and provisional applications filed under section
3 111(b) of this title, shall be published, in accordance
4 with procedures determined by the Director, prompt-
5 ly after the expiration of a period of 18 months from
6 the earliest filing date for which a benefit is sought
7 under this title. At the request of the applicant, an
8 application may be published earlier than the end of
9 such 18-month period.

10 “(B) No information concerning published pat-
11 ent applications shall be made available to the public
12 except as the Director determines.

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

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

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

22 “(C)(i) Upon the request of the applicant at the
23 time of filing, the application shall not be published
24 in accordance with paragraph (1) until 3 months

1 after the Director makes a notification to the appli-
2 cant under section 132 of this title.

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

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

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

16 “(c) PRE-ISSUANCE OPPOSITION.—The provisions of
17 this section shall not operate to create any new oppor-
18 tunity for pre-issuance opposition. The Director may es-
19 tablish appropriate procedures to ensure that this section
20 does not create any new opportunity for pre-issuance op-
21 position.”.

22 **SEC. 203. TIME FOR CLAIMING BENEFIT OF EARLIER FIL-**
23 **ING DATE.**

24 (a) IN A FOREIGN COUNTRY.—Section 119(b) of title
25 35, United States Code, is amended to read as follows:

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

8 “(2) The Director may consider the failure of the ap-
9 plicant to file a timely claim for priority as a waiver of
10 any such claim, and may require the payment of a sur-
11 charge as a condition of accepting an untimely claim dur-
12 ing the pendency of the application.

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

22 (b) IN THE UNITED STATES.—Section 120 of title
23 35, United States Code, is amended by adding at the end
24 the following: “No application shall be entitled to the bene-
25 fit of an earlier filed application under this section unless

1 an amendment containing the specific reference to the ear-
2 lier filed application is submitted at such time during the
3 pendency of the application as is required by the Commis-
4 sioner. The Director may consider the failure to submit
5 such an amendment within that time period as a waiver
6 of any benefit under this section. The Director may estab-
7 lish procedures, including the payment of a surcharge, to
8 accept unavoidably late submissions of amendments under
9 this section.”.

10 **SEC. 204. PROVISIONAL RIGHTS.**

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

13 (1) in the section caption by inserting “; **pro-**
14 **visional rights**” after “**patent**”; and

15 (2) by adding at the end the following new sub-
16 section:

17 “(d) PROVISIONAL RIGHTS.—

18 “(1) IN GENERAL.—In addition to other rights
19 provided by this section, a patent shall include the
20 right to obtain a reasonable royalty from any person
21 who, during the period beginning on the date of pub-
22 lication of the application for such patent pursuant
23 to section 122(b) of this title, or in the case of an
24 international application filed under the treaty de-
25 fined in section 351(a) of this title designating the

1 United States under Article 21(2)(a) of such treaty,
2 the date of publication of the application, and ending
3 on the date the patent is issued—

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

8 “(ii) if the invention as claimed in the pub-
9 lished patent application is a process, uses, of-
10 fers for sale, or sells in the United States or
11 imports into the United States products made
12 by that process as claimed in the published pat-
13 ent application; and

14 “(B) had actual notice of the published
15 patent application and, where the right arising
16 under this paragraph is based upon an inter-
17 national application designating the United
18 States that is published in a language other
19 than English, a translation of the international
20 application into the English language.

21 “(2) RIGHT BASED ON SUBSTANTIALLY IDEN-
22 TICAL INVENTIONS.—The right under paragraph (1)
23 to obtain a reasonable royalty shall not be available
24 under this subsection unless the invention as claimed

1 in the patent is substantially identical to the inven-
2 tion as claimed in the published patent application.

3 “(3) TIME LIMITATION ON OBTAINING A REA-
4 SONABLE ROYALTY.—The right under paragraph (1)
5 to obtain a reasonable royalty shall be available only
6 in an action brought not later than 6 years after the
7 patent is issued. The right under paragraph (1) to
8 obtain a reasonable royalty shall not be affected by
9 the duration of the period described in paragraph
10 (1).

11 “(4) REQUIREMENTS FOR INTERNATIONAL AP-
12 PPLICATIONS.—The right under paragraph (1) to ob-
13 tain a reasonable royalty based upon the publication
14 under the treaty defined in section 351(a) of this
15 title of an international application designating the
16 United States shall commence from the date that
17 the Patent and Trademark Office receives a copy of
18 the publication under such treaty of the inter-
19 national application, or, if the publication under the
20 treaty of the international application is in a lan-
21 guage other than English, from the date that the
22 Patent and Trademark Office receives a translation
23 of the international application in the English lan-
24 guage. The Director may require the applicant to

1 provide a copy of the international publication of the
2 international application and a translation thereof.”.

3 **SEC. 205. PRIOR ART EFFECT OF PUBLISHED APPLICA-**
4 **TIONS.**

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

7 “(e) the invention was described in—

8 “(1) an application for patent, published pursu-
9 ant to section 122(b) of this title, by another filed
10 in the United States before the invention by the ap-
11 plicant for patent, except that an international appli-
12 cation filed under the treaty defined in section
13 351(a) of this title shall have the effect under this
14 subsection of a national application published under
15 section 122(b) of this title only if the international
16 application designating the United States was pub-
17 lished under Article 21(2)(a) of such treaty in the
18 English language, or

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

1 **SEC. 206. COST RECOVERY FOR PUBLICATION.**

2 The Director of the United States Patent and Trade-
3 mark Office shall recover the cost of early publication re-
4 quired by the amendment made by section 202 by adjust-
5 ing the filing, issue, and maintenance fees under title 35,
6 United States Code, by charging a separate publication
7 fee, or by any combination of these methods.

8 **SEC. 207. CONFORMING CHANGES.**

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

11 (1) Section 11 is amended in paragraph 1 of
12 subsection (a) by inserting “and published applica-
13 tions for patents” after “Patents”.

14 (2) Section 12 is amended—

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

17 (B) by inserting “and published applica-
18 tions for patents” after “patents”.

19 (3) Section 13 is amended—

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

22 (B) by inserting “and published applica-
23 tions for patents” after “patents”.

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

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

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

8 (7) Section 181 is amended—

9 (A) in the first paragraph—

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

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

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

17 (C) in the third paragraph—

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

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

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

1 (8) Section 252 is amended in the first para-
2 graph by inserting “substantially” before “identical”
3 each place it appears.

4 (9) Section 284 is amended by adding at the
5 end of the second paragraph the following: “In-
6 creased damages under this paragraph shall not
7 apply to provisional rights under section 154(d) of
8 this title.”.

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

10 **“§ 374. Publication of international application: Ef-**
11 **fect**

12 “The publication under the treaty defined in section
13 351(a) of this title of an international application des-
14 ignating the United States shall confer the same rights
15 and shall have the same effect under this title as an appli-
16 cation for patent published under section 122(b), except
17 as provided in sections 102(e) and 154(d) of this title.”.

18 **SEC. 208. PATENT TERM EXTENSION AUTHORITY.**

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

21 “(b) TERM EXTENSION.—

22 “(1) BASIS FOR PATENT TERM EXTENSION.—

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

1 “(i) a proceeding under section 135(a)
2 of this title, including any appeal under
3 section 141, or any civil action under sec-
4 tion 146, of this title,

5 “(ii) the imposition of an order pursu-
6 ant to section 181 of this title,

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

13 “(iv) an unusual administrative delay
14 by the Patent and Trademark Office in is-
15 suing the patent,

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

18 “(B) ADMINISTRATIVE DELAY.—For pur-
19 poses of subparagraph (A)(iv), an unusual ad-
20 ministrative delay by the Patent and Trade-
21 mark office is the failure to—

22 “(i) make a notification of the rejec-
23 tion of any claim for a patent or any objec-
24 tion or argument under section 132 of this

1 title or give or mail a written notice of al-
2 lowance under section 151 of this title not
3 later than 14 months after the date on
4 which the application was filed;

5 “(ii) respond to a reply under section
6 132 of this title or to an appeal taken
7 under section 134 of this title not later
8 than 4 months after the date on which the
9 reply was filed or the appeal was taken;

10 “(iii) act on an application not later
11 than 4 months after the date of a decision
12 by the Board of Patent Appeals and Inter-
13 ferences under section 134 or 135 of this
14 title or a decision by a Federal court under
15 section 141, 145, or 146 of this title in a
16 case in which allowable claims remain in
17 an application; or

18 “(iv) issue a patent not later than 4
19 months after the date on which the issue
20 fee was paid under section 151 of this title
21 and all outstanding requirements were sat-
22 isfied.

23 “(2) LIMITATIONS.—(A) The total duration of
24 any extensions granted pursuant to either clause (iii)
25 or (iv) of paragraph (1)(A) or both such clauses

1 shall not exceed 10 years. To the extent that periods
2 of delay attributable to grounds specified in para-
3 graph (1) overlap, the period of any extension grant-
4 ed under this subsection shall not exceed the actual
5 number of days the issuance of the patent was de-
6 layed.

7 “(B) The period of extension of the term of a
8 patent under this subsection shall be reduced by a
9 period equal to the time in which the applicant failed
10 to engage in reasonable efforts to conclude prosecu-
11 tion of the application. The Director shall prescribe
12 regulations establishing the circumstances that con-
13 stitute a failure of an applicant to engage in reason-
14 able efforts to conclude processing or examination of
15 an application in order to ensure that applicants are
16 appropriately compensated for any delays by the
17 Patent and Trademark Office in excess of the time
18 periods specified in paragraph (1)(B).

19 “(C) No patent the term of which has been dis-
20 claimed beyond a specified date may be extended
21 under this section beyond the expiration date speci-
22 fied in the disclaimer.

1 **SEC. 211. REPORTING REQUIREMENT.**

2 The Director of the United States Patent and Trade-
3 mark Office shall report to the Congress not later than
4 April 1, 2001, and not later than April 1 of each year
5 thereafter, regarding the impact of publication on the pat-
6 ent applications filed by an applicant who has been ac-
7 corded the status of independent inventor under section
8 41(h) of title 35, United States Code. The report shall
9 include information concerning the frequency and number
10 of initial and continuing patent applications, pendency,
11 interferences, reexaminations, rejection, abandonment
12 rates, fees, other expenses, and other relevant information
13 related to the prosecution of patent applications.

14 **SEC. 212. EFFECTIVE DATE.**

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

22 (b) SECTIONS 208 THROUGH 210.—The amend-
23 ments made by sections 208 through 210 shall take effect
24 on the date of the enactment of this Act and, except for
25 a design patent application filed under chapter 16 of title

1 35, United States Code, shall apply to any application
2 filed on or after June 8, 1995.

3 **TITLE III—PROTECTION FOR**
4 **PRIOR DOMESTIC USERS OF**
5 **PATENTED TECHNOLOGIES**

6 **SEC. 301. SHORT TITLE.**

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

10 **SEC. 302. DEFENSE TO PATENT INFRINGEMENT BASED ON**
11 **PRIOR DOMESTIC COMMERCIAL USE.**

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

15 **“§ 273. Prior domestic commercial use; defense to in-**
16 **fringement**

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

18 “(1) the terms ‘commercially used’, ‘commer-

19 cially use’, and ‘commercial use’ mean the use in the

20 United States in commerce or the use in the design,

21 testing, or production in the United States of a

22 product or service which is used in commerce,

23 whether or not the subject matter at issue is acces-

24 sible to or otherwise known to the public;

1 “(2) the terms ‘used in commerce’, and ‘use in
2 commerce’ mean that there has been an actual sale
3 or other commercial transfer of the subject matter
4 at issue or that there has been an actual sale or
5 other commercial transfer of a product or service re-
6 sulting from the use of the subject matter at issue;
7 and

8 “(3) the ‘effective filing date’ of a patent is the
9 earlier of the actual filing date of the application for
10 the patent or the filing date of any earlier United
11 States, foreign, or international application to which
12 the subject matter at issue is entitled under section
13 119, 120, or 365 of this title.

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

21 “(2) The sale or other disposition of the subject mat-
22 ter of a patent by a person entitled to assert a defense
23 under this section with respect to that subject matter shall
24 exhaust the patent owner’s rights under the patent to the

1 extent such rights would have been exhausted had such
2 sale or other disposition been made by the patent owner.

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

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

10 “(2) NOT A GENERAL LICENSE.—The defense
11 asserted by a person under this section is not a gen-
12 eral license under all claims of the patent at issue,
13 but extends only to the subject matter claimed in the
14 patent with respect to which the person can assert
15 a defense under this chapter, except that the defense
16 shall also extend to variations in the quantity or vol-
17 ume of use of the claimed subject matter, and to im-
18 provements in the claimed subject matter that do
19 not infringe additional specifically claimed subject
20 matter of the patent.

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

1 “(A) before the effective filing date of the
2 patent, the person reduced the subject matter
3 to practice in the United States, completed a
4 significant portion of the total investment nec-
5 essary to commercially use the subject matter,
6 and made a commercial transaction in the Unit-
7 ed States in connection with the preparation to
8 use the subject matter; and

9 “(B) thereafter the person diligently com-
10 pleted the remainder of the activities and in-
11 vestments necessary to commercially use the
12 subject matter, and promptly began commercial
13 use of the subject matter, even if such activities
14 were conducted after the effective filing date of
15 the patent.

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

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

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

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

17 “(d) UNSUCCESSFUL ASSERTION OF DEFENSE.—If
18 the defense under this section is pleaded by a person who
19 is found to infringe the patent and who subsequently fails
20 to demonstrate a reasonable basis for asserting the de-
21 fense, the court shall find the case exceptional for the pur-
22 pose of awarding attorney’s fees under section 285 of this
23 title.

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

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

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

8 **SEC. 303. EFFECTIVE DATE AND APPLICABILITY.**

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

16 **TITLE IV—ENHANCED PROTEC-**
17 **TION OF INVENTORS’ RIGHTS**

18 **SEC. 401. SHORT TITLE.**

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

21 **SEC. 402. INVENTION DEVELOPMENT SERVICES.**

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

1 **“CHAPTER 5—INVENTION DEVELOPMENT**
2 **SERVICES**

“Sec.

“51. Definitions.

“52. Contracting requirements.

“53. Standard provisions for cover notice.

“54. Reports to customer required.

“55. Mandatory contract terms.

“56. Remedies.

“57. Records of complaints.

“58. Fraudulent representation by an invention developer.

“59. Rule of construction.

3 **“§ 51. Definitions**

4 “For purposes of this chapter—

5 “(1) the term ‘contract for invention develop-
6 ment services’ means a contract by which an inven-
7 tion developer undertakes invention development
8 services for a customer;

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

14 “(3) the term ‘invention promoter’ means any
15 person, firm, partnership, corporation, or other en-
16 tity who offers to perform or performs for, or on be-
17 half of, a customer any act described under para-
18 graph (4), but does not include—

1 “(A) any department or agency of the Fed-
2 eral Government or of a State or local govern-
3 ment;

4 “(B) any nonprofit, charitable, scientific,
5 or educational organization, qualified under ap-
6 plicable State law or described under section
7 170(b)(1)(A) of the Internal Revenue Code of
8 1986; or

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

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

17 “(A) evaluating the invention to determine
18 its protectability as some form of intellectual
19 property, other than evaluation by a person li-
20 censed by a State to practice law who is acting
21 solely within the scope of that person’s profes-
22 sional license;

23 “(B) evaluating the invention to determine
24 its commercial potential by any person for pur-
25 poses other than providing venture capital; or

1 “(C) marketing, brokering, licensing, sell-
2 ing, or promoting the invention or a product or
3 service in which the invention is incorporated or
4 used, except that the display only of an inven-
5 tion at a trade show or exhibit shall not be con-
6 sidered to be invention development services.

7 **“§ 52. Contracting requirements**

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

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

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

18 “(1) state in a written document, at the time
19 a customer enters into a contract for invention de-
20 velopment services, whether the usual business prac-
21 tice of the invention developer is to—

22 “(A) seek more than 1 contract in connec-
23 tion with an invention; or

24 “(B) seek to perform services in connection
25 with an invention in 1 or more phases, with the

1 performance of each phase covered in 1 or more
2 subsequent contracts; and

3 “(2) supply to the customer a copy of the writ-
4 ten document together with a written summary of
5 the usual business practices of the invention devel-
6 oper, including—

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

9 “(B) the approximate amount of the usual
10 fees or other consideration that may be required
11 from the customer for each of the services pro-
12 vided by the developer.

13 “(c) RIGHT OF CUSTOMER TO CANCEL CONTRACT.—

14 (1) Notwithstanding any contractual provision to the con-
15 trary, a customer shall have the right to terminate a con-
16 tract for invention development services by sending a writ-
17 ten letter to the invention developer stating the customer’s
18 intent to cancel the contract. The letter of termination
19 must be deposited with the United States Postal Service
20 on or before 5 business days after the date upon which
21 the customer or the invention developer executes the con-
22 tract, whichever is later.

23 “(2) Delivery of a promissory note, check, bill of ex-
24 change, or negotiable instrument of any kind to the inven-
25 tion developer or to a third party for the benefit of the

1 invention developer, without regard to the date or dates
2 appearing in such instrument, shall be deemed payment
3 received by the invention developer on the date received
4 for purposes of this section.

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

6 “(a) CONTENTS.—Every contract for invention devel-
7 opment services shall have a conspicuous and legible cover
8 sheet attached with the following notice imprinted in bold-
9 face type of not less than 12-point size:

10 “‘YOU HAVE THE RIGHT TO TERMI-
11 NATE THIS CONTRACT. TO TERMINATE
12 THIS CONTRACT, YOU MUST SEND A WRIT-
13 TEN LETTER TO THE COMPANY STATING
14 YOUR INTENT TO CANCEL THIS CONTRACT.
15 THE LETTER OF TERMINATION MUST BE
16 DEPOSITED WITH THE UNITED STATES
17 POSTAL SERVICE ON OR BEFORE FIVE (5)
18 BUSINESS DAYS AFTER THE DATE ON
19 WHICH YOU OR THE COMPANY EXECUTE
20 THE CONTRACT, WHICHEVER IS LATER.

21 “‘THE TOTAL NUMBER OF INVENTIONS
22 EVALUATED BY THE INVENTION DEVEL-
23 OPER FOR COMMERCIAL POTENTIAL IN
24 THE PAST FIVE (5) YEARS IS . OF

1 THAT NUMBER, RECEIVED POSI-
2 TIVE EVALUATIONS AND RE-
3 CEIVED NEGATIVE EVALUATIONS.

4 “IF YOU ASSIGN EVEN A PARTIAL IN-
5 TEREST IN THE INVENTION TO THE IN-
6 VENTION DEVELOPER, THE INVENTION DE-
7 VELOPER MAY HAVE THE RIGHT TO SELL
8 OR DISPOSE OF THE INVENTION WITHOUT
9 YOUR CONSENT AND MAY NOT HAVE TO
10 SHARE THE PROFITS WITH YOU.

11 “THE TOTAL NUMBER OF CUSTOMERS
12 WHO HAVE CONTRACTED WITH THE IN-
13 VENTION DEVELOPER IN THE PAST FIVE
14 (5) YEARS IS . THE TOTAL NUM-
15 BER OF CUSTOMERS KNOWN BY THIS IN-
16 VENTION DEVELOPER TO HAVE RECEIVED,
17 BY VIRTUE OF THIS INVENTION DEVEL-
18 OPER’S PERFORMANCE, AN AMOUNT OF
19 MONEY IN EXCESS OF THE AMOUNT PAID
20 BY THE CUSTOMER TO THIS INVENTION
21 DEVELOPER IS .

22 “THE OFFICERS OF THIS INVENTION
23 DEVELOPER HAVE COLLECTIVELY OR INDI-
24 VIDUALLY BEEN AFFILIATED IN THE LAST

1 TEN (10) YEARS WITH THE FOLLOWING IN-
2 VENTION DEVELOPMENT COMPANIES:
3 (LIST THE NAMES AND ADDRESSES OF ALL
4 PREVIOUS INVENTION DEVELOPMENT COM-
5 PANIES WITH WHICH THE PRINCIPAL OFFI-
6 CERS HAVE BEEN AFFILIATED AS OWNERS,
7 AGENTS, OR EMPLOYEES). YOU ARE EN-
8 COURAGED TO CHECK WITH THE UNITED
9 STATES PATENT AND TRADEMARK OFFICE,
10 THE FEDERAL TRADE COMMISSION, YOUR
11 STATE ATTORNEY GENERAL'S OFFICE, AND
12 THE BETTER BUSINESS BUREAU FOR ANY
13 COMPLAINTS FILED AGAINST ANY OF
14 THESE COMPANIES.

15 "YOU ARE ENCOURAGED TO CONSULT
16 WITH AN ATTORNEY OF YOUR OWN CHOOS-
17 ING BEFORE SIGNING THIS CONTRACT. BY
18 PROCEEDING WITHOUT THE ADVICE OF AN
19 ATTORNEY REGISTERED TO PRACTICE BE-
20 FORE THE UNITED STATES PATENT AND
21 TRADEMARK OFFICE, YOU COULD LOSE
22 ANY RIGHTS YOU MIGHT HAVE IN YOUR
23 IDEA OR INVENTION.'

24 "(b) OTHER REQUIREMENTS FOR COVER NOTICE.—
25 The cover notice shall contain the items required under

1 subsection (a) and the name, primary office address, and
2 local office address of the invention developer, and may
3 contain no other matter.

4 “(c) DISCLOSURE OF CERTAIN CUSTOMERS NOT RE-
5 QUIRED.—The requirement in the notice set forth in sub-
6 section (a) to include the ‘TOTAL NUMBER OF CUS-
7 TOMERS WHO HAVE CONTRACTED WITH THE
8 INVENTION DEVELOPER IN THE PAST FIVE (5)
9 YEARS’ need not include information with respect to cus-
10 tomers who have purchased trade show services, research,
11 advertising, or other nonmarketing services from the in-
12 vention developer, nor with respect to customers who have
13 defaulted in their payments to the invention developer.

14 **“§ 54. Reports to customer required**

15 “With respect to every contract for invention develop-
16 ment services, the invention developer shall deliver to the
17 customer at the address specified in the contract, at least
18 once every 3 months throughout the term of the contract,
19 a written report that identifies the contract and includes—

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

1 “(2) the name and address of each person,
2 firm, corporation, or other entity to whom the sub-
3 ject matter of the contract has been disclosed, the
4 reason for each such disclosure, the nature of the
5 disclosure, and complete and accurate summaries of
6 all responses received as a result of those disclo-
7 sures.

8 **“§ 55. Mandatory contract terms**

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

12 “(1) the terms and conditions of payment and
13 contract termination rights required under section
14 52;

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

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

21 “(4) a statement as to whether the invention
22 developer undertakes to construct, sell, or distribute
23 one or more prototypes, models, or devices embody-
24 ing the invention of the customer;

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

8 “(6) if any oral or written representation of es-
9 timated or projected customer earnings is given by
10 the invention developer (or any agent, employee, offi-
11 cer, director, partner, or independent contractor of
12 such invention developer), a statement of that esti-
13 mation or projection and a description of the data
14 upon which such representation is based;

15 “(7) the name and address of the custodian of
16 all records and correspondence relating to the con-
17 tracted for invention development services, and a
18 statement that the invention developer is required to
19 maintain all records and correspondence relating to
20 performance of the invention development services
21 for such customer for a period of not less than 2
22 years after expiration of the term of such contract;
23 and

1 “(8) a statement setting forth a time schedule
2 for performance of the invention development serv-
3 ices, including an estimated date in which such per-
4 formance is expected to be completed.

5 “(b) INVENTION DEVELOPER AS FIDUCIARY.—To
6 the extent that the description of the specific acts or serv-
7 ices affords discretion to the invention developer with re-
8 spect to what specific acts or services shall be performed,
9 the invention developer shall be deemed a fiduciary.

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

16 **“§ 56. Remedies**

17 “(a) IN GENERAL.—(1) Any contract for invention
18 development services that does not comply with the appli-
19 cable provisions of this chapter shall be voidable at the
20 option of the customer.

21 “(2) Any contract for invention development services
22 entered into in reliance upon any material false, fraudu-
23 lent, or misleading information, representation, notice, or
24 advertisement of the invention developer (or any agent,

1 employee, officer, director, partner, or independent con-
2 tractor of such invention developer) shall be voidable at
3 the option of the customer.

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

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

14 “(b) CIVIL ACTION.—(1) Any customer who is in-
15 jured by a violation of this chapter by an invention devel-
16 oper or by any material false or fraudulent statement or
17 representation, or any omission of material fact, by an in-
18 vention developer (or any agent, employee, director, offi-
19 cer, partner, or independent contractor of such invention
20 developer) or by failure of an invention developer to make
21 all the disclosures required under this chapter, may re-
22 cover in a civil action against the invention developer (or
23 the officers, directors, or partners of such invention devel-
24 oper) in addition to reasonable costs and attorneys’ fees,
25 the greater of—

1 “(A) \$5,000; or

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

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

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

14 **“§ 57. Records of complaints**

15 “(a) RELEASE OF COMPLAINTS.—The Director shall
16 make all complaints received by the United States Patent
17 and Trademark Office involving invention developers pub-
18 licly available, together with any response of the invention
19 developers.

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

1 **“§ 58. Fraudulent representation by an invention de-**
 2 **veloper**

3 “Whoever, in providing invention development serv-
 4 ices, knowingly provides any false or misleading state-
 5 ment, representation, or omission of material fact to a cus-
 6 tomer or fails to make all the disclosures required under
 7 this chapter, shall be guilty of a misdemeanor and fined
 8 not more than \$10,000 for each offense.

9 **“§ 59. Rule of construction**

10 “Except as expressly provided in this chapter, no pro-
 11 vision of this chapter shall be construed to affect any obli-
 12 gation, right, or remedy provided under any other Federal
 13 or State law.”.

14 **SEC. 403. TECHNICAL AND CONFORMING AMENDMENT.**

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

“5. Invention Development Services 51”.

18 **SEC. 404. EFFECTIVE DATE.**

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

1 **TITLE V—IMPROVED**
2 **REEXAMINATION PROCEDURES**

3 **SEC. 501. SHORT TITLE.**

4 This title may be cited as the “Improved Reexamina-
5 tion Procedures Act”.

6 **SEC. 502. DEFINITIONS.**

7 Section 100 of title 35, United States Code, is
8 amended by adding at the end the following new sub-
9 section:

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

13 **SEC. 503. REEXAMINATION PROCEDURES.**

14 (a) REQUEST FOR REEXAMINATION.—Section 302 of
15 title 35, United States Code, is amended to read as fol-
16 lows:

17 **“§ 302. Request for reexamination**

18 “Any person at any time may file a request for reex-
19 amination by the Office of a patent on the basis of any
20 prior art cited under the provisions of section 301 of this
21 title or on the basis of the requirements of section 112
22 of this title other than the requirement to set forth the
23 best mode of carrying out the invention. The request must
24 be in writing, must include the identity of the real party

1 in interest, and must be accompanied by payment of a re-
2 examination fee established by the Director pursuant to
3 the provisions of section 41 of this title. The request must
4 set forth the pertinency and manner of applying cited
5 prior art to every claim for which reexamination is re-
6 quested or the manner in which the patent specification
7 or claims fail to comply with the requirements of section
8 112 of this title. Unless the requesting person is the owner
9 of the patent, the Director promptly shall send a copy of
10 the request to the owner of record of the patent.”.

11 (b) DETERMINATION OF ISSUE BY DIRECTOR.—Sec-
12 tion 303 of title 35, United States Code, is amended to
13 read as follows:

14 **“§ 303. Determination of issue by Director**

15 “(a) REEXAMINATION.—Not later than 3 months
16 after the filing of a request for reexamination under the
17 provisions of section 302 of this title, the Director shall
18 determine whether a substantial new question of patent-
19 ability affecting any claim of the patent concerned is
20 raised by the request, with or without consideration of
21 other patents or printed publications. On the Director’s
22 initiative, at any time, the Director may determine wheth-
23 er a substantial new question of patentability is raised by
24 any other patent or publication or by the failure of the
25 patent specification or claims of a patent to comply with

1 the requirements of section 112 of this title other than
2 the best mode requirement described in section 302.

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

8 “(c) FINAL DECISION.—A determination by the Di-
9 rector pursuant to subsection (a) shall be final and non-
10 appealable. Upon a determination that no substantial new
11 question of patentability has been raised, the Director may
12 refund a portion of the reexamination fee required under
13 section 302 of this title.”.

14 (c) REEXAMINATION ORDER BY DIRECTOR.—Section
15 304 of title 35, United States Code, is amended to read
16 as follows:

17 **“§ 304. Reexamination order by Director**

18 “If, in a determination made under the provisions of
19 section 303(a) of this title, the Director finds that a sub-
20 stantial new question of patentability affecting a claim of
21 a patent is raised, the determination shall include an order
22 for reexamination of the patent for resolution of the ques-
23 tion. The order may be accompanied by the initial action
24 of the Patent and Trademark Office on the merits of the

1 reexamination conducted in accordance with section 305
2 of this title.”.

3 (d) CONDUCT OF REEXAMINATION PROCEEDINGS.—

4 Section 305 of title 35, United States Code, is amended
5 to read as follows:

6 **“§ 305. Conduct of reexamination proceedings**

7 “(a) IN GENERAL.—Subject to subsection (b), reex-
8 amination shall be conducted according to the procedures
9 established for initial examination under the provisions of
10 sections 132 and 133 of this title. In any reexamination
11 proceeding under this chapter, the patent owner shall be
12 permitted to propose any amendment to the patent and
13 a new claim or claims, except that no proposed amended
14 or new claim enlarging the scope of the claims of the pat-
15 ent shall be permitted.

16 “(b) RESPONSE.—(1) This subsection shall apply to
17 any reexamination proceeding in which the order for reex-
18 amination is based upon a request by a third-party re-
19 quester.

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

23 “(3) If the patent owner files a response to any action
24 on the merits by the Patent and Trademark Office, the

1 third-party requester shall have 1 opportunity to file writ-
2 ten comments within a reasonable period not less than 1
3 month after the date of service of the patent owner’s re-
4 sponse. Written comments provided under this paragraph
5 shall be limited to issues covered by action of the Patent
6 and Trademark Office or the patent owner’s response.

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

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

14 **“§ 306. Appeal**

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

17 “(1) may appeal under the provisions of section
18 134 of this title, and may appeal under the provi-
19 sions of sections 141 through 144 of this title, with
20 respect to any decision adverse to the patentability
21 of any original or proposed amended or new claim
22 of the patent; and

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

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

3 “(1) may appeal under the provisions of section
4 134 of this title, and may appeal under the provi-
5 sions of sections 141 through 144 of this title, with
6 respect to any final decision in the reexamination
7 proceeding that is favorable to the patentability of
8 any original or proposed amended or new claim of
9 the patent; and

10 “(2) may be a party to any appeal taken by the
11 patent owner with respect to a decision in the reex-
12 amination proceeding, subject to subsection (c) of
13 this section.

14 “(c) PARTICIPATION AS PARTY.—(1) A third-party
15 requester who, under the provisions of sections 141
16 through 144 of this title, files a notice of appeal, or who
17 participates as a party to an appeal by the patent owner,
18 with respect to a reexamination proceeding, is estopped
19 from asserting at a later time, in any forum, the invalidity
20 of any claim determined to be patentable on that appeal
21 on any ground which the third-party requester raised or
22 could have raised during the reexamination proceeding.

23 “(2) For purposes of paragraph (1), a third-party re-
24 quester is deemed not to have participated as a party to
25 an appeal by the patent owner unless, not later than 20

1 days after the patent owner has filed a notice of appeal,
2 the third-party requester files notice with the Commis-
3 sioner electing to participate.”.

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

7 **“§ 308. Reexamination prohibited**

8 “(a) ORDER FOR REEXAMINATION.—Notwithstand-
9 ing any provision of this chapter, once an order for reex-
10 amination of a patent has been issued under section 304
11 of this title, neither the patent owner nor the third-party
12 requester, if any, nor privies of either, may, unless author-
13 ized by the Director, file a subsequent request for reexam-
14 ination of the patent until a certificate relating to that
15 reexamination proceeding is issued and published under
16 section 307 of this title.

17 “(b) FINAL DECISION.—Once a final decision has
18 been entered against a party in a civil action arising in
19 whole or in part under section 1338 of title 28 that the
20 party has not sustained its burden of proving the invalidity
21 of any patent claim in suit, then neither that party nor
22 its privies may thereafter request reexamination of any
23 such patent claim on the basis of issues which that party
24 or its privies raised or could have raised in such civil ac-
25 tion, and a reexamination requested by that party or its

1 privies on the basis of such issues may not thereafter be
2 maintained by the Office, notwithstanding any other provi-
3 sion of this chapter.”.

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

“308. Reexamination prohibited.”.

7 **SEC. 504. CONFORMING AMENDMENTS.**

8 (a) BOARD OF PATENT APPEALS AND INTER-
9 FERENCES.—The first sentence of section 6(b) of title 35,
10 United States Code, as amended by section 117 of this
11 Act, is amended to read as follows: “The Board of Patent
12 Appeals and Interferences shall, on written appeal of an
13 applicant, or a patent owner or a third-party requester in
14 a reexamination proceeding, review adverse decisions of
15 examiners upon applications for patents and decisions of
16 examiners in reexamination proceedings, and shall deter-
17 mine priority and patentability of invention in inter-
18 ferences declared under section 135(a) of this title.”.

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

22 “(7) On filing each petition for the revival of an
23 unintentionally abandoned application for a patent,
24 for the unintentionally delayed payment of the fee

1 for issuing each patent, or for an unintentionally de-
2 layed response by the patent owner in a reexamina-
3 tion proceeding, \$1,250, unless the petition is filed
4 under section 133 or 151 of this title, in which case
5 the fee shall be \$110.”.

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

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

11 “(a) PATENT APPLICANT.—An applicant for a pat-
12 ent, any of whose claims has been twice rejected, may ap-
13 peal from the decision of the primary examiner to the
14 Board of Patent Appeals and Interferences, having once
15 paid the fee for such appeal.

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

21 “(c) THIRD-PARTY.—A third-party requester may
22 appeal to the Board of Patent Appeals and Interferences
23 from the final decision of the primary examiner favorable
24 to the patentability of any original or proposed amended

1 or new claim of a patent, having once paid the fee for
2 such appeal.”.

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

11 (e) PROCEEDINGS ON APPEAL.—Section 143 of title
12 35, United States Code, is amended by amending the third
13 sentence to read as follows: “In ex parte and reexamina-
14 tion cases, the Director shall submit to the court in writing
15 the grounds for the decision of the United States Patent
16 and Trademark Office, addressing all the issues involved
17 in the appeal.”.

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

21 **SEC. 505. EFFECTIVE DATE.**

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

1 **TITLE VI—MISCELLANEOUS**
2 **IMPROVEMENTS**

3 **SEC. 601. PROVISIONAL APPLICATIONS.**

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

6 “(5) ABANDONMENT.—Notwithstanding the ab-
7 sence of a claim, upon timely request and as pre-
8 scribed by the Director, a provisional application
9 may be treated as an application filed under sub-
10 section (a). If no such request is made, the provi-
11 sional application shall be regarded as abandoned 12
12 months after the filing date of such application and
13 shall not be subject to revival thereafter.”.

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

17 **SEC. 602. INTERNATIONAL APPLICATIONS.**

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

20 (1) in subsection (a), by inserting “or in a
21 WTO member country” after “or to citizens of the
22 United States,”;

1 (2) in subsection (b)(3), as amended by section
2 203 of this Act, by striking “patent office of the for-
3 eign country” and inserting “foreign intellectual
4 property authority”; and

5 (3) by adding at the end the following new sub-
6 sections:

7 “(f) APPLICATIONS FOR PLANT BREEDER’S
8 RIGHTS.—Applications for plant breeder’s rights filed in
9 a WTO member country (or in a UPOV Contracting
10 Party) shall have the same effect for the purpose of the
11 right of priority under subsections (a) through (c) of this
12 section as applications for patents, subject to the same
13 conditions and requirements of this section as apply to ap-
14 plications for patents.

15 “(g) DEFINITIONS.—As used in this section—

16 “(1) the term ‘WTO member country’ has the
17 same meaning as the term is defined in section
18 104(b)(2) of this title; and

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

22 **SEC. 603. PLANT PATENTS.**

23 (a) TUBER PROPAGATED PLANTS.—Section 161 of
24 title 35, United States Code, is amended by striking “a
25 tuber propagated plant or”.

1 (b) RIGHTS IN PLANT PATENTS.—The text of section
2 163 of title 35, United States Code, is amended to read
3 as follows: “In the case of a plant patent, the grant shall
4 include the right to exclude others from asexually repro-
5 ducing the plant, and from using, offering for sale, or sell-
6 ing the plant so reproduced, or any of its parts, through-
7 out the United States, or from importing the plant so re-
8 produced, or any parts thereof, into the United States.”.

9 (c) EFFECTIVE DATE.—The amendment made by
10 subsection (a) shall apply on the date of the enactment
11 of this Act. The amendment made by subsection (b) shall
12 apply to any plant patent issued on or after the date of
13 the enactment of this Act.

14 **SEC. 604. ELECTRONIC FILING.**

15 Section 22 of title 35, United States Code, is amend-
16 ed by striking “printed or typewritten” and inserting
17 “printed, typewritten, or on an electronic medium”.

18 **SEC. 605. DIVISIONAL APPLICATIONS.**

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

21 (1) in the first sentence by striking “If” and in-
22 serting “(a) If”; and

23 (2) by adding at the end the following new sub-
24 sections:

1 “(b) In a case in which restriction is required on the
2 ground that two or more independent and distinct inven-
3 tions are claimed in an application, the applicant shall be
4 entitled to submit an examination fee and request exam-
5 ination for each independent and distinct invention in ex-
6 cess of one. The examination fee shall be equal to the filing
7 fee, including excess claims fees, that would have applied
8 had the claims corresponding to the asserted independent
9 and distinct inventions been presented in a separate appli-
10 cation for patent. For each of the independent and distinct
11 inventions in excess of one for which the applicant pays
12 an examination fee within two months after the require-
13 ment for restriction, the Director shall cause an examina-
14 tion to be made and a notification of rejection or written
15 notice of allowance provided to the applicant within the
16 time period specified in section 154(b)(1)(B)(i) of this title
17 for the original application. Failure to meet this or any
18 other time limit set forth in section 154(b)(1)(B) of this
19 title shall be treated as an unusual administrative delay
20 under section 154(b)(1)(A)(iv) of this title.

21 “(c) An applicant who requests reconsideration of a
22 requirement for restriction under this section and submits
23 examination fees pursuant to such requirement shall, if
24 the requirement is determined to be improper, be entitled

- 1 to a refund of any examination fees determined to have
- 2 been paid pursuant to the requirement.”.

○