

105TH CONGRESS
1ST SESSION

H. R. 400

IN THE SENATE OF THE UNITED STATES

APRIL 24, 1997

Received; read twice and referred to the Committee on the Judiciary

AN ACT

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,*

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “21st Century Patent
3 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”.

1 **Subtitle A—United States Patent**
2 **and Trademark Office**

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

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

7 **“§ 1. Establishment**

8 “(a) ESTABLISHMENT.—The United States Patent
9 and Trademark Office is established as a wholly owned
10 Government corporation subject to chapter 91 of title 31,
11 separate from any department of the United States, and
12 shall be an agency of the United States under the policy
13 direction of the Secretary of Commerce. For purposes of
14 internal management, the United States Patent and
15 Trademark Office shall be a corporate body not subject
16 to direction or supervision by any department of the Unit-
17 ed States, except as otherwise provided in this title.

18 “(b) OFFICES.—The United States Patent and
19 Trademark Office shall maintain its principal office in the
20 metropolitan Washington, D.C. area, for the service of
21 process and papers and for the purpose of carrying out
22 its functions. The United States Patent and Trademark
23 Office shall be deemed, for purposes of venue in civil ac-
24 tions, to be a resident of the district in which its principal
25 office is located, except where jurisdiction is otherwise pro-

1 vided by law. The United States Patent and Trademark
2 Office may establish satellite offices in such other places
3 as it considers necessary and appropriate in the conduct
4 of its business.

5 “(c) REFERENCE.—(1) For purposes of this title, the
6 United States Patent and Trademark Office shall also be
7 referred to as the ‘Office’ and the ‘Patent and Trademark
8 Office’.

9 “(2) As used in this title, the term ‘Under Secretary’
10 means the Under Secretary of Commerce for Intellectual
11 Property Policy.”.

12 **SEC. 112. POWERS AND DUTIES.**

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

15 **“§ 2. Powers and duties**

16 “(a) IN GENERAL.—The United States Patent and
17 Trademark Office, subject to the policy direction of the
18 Secretary of Commerce—

19 “(1) shall be responsible for the granting and
20 issuing of patents and the registration of trade-
21 marks;

22 “(2) may, in support of the Under Secretary,
23 assist with studies, programs, or exchanges of items
24 or services regarding domestic and international law
25 of patents, trademarks, and other matters;

1 “(3)(A) may, in support of the Under Sec-
2 retary, assist with studies and programs conducted
3 cooperatively with foreign patent and trademark of-
4 fices and international organizations, in connection
5 with patents, trademarks, and other matters; and

6 “(B) with the concurrence of the Secretary of
7 State, may authorize the transfer of not to exceed
8 \$100,000 in any year to the Department of State
9 for the purpose of making special payments to inter-
10 national intergovernmental organizations for studies
11 and programs for advancing international coopera-
12 tion concerning patents, trademarks, and other mat-
13 ters; and

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

17 The special payments under paragraph (3)(B) shall be in
18 addition to any other payments or contributions to inter-
19 national organizations described in paragraph (3)(B) and
20 shall not be subject to any limitations imposed by law on
21 the amounts of such other payments or contributions by
22 the United States Government.

23 “(b) SPECIFIC POWERS.—The Office—

24 “(1) shall have perpetual succession;

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

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

9 “(4) may indemnify the Director, and other of-
10 ficers, attorneys, agents, and employees (including
11 members of the Management Advisory Board estab-
12 lished in section 5) of the Office for liabilities and
13 expenses incurred within the scope of their employ-
14 ment;

15 “(5) may establish regulations, not inconsistent
16 with law, which—

17 “(A) shall govern the conduct of proceed-
18 ings in the Office;

19 “(B) shall be made after notice and oppor-
20 tunity for full participation by interested public
21 and private parties;

22 “(C) shall facilitate and expedite the proc-
23 essing of patent applications, particularly those
24 which can be filed, stored, processed, searched,
25 and retrieved electronically, subject to the provi-

1 sions of section 122 relating to the confidential
2 status of applications;

3 “(D) may govern the recognition and con-
4 duct of agents, attorneys, or other persons rep-
5 resenting applicants or other parties before the
6 Office, and may require them, before being rec-
7 ognized as representatives of applicants or
8 other persons, to show that they are of good
9 moral character and reputation and are pos-
10 sessed of the necessary qualifications to render
11 to applicants or other persons valuable service,
12 advice, and assistance in the presentation or
13 prosecution of their applications or other busi-
14 ness before the Office; and

15 “(E) shall recognize the public interest in
16 continuing to safeguard broad access to the
17 United States patent system through the re-
18 duced fee structure for small entities under sec-
19 tion 41(h)(1) of this title;

20 “(F) provide for the development of a per-
21 formance-based process that includes quan-
22 titative and qualitative measures and standards
23 for evaluating cost-effectiveness and is consist-
24 ent with the principles of impartiality and com-
25 petitiveness;

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

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

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

23 “(8) may use, with their consent, services,
24 equipment, personnel, and facilities of other depart-
25 ments, agencies, and instrumentalities of the Fed-

1 eral Government, on a reimbursable basis, and co-
2 operate with such other departments, agencies, and
3 instrumentalities in the establishment and use of
4 services, equipment, and facilities of the Office;

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

10 “(10) may, when the Director determines that
11 it is practicable, efficient, and cost-effective to do so,
12 use, with the consent of the United States and the
13 agency, government, or international organization
14 concerned, the services, records, facilities, or person-
15 nel of any State or local government agency or in-
16 strumentality or foreign government or international
17 organization to perform functions on its behalf;

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

24 “(12) may retain and use all of its revenues
25 and receipts, including revenues from the sale, lease,

1 or disposal of any real, personal, or mixed property,
2 or any interest therein, of the Office, including for
3 research and development and capital investment,
4 subject to the provisions of section 10101 of the
5 Omnibus Budget Reconciliation Act of 1990 (35
6 U.S.C. 41 note);

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

10 “(14) may execute, in accordance with its by-
11 laws, rules, and regulations, all instruments nec-
12 essary and appropriate in the exercise of any of its
13 powers; and

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

18 In exercising the Director’s powers under paragraphs (6)
19 and (7)(A), the Director shall consult with the Adminis-
20 trator of General Services when the Director determines
21 that it is practicable, efficient, and cost-effective to do so.

22 “(c) CONSTRUCTION.—Nothing in this section shall
23 be construed to nullify, void, cancel, or interrupt any pend-
24 ing request-for-proposal let or contract issued by the Gen-
25 eral Services Administration for the specific purpose of re-

1 locating or leasing space to the United States Patent and
2 Trademark Office.”.

3 **SEC. 113. ORGANIZATION AND MANAGEMENT.**

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

6 **“§ 3. Officers and employees**

7 “(a) DIRECTOR.—

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

19 “(2) DUTIES.—

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

1 “(B) CONSULTING WITH THE MANAGE-
2 MENT ADVISORY BOARD.—The Director shall
3 consult with the Management Advisory Board
4 established in section 5 on a regular basis on
5 matters relating to the operation of the Office,
6 and shall consult with the Advisory Board be-
7 fore submitting budgetary proposals to the Of-
8 fice of Management and Budget or changing or
9 proposing to change patent or trademark user
10 fees or patent or trademark regulations.

11 “(C) SECURITY CLEARANCES.—The Direc-
12 tor, in consultation with the Director of the Of-
13 fice of Personnel Management, shall maintain a
14 program for identifying national security posi-
15 tions and providing for appropriate security
16 clearances.

17 “(3) TERM.—The Director shall serve a term of
18 5 years, and may continue to serve after the expira-
19 tion of the Director’s term until a successor is ap-
20 pointed and assumes office. The Director may be re-
21 appointed to subsequent terms.

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

1 “(5) COMPENSATION.—The Director shall be
2 paid an annual rate of basic pay not to exceed the
3 maximum rate of basic pay of the Senior Executive
4 Service established under section 5382 of title 5, in-
5 cluding any applicable locality-based comparability
6 payment that may be authorized under section
7 5304(h)(2)(C) of title 5. In addition, the Director
8 may receive a bonus in an amount up to, but not in
9 excess of, 50 percent of such annual rate of basic
10 pay, based upon an evaluation by the Secretary of
11 Commerce of the Director’s performance as defined
12 in an annual performance agreement between the
13 Director and the Secretary. The annual performance
14 agreement shall incorporate measurable organization
15 and individual goals in key operational areas as de-
16 lineated in an annual performance plan agreed to by
17 the Director and the Secretary. Payment of a bonus
18 under this paragraph may be made to the Director
19 only to the extent that such payment does not cause
20 the Director’s total aggregate compensation in a cal-
21 endar year to equal or exceed the amount of the sal-
22 ary of the President under section 102 of title 3.

23 “(6) REMOVAL.—The Director may be removed
24 from office by the President. The President shall

1 provide notification of any such removal to both
2 Houses of Congress.

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

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

9 “(1) COMMISSIONERS.—The Director shall appoint
10 a Commissioner for Patents and a Commissioner
11 for Trademarks for terms that shall expire on
12 the date on which the Director’s term expires. The
13 Commissioner for Patents shall be a person with
14 demonstrated experience in patent law and the
15 Commissioner for Trademarks shall be a person with
16 demonstrated experience in trademark law. The
17 Commissioner for Patents and the Commissioner for
18 Trademarks shall be the principal management
19 advisers to the Director on all aspects of the activities
20 of the Office that affect the administration of patent
21 and trademark operations, respectively.

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

24 “(A) appoint such officers, employees (including
25 attorneys), and agents of the Office as

1 the Director considers necessary to carry out
2 the functions of the Office; and

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

7 The Office shall not be subject to any administra-
8 tively or statutorily imposed limitation on positions
9 or personnel, and no positions or personnel of the
10 Office shall be taken into account for purposes of
11 applying any such limitation.

12 “(3) TRAINING OF EXAMINERS.—The Patent
13 and Trademark Office shall develop an incentive
14 program to retain as employees patent and trade-
15 mark examiners of the primary examiner grade or
16 higher who are eligible for retirement, for the sole
17 purpose of training patent and trademark examiners.
18

19 “(c) CONTINUED APPLICABILITY OF TITLE 5.—Offi-
20 cers and employees of the Office shall be subject to the
21 provisions of title 5 relating to Federal employees. Section
22 2302 of title 5 applies to the Office, notwithstanding sub-
23 section (a)(2)(C) of such section.

24 “(d) ADOPTION OF EXISTING LABOR AGREE-
25 MENTS.—The Office shall adopt all labor agreements

1 which are in effect, as of the day before the effective date
2 of the Patent and Trademark Office Modernization Act,
3 with respect to such Office (as then in effect).

4 “(e) CARRYOVER OF PERSONNEL.—

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

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

17 “(A) such individual serves in a position
18 for which a major function is the performance
19 of work reimbursed by the Patent and Trade-
20 mark Office, as determined by the Secretary of
21 Commerce;

22 “(B) such individual serves in a position
23 that performed work in support of the Patent
24 and Trademark Office during at least half of

1 the incumbent's work time, as determined by
2 the Secretary of Commerce; or

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

6 Any transfer under this paragraph shall be effective
7 as of the same effective date as referred to in para-
8 graph (1), and shall be made without a break in
9 service.

10 “(3) ACCUMULATED LEAVE.—The amount of
11 sick and annual leave and compensatory time accu-
12 mulated under title 5 before the effective date de-
13 scribed in paragraph (1), by those becoming officers
14 or employees of the Office pursuant to this sub-
15 section, are obligations of the Office.

16 “(f) TRANSITION PROVISIONS.—

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

24 “(2) CONTINUATION IN OFFICE OF CERTAIN
25 OFFICERS.—(A) The individual serving as the As-

1 sistant Commissioner for Patents on the day before
2 the effective date of the Patent and Trademark Of-
3 fice Modernization Act may serve as the Commis-
4 sioner for Patents until the date on which a Com-
5 missioner for Patents is appointed under subsection
6 (b).

7 “(B) The individual serving as the Assistant
8 Commissioner for Trademarks on the day before the
9 effective date of the Patent and Trademark Office
10 Modernization Act may serve as the Commissioner
11 for Trademarks until the date on which a Commis-
12 sioner for Trademarks is appointed under subsection
13 (b).”.

14 **SEC. 114. MANAGEMENT ADVISORY BOARD.**

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

17 **“§ 5. Patent and Trademark Office Management Advi-
18 sory Board**

19 “(a) ESTABLISHMENT OF MANAGEMENT ADVISORY
20 BOARD.—

21 “(1) APPOINTMENT.—The United States Pat-
22 ent and Trademark Office shall have a Management
23 Advisory Board (hereafter in this title referred to as
24 the ‘Advisory Board’) of 12 members, 4 of whom
25 shall be appointed by the President, 4 of whom shall

1 be appointed by the Speaker of the House of Rep-
2 resentatives, and 4 of whom shall be appointed by
3 the majority leader of the Senate. Not more than 3
4 of the 4 members appointed by each appointing au-
5 thority shall be members of the same political party.

6 “(2) TERMS.—Members of the Advisory Board
7 shall be appointed for a term of 4 years each, except
8 that of the members first appointed by each appoint-
9 ing authority, 1 shall be for a term of 1 year, 1 shall
10 be for a term of 2 years, and 1 shall be for a term
11 of 3 years. No member may serve more than 1 term.

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

15 “(4) TIMING OF APPOINTMENTS.—Initial ap-
16 pointments to the Advisory Board shall be made
17 within 3 months after the effective date of the Pat-
18 ent and Trademark Office Modernization Act, and
19 vacancies shall be filled within 3 months after they
20 occur.

21 “(5) VACANCIES.—Vacancies shall be filled in
22 the manner in which the original appointment was
23 made under this subsection. Members appointed to
24 fill a vacancy occurring before the expiration of the
25 term for which the member’s predecessor was ap-

1 pointed shall be appointed only for the remainder of
2 that term. A member may serve after the expiration
3 of that member's term until a successor is ap-
4 pointed.

5 “(6) COMMITTEES.—The Chair shall designate
6 members of the Advisory Board to serve on a com-
7 mittee on patent operations and on a committee on
8 trademark operations to perform the duties set forth
9 in subsection (e) as they relate specifically to the Of-
10 fice's patent operations, and the Office's trademark
11 operations, respectively.

12 “(b) BASIS FOR APPOINTMENTS.—Members of the
13 Advisory Board shall be citizens of the United States who
14 shall be chosen so as to represent the interests of diverse
15 users of the United States Patent and Trademark Office,
16 including inventors, and shall include individuals with sub-
17 stantial background and achievement in corporate finance
18 and management.

19 “(c) APPLICABILITY OF CERTAIN ETHICS LAWS.—
20 Members of the Advisory Board shall be special Govern-
21 ment employees within the meaning of section 202 of title
22 18.

23 “(d) MEETINGS.—The Advisory Board shall meet at
24 the call of the chair, not less than every 6 months, to con-
25 sider an agenda set by the chair.

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

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

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

13 “(f) COMPENSATION.—Members of the Advisory
14 Board shall be compensated for each day (including travel
15 time) during which they are attending meetings or con-
16 ferences of the Advisory Board or otherwise engaged in
17 the business of the Advisory Board, at the rate which is
18 the daily equivalent of the annual rate of basic pay in ef-
19 fect for level III of the Executive Schedule under section
20 5314 of title 5, and while away from their homes or regu-
21 lar places of business they may be allowed travel expenses,
22 including per diem in lieu of subsistence, as authorized
23 by section 5703 of title 5.

24 “(g) ACCESS TO INFORMATION.—Members of the Ad-
25 visory Board shall be provided access to records and infor-

1 mation in the United States Patent and Trademark Of-
2 fice, except for personnel or other privileged information
3 and information concerning patent applications required
4 to be kept in confidence by section 122.”.

5 **SEC. 115. CONFORMING AMENDMENTS.**

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

8 (b) REGULATIONS FOR AGENTS AND ATTORNEYS.—
9 Section 31 of title 35, United States Code, and the item
10 relating to such section in the table of sections for chapter
11 3 of title 35, United States Code, are repealed.

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

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

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

22 “(b) The Trademark Trial and Appeal Board shall
23 include the Director, the Commissioner for Patents, the
24 Commissioner for Trademarks, and administrative trade-
25 mark judges who are appointed by the Director.”.

1 **SEC. 117. BOARD OF PATENT APPEALS AND INTER-**
2 **FERENCES.**

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

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

7 “(a) ESTABLISHMENT AND COMPOSITION.—There
8 shall be in the United States Patent and Trademark Of-
9 fice a Board of Patent Appeals and Interferences. The Di-
10 rector, the Commissioner for Patents, the Commissioner
11 for Trademarks, and the administrative patent judges
12 shall constitute the Board. The administrative patent
13 judges shall be persons of competent legal knowledge and
14 scientific ability who are appointed by the Director.

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

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

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

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

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

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

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

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

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

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

24 “The Director shall report to the Congress, not later
25 than 180 days after the end of each fiscal year, the mon-
26 eys received and expended by the Office, the purposes for

1 which the moneys were spent, the quality and quantity of
2 the work of the Office, and other information relating to
3 the Office. The report under this section shall also meet
4 the requirements of section 9106 of title 31, to the extent
5 that such requirements are not inconsistent with the pre-
6 ceding sentence. The report required under this section
7 shall not be deemed to be the report of the United States
8 Patent and Trademark Office under section 9106 of title
9 31, and the Director shall file a separate report under
10 such section.”.

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

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

18 **SEC. 121. FUNDING.**

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

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

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

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

18 **SEC. 122. EXTENSION OF SURCHARGES ON PATENT FEES.**

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

22 **“SEC. 10101. PATENT AND TRADEMARK OFFICE USER**
23 **FEES.**

24 “(a) SURCHARGES.—There shall be a surcharge on
25 all fees authorized by subsections (a) and (b) of section

1 41 of title 35, United States Code, in order to ensure that
2 the amounts specified in subsection (c) are collected.

3 “(b) USE OF SURCHARGES.—Notwithstanding sec-
4 tion 3302 of title 31, United States Code, all surcharges
5 collected by the Patent and Trademark Office—

6 “(1) shall be credited to a separate account es-
7 tablished in the Treasury and ascribed to the activi-
8 ties of the United States Patent and Trademark Of-
9 fice as offsetting collections,

10 “(2) shall be collected by and available to the
11 United States Patent and Trademark Office for all
12 authorized activities and operations of the Office, in-
13 cluding all direct and indirect costs of services pro-
14 vided by the office, and

15 “(3) shall remain available until expended.

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

23 “(d) APPROPRIATIONS ACT REQUIRED.—Notwith-
24 standing subsections (a) through (c), no fee established
25 by subsection (a) shall be collected nor shall be available

1 for spending without prior authorization in appropriations
2 Acts.”.

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

5 **SEC. 123. TRANSFERS.**

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

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

1 funds set aside for accounts receivable, which are related
 2 to functions, powers, and duties which are vested in the
 3 Patent and Trademark Office by this title.

4 **SEC. 124. GAO STUDY AND REPORT.**

5 The Comptroller General shall conduct a study of
 6 and, not later than the date that is 2 years after the effec-
 7 tive date of this title, submit to the Committee on the Ju-
 8 diciary of the House of Representatives and the Commit-
 9 tee on the Judiciary of the Senate a report on—

10 (1) the operations of the Patent and Trademark
 11 Office as a Government corporation; and

12 (2) the feasibility and desirability of making the
 13 trademark operations of the Patent and Trademark
 14 Office a separate Government corporation or agency.

15 **Subtitle B—Effective Date;**
 16 **Technical Amendments**

17 **SEC. 131. EFFECTIVE DATE.**

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

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

22 (a) AMENDMENTS TO TITLE 35.—

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

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

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

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

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

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

8 (4) The table of sections for chapter 1 of title
9 35, United States Code, is amended to read as
10 follows:

11 **“CHAPTER 1—ESTABLISHMENT, OFFICERS**
12 **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.”.

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

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

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

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

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

13 (10)(A) Except as provided in subparagraph
14 (B), title 35, United States Code, is amended by
15 striking “Commissioner” each place it appears and
16 inserting “Director”.

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

20 (11) Section 41(a)(8)(A) of title 35, United
21 States Code, is amended by striking “On” and in-
22 serting “on”.

23 (12) Section 157(d) of title 35, United States
24 Code, is amended by striking “Secretary of Com-
25 merce” and inserting “Director”.

1 (13) Section 181 of title 35, United States
2 Code, is amended in the third paragraph by striking
3 “Secretary of Commerce under rules prescribed by
4 him” and inserting “Director under rules prescribed
5 by the Patent and Trademark Office”.

6 (14) Section 188 of title 35, United States
7 Code, is amended by striking “Secretary of Com-
8 merce” and inserting “Patent and Trademark Of-
9 fice”.

10 (15) Section 202(a) of title 35, United States
11 Code, is amended by striking “iv)” and inserting
12 “(iv)”.

13 (b) OTHER PROVISIONS OF LAW.—

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

21 (B) The Act of July 5, 1946 (commonly re-
22 ferred to as the “Trademark Act of 1946”; 15
23 U.S.C. 1051 and following), except for section 17, as
24 amended by section 116 of this Act, is amended by

1 striking “Commissioner” each place it appears and
2 inserting “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(e)(23) of title 5, United
13 States Code, is amended to read as follows:

14 “(23) administrative patent judges and des-
15 ignated administrative patent judges in the United
16 States Patent and Trademark Office;”.

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.”.

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

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

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

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

10 (A) by striking “Patent Office of the Unit-
11 ed States” and inserting “United States Patent
12 and Trademark Office”; and

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

16 (9) Section 182(b)(2)(A) of the Trade Act of
17 1974 (19 U.S.C. 2242(b)(2)(A)) is amended by
18 striking “Commissioner of Patents and Trade-
19 marks” and inserting “Director of the United States
20 Patent and Trademark Office”.

21 (10) Section 302(b)(2)(D) of the Trade Act of
22 1974 (19 U.S.C. 2412(b)(2)(D)) is amended by
23 striking “Commissioner of Patents and Trade-
24 marks” and inserting “Director of the United States
25 Patent and Trademark Office”.

1 (11) The Act of April 12, 1892 (27 Stat. 395;
2 20 U.S.C. 91) is amended by striking “Patent Of-
3 fice” and inserting “United States Patent and
4 Trademark Office”.

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

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

16 (14) 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 (15) Section 1295(a)(4) of title 28, United
21 States Code, is amended—

22 (A) in subparagraph (A) by inserting
23 “United States” before “Patent and Trade-
24 mark”; and

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

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

7 (A) by striking “Patent Office” each place
8 it appears in the text and section heading and
9 inserting “United States Patent and Trade-
10 mark Office”;

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

14 (C) by striking “Commissioner” and in-
15 serting “Director”.

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

20 (18) Section 1928 of title 28, United States
21 Code, is amended by striking “Patent Office” and
22 inserting “United States Patent and Trademark Of-
23 fice”.

24 (19) Section 151 of the Atomic Energy Act of
25 1954 (42 U.S.C. 2181) is amended in subsections c.

1 and d. by striking “Commissioner of Patents” and
2 inserting “Director of the United States Patent and
3 Trademark Office”.

4 (20) Section 152 of the Atomic Energy Act of
5 1954 (42 U.S.C. 2182) is amended by striking
6 “Commissioner of Patents” each place it appears
7 and inserting “Director of the United States Patent
8 and Trademark Office”.

9 (21) Section 305 of the National Aeronautics
10 and Space Act of 1958 (42 U.S.C. 2457) is amend-
11 ed—

12 (A) in subsection (c) by striking “Commis-
13 sioner of Patents” and inserting “Director of
14 the United States Patent and Trademark Office
15 (hereafter in this section referred to as the ‘Di-
16 rector’)”; and

17 (B) by striking “Commissioner” each sub-
18 sequent place it appears and inserting “Direc-
19 tor”.

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

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

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

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

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

13 (27) Section 10(i) of the Trading With the
14 Enemy Act (50 U.S.C. App. 10(i)) is amended by
15 striking “Commissioner of Patents” and inserting
16 “Director of the United States Patent and Trade-
17 mark Office”.

18 (28) Section 11 of the Inspector General Act of
19 1978 (5 U.S.C. App.) is amended—

20 (A) in paragraph (1)—

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

1 (ii) by striking “and” before “the
2 Chairperson of the Federal Deposit Insur-
3 ance Corporation;”;

4 (iii) by striking “or” before “the Com-
5 missioner of Social Security,”; and

6 (iv) by inserting “or the Director of
7 the United States Patent and Trademark
8 Office;” after “Social Security Administra-
9 tion;”; and

10 (B) in paragraph (2)—

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

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

17 **Subtitle C—Miscellaneous**
18 **Provisions**

19 **SEC. 141. REFERENCES.**

20 (a) IN GENERAL.—Any reference in any other Fed-
21 eral law, Executive order, rule, regulation, or delegation
22 of authority, or any document of or pertaining to a depart-
23 ment or office from which a function is transferred by this
24 title—

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

4 (2) to such department or office is deemed to
5 refer to the department or office to which such func-
6 tion is transferred.

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

11 (1) to the Commissioner of Patents and Trade-
12 marks is deemed to refer to the Director of the
13 United States Patent and Trademark Office;

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

17 (3) to the Assistant Commissioner for Trade-
18 marks is deemed to refer to the Commissioner for
19 Trademarks.

20 **SEC. 142. EXERCISE OF AUTHORITIES.**

21 Except as otherwise provided by law, a Federal offi-
22 cial to whom a function is transferred by this title may,
23 for purposes of performing the function, exercise all au-
24 thorities under any other provision of law that were avail-
25 able with respect to the performance of that function to

1 the official responsible for the performance of the function
2 immediately before the effective date of the transfer of the
3 function under this title.

4 **SEC. 143. SAVINGS PROVISIONS.**

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

8 (1) that have been issued, made, granted, or al-
9 lowed to become effective by the President, the Sec-
10 retary of Commerce, any officer or employee of any
11 office transferred by this title, or any other Govern-
12 ment official, or by a court of competent jurisdic-
13 tion, in the performance of any function that is
14 transferred by this title, and

15 (2) that are in effect on the effective date of
16 such transfer (or become effective after such date
17 pursuant to their terms as in effect on such effective
18 date),

19 shall continue in effect according to their terms until
20 modified, terminated, superseded, set aside, or revoked in
21 accordance with law by the President, any other author-
22 ized official, a court of competent jurisdiction, or operation
23 of law.

24 (b) **PROCEEDINGS.**—This title shall not affect any
25 proceedings or any application for any benefits, service,

1 license, permit, certificate, or financial assistance pending
2 on the effective date of this title before an office trans-
3 ferred by this title, but such proceedings and applications
4 shall be continued. Orders shall be issued in such proceed-
5 ings, appeals shall be taken therefrom, and payments shall
6 be made pursuant to such orders, as if this title had not
7 been enacted, and orders issued in any such proceeding
8 shall continue in effect until modified, terminated, super-
9 seded, or revoked by a duly authorized official, by a court
10 of competent jurisdiction, or by operation of law. Nothing
11 in this subsection shall be considered to prohibit the dis-
12 continuance or modification of any such proceeding under
13 the same terms and conditions and to the same extent that
14 such proceeding could have been discontinued or modified
15 if this title had not been enacted.

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

21 (d) NONABATEMENT OF ACTIONS.—No suit, action,
22 or other proceeding commenced by or against the Depart-
23 ment of Commerce or the Secretary of Commerce, or by
24 or against any individual in the official capacity of such
25 individual as an officer or employee of an office trans-

1 ferred by this title, shall abate by reason of the enactment
2 of this title.

3 (e) CONTINUANCE OF SUITS.—If any Government of-
4 ficer in the official capacity of such officer is party to a
5 suit with respect to a function of the officer, and under
6 this title such function is transferred to any other officer
7 or office, then such suit shall be continued with the other
8 officer or the head of such other office, as applicable, sub-
9 stituted or added as a party.

10 (f) ADMINISTRATIVE PROCEDURE AND JUDICIAL RE-
11 VIEW.—Except as otherwise provided by this title, any
12 statutory requirements relating to notice, hearings, action
13 upon the record, or administrative or judicial review that
14 apply to any function transferred by this title shall apply
15 to the exercise of such function by the head of the Federal
16 agency, and other officers of the agency, to which such
17 function is transferred by this title.

18 **SEC. 144. TRANSFER OF ASSETS.**

19 Except as otherwise provided in this title, so much
20 of the personnel, property, records, and unexpended bal-
21 ances of appropriations, allocations, and other funds em-
22 ployed, used, held, available, or to be made available in
23 connection with a function transferred to an official or
24 agency by this title shall be available to the official or the
25 head of that agency, respectively, at such time or times

1 as the Director of the Office of Management and Budget
2 directs for use in connection with the functions trans-
3 ferred.

4 **SEC. 145. DELEGATION AND ASSIGNMENT.**

5 Except as otherwise expressly prohibited by law or
6 otherwise provided in this title, an official to whom func-
7 tions are transferred under this title (including the head
8 of any office to which functions are transferred under this
9 title) may delegate any of the functions so transferred to
10 such officers and employees of the office of the official as
11 the official may designate, and may authorize successive
12 redelegations of such functions as may be necessary or ap-
13 propriate. No delegation of functions under this section
14 or under any other provision of this title shall relieve the
15 official to whom a function is transferred under this title
16 of responsibility for the administration of the function.

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

20 (a) DETERMINATIONS.—If necessary, the Director of
21 the Office of Management and Budget shall make any de-
22 termination of the functions that are transferred under
23 this title.

24 (b) INCIDENTAL TRANSFERS.—The Director of the
25 Office of Management and Budget, at such time or times

1 as the Director shall provide, may make such determina-
2 tions as may be necessary with regard to the functions
3 transferred by this title, and to make such additional inci-
4 dental dispositions of personnel, assets, liabilities, grants,
5 contracts, property, records, and unexpended balances of
6 appropriations, authorizations, allocations, and other
7 funds held, used, arising from, available to, or to be made
8 available in connection with such functions, as may be nec-
9 essary to carry out the provisions of this title. The Direc-
10 tor shall provide for the termination of the affairs of all
11 entities terminated by this title and for such further meas-
12 ures and dispositions as may be necessary to effectuate
13 the purposes of this title.

14 **SEC. 147. CERTAIN VESTING OF FUNCTIONS CONSIDERED**
15 **TRANSFERS.**

16 For purposes of this title, the vesting of a function
17 in a department or office pursuant to reestablishment of
18 an office shall be considered to be the transfer of the func-
19 tion.

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

21 Existing appropriations and funds available for the
22 performance of functions, programs, and activities termi-
23 nated pursuant to this title shall remain available, for the
24 duration of their period of availability, for necessary ex-
25 penses in connection with the termination and resolution

1 of such functions, programs, and activities, subject to the
2 submission of a plan to the Committees on Appropriations
3 of the House and Senate in accordance with the proce-
4 dures set forth in section 605 of the Departments of Com-
5 merce, Justice, and State, the Judiciary, and Related
6 Agencies Appropriations Act 1997.

7 **SEC. 149. DEFINITIONS.**

8 For purposes of this title—

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

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

15 **Subtitle D—Under Secretary of**
16 **Commerce for Intellectual Prop-**
17 **erty Policy**

18 **SEC. 151. UNDER SECRETARY OF COMMERCE FOR INTEL-**
19 **LECTUAL PROPERTY POLICY.**

20 (a) APPOINTMENT.—There shall be within the De-
21 partment of Commerce an Under Secretary of Commerce
22 for Intellectual Property Policy, who shall be appointed
23 by the President, by and with the advice and consent of
24 the Senate. On or after the effective date of this title, the
25 President may appoint an individual to serve as the Under

1 Secretary until the date on which an Under Secretary
2 qualifies under this subsection. The President shall not
3 make more than 1 appointment under the preceding sen-
4 tence.

5 (b) DUTIES.—The Under Secretary of Commerce for
6 Intellectual Property Policy, under the direction of the
7 Secretary of Commerce, shall perform the following func-
8 tions with respect to intellectual property policy:

9 (1) In coordination with the Under Secretary of
10 Commerce for International Trade, promote exports
11 of goods and services of the United States industries
12 that rely on intellectual property.

13 (2) Advise the President, through the Secretary
14 of Commerce, on national and international intellec-
15 tual property policy issues.

16 (3) Advise Federal departments and agencies
17 on matters of intellectual property protection in
18 other countries.

19 (4) Provide guidance, as appropriate, with re-
20 spect to proposals by agencies to assist foreign gov-
21 ernments and international intergovernmental orga-
22 nizations on matters of intellectual property protec-
23 tion.

1 (5) Conduct programs and studies related to
2 the effectiveness of intellectual property protection
3 throughout the world.

4 (6) Advise the Secretary of Commerce on pro-
5 grams and studies relating to intellectual property
6 policy that are conducted, or authorized to be con-
7 ducted, cooperatively with foreign patent and trade-
8 mark offices and international intergovernmental or-
9 ganizations.

10 (7) In coordination with the Department of
11 State, conduct programs and studies cooperatively
12 with foreign intellectual property offices and inter-
13 national intergovernmental organizations.

14 (c) DEPUTY UNDER SECRETARIES.—To assist the
15 Under Secretary of Commerce for Intellectual Property
16 Policy, the Secretary of Commerce shall appoint a Deputy
17 Under Secretary for Patent Policy and a Deputy Under
18 Secretary for Trademark Policy as members of the Senior
19 Executive Service in accordance with the provisions of title
20 5, United States Code. The Deputy Under Secretaries
21 shall perform such duties and functions as the Under Sec-
22 retary for Intellectual Property Policy shall prescribe.

23 (d) COMPENSATION.—Section 5314 of title 5, United
24 States Code, is amended by adding at the end the follow-
25 ing:

1 “Under Secretary of Commerce for Intellectual
2 Property Policy.”.

3 (e) FUNDING.—Funds available to the United States
4 Patent and Trademark Office shall be made available for
5 all expenses of the office of the Under Secretary for Intel-
6 lectual Property Policy, subject to prior approval in appro-
7 priations Acts. Amounts made available under this sub-
8 section shall not exceed 2 percent of the projected annual
9 revenues of the Patent and Trademark Office from fees
10 for services and goods of that Office. The Secretary of
11 Commerce shall determine the budget requirements of the
12 office of the Under Secretary for Intellectual Property Pol-
13 icy.

14 **SEC. 152. RELATIONSHIP WITH EXISTING AUTHORITIES.**

15 Nothing in section 151 shall derogate from the duties
16 of the United States Trade Representative as set forth in
17 section 141 of the Trade Act of 1974 (19 U.S.C. 2171).

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, promptly
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 in the process of
20 being reviewed by the Atomic Energy Commission,
21 the Department of Defense, or a defense agency
22 pursuant to section 181 of this title shall not be
23 published until the Director has been notified by the
24 Atomic Energy Commission, the Secretary of De-
25 fense, or the chief officer of the defense agency, as

1 the case may be, that in the opinion of the Atomic
2 Energy Commission, the Secretary of Defense, or
3 such chief officer, as the case may be, publication or
4 disclosure of the invention by the granting of a pat-
5 ent would not be detrimental to the national security
6 of the United States.

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

10 “(D) An application filed by a small business
11 concern entitled to reduced fees under section
12 41(h)(1) of this title, by an individual who is an
13 independent inventor entitled to reduced fees under
14 such section, or by an institution of higher education
15 (as defined in section 1202 of the Higher Education
16 Act of 1965) entitled to reduced fees under such sec-
17 tion 41(h)(1) shall not be published until a patent
18 is issued thereon, except upon the request of the ap-
19 plicant, or in any of the following circumstances:

20 “(i) In the case of an application under
21 section 111(a) for a patent for an invention for
22 which the applicant intends to file or has filed
23 an application for a patent in a foreign country,
24 the Commissioner may publish, at the discre-
25 tion of the Commissioner and by means deter-

1 mined suitable for the purpose, no more than
2 that data from such application under section
3 111(a) which will be made or has been made
4 public in such foreign country. Such a publica-
5 tion shall be made only after the date of the
6 publication in such foreign country and shall be
7 made only if the data is not available, or cannot
8 be made readily available, in the English lan-
9 guage through commercial services.

10 “(ii) If the Commissioner determines that
11 a patent application which is filed after the date
12 of the enactment of this paragraph—

13 “(I) has been pending more than 5
14 years from the effective filing date of the
15 application,

16 “(II) has not been previously pub-
17 lished by the Patent and Trademark Of-
18 fice,

19 “(III) is not under any appellate re-
20 view by the Board of Patent Appeals and
21 Interferences,

22 “(IV) is not under interference pro-
23 ceedings in accordance with section 135(a),

24 “(V) is not under any secrecy order
25 pursuant to section 181,

1 “(VI) is not being diligently pursued
2 by the applicant in accordance with this
3 title, and

4 “(VII) is not in abandonment,
5 the Commissioner shall notify the applicant of
6 such determination.

7 “(iii) An applicant which received notice of
8 a determination described in clause (ii) may,
9 within 30 days of receiving such notice, petition
10 the Commissioner to review the determination
11 to verify that subclauses (I) through (VII) are
12 all applicable to the applicant’s application. If
13 the applicant makes such a petition, the Com-
14 missioner shall not publish the applicant’s ap-
15 plication before the Commissioner’s review of
16 the petition is completed. If the applicant does
17 not submit a petition, the Commissioner may
18 publish the applicant’s application no earlier
19 than 90 days after giving such a notice.

20 “(iv) If after the date of the enactment of
21 this paragraph a continuing application has
22 been filed more than 6 months after the date of
23 the initial filing of an application, the Commis-
24 sioner shall notify the applicant under such ap-
25 plication. The Commissioner shall establish a

1 procedure for an applicant which receives such
2 a notice to demonstrate that the purpose of the
3 continuing application was for reasons other
4 than to achieve a delay in the time of publica-
5 tion of the application. If the Commissioner
6 agrees with such a demonstration by the appli-
7 cant, the Commissioner shall not publish the
8 applicant's application. If the Commissioner
9 does not agree with such a demonstration by
10 the applicant or if the applicant does not make
11 an attempt at such a demonstration within a
12 reasonable period of time as determined by the
13 Commissioner, the Commissioner shall publish
14 the applicant's application.

15 “(E)(i) Upon the request at the time of filing
16 by an applicant that is a small business concern or
17 an independent inventor entitled to reduced fees
18 under section 41(h)(1) of this title, the application
19 shall not be published in accordance with paragraph
20 (1) until 3 months after the Director makes a sec-
21 ond notification to such applicant on the merits of
22 the application under section 132 of this title. The
23 Director may require applicants that no longer have
24 the status of a small business concern or an inde-
25 pendent inventor to so notify the Director not later

1 than 15 months after the earliest filing date for
2 which a benefit is sought under 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 or 365(c) of this title shall not be eligi-
8 ble for a request pursuant to this subparagraph.

9 “(iii) Applications asserting the benefit of an
10 earlier application under section 121 shall not be eli-
11 gible for a request pursuant to this subparagraph
12 unless filed within 2 months after the date on which
13 the Director required the earlier application to be re-
14 stricted to 1 of 2 or more inventions in the earlier
15 application.

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

20 “(v) The Director may establish appropriate
21 procedures and nominal fees for making a request
22 under this subparagraph.

23 “(F)(i) In a case in which an applicant, after
24 making a request under subparagraph (E)(i), deter-
25 mines to file an application in a foreign country, the

1 applicant shall notify the Director promptly. The ap-
2 plication shall then be published in accordance with
3 the provisions of paragraph (1).

4 “(ii) The Director may establish appropriate
5 fees to cover the costs of processing notifications
6 under clause (i), including the costs of any special
7 handling of applications resulting from the initial re-
8 quest under subparagraph (E)(i).

9 “(F) No fee established under this section shall
10 be collected nor shall be available for spending with-
11 out prior authorization in appropriations Acts.

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

18 **SEC. 203. TIME FOR CLAIMING BENEFIT OF EARLIER FIL-**
19 **ING DATE.**

20 (a) IN A FOREIGN COUNTRY.—Section 119(b) of title
21 35, United States Code, is amended to read as follows:

22 “(b)(1) No application for patent shall be entitled to
23 this right of priority unless a claim is filed in the Patent
24 and Trademark Office, at such time during the pendency
25 of the application as is required by the Director, that iden-

1 tifies the foreign application by specifying its application
2 number, the country in or for which the application was
3 filed, and the date of its filing.

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

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

18 (b) IN THE UNITED STATES.—Section 120 of title
19 35, United States Code, is amended by adding at the end
20 the following: “No application shall be entitled to the bene-
21 fit of an earlier filed application under this section unless
22 an amendment containing the specific reference to the ear-
23 lier filed application is submitted at such time during the
24 pendency of the application as is required by the Commis-
25 sioner. The Director may consider the failure to submit

1 such an amendment within that time period as a waiver
2 of any benefit under this section. The Director may estab-
3 lish procedures, including the payment of a surcharge, to
4 accept unavoidably late submissions of amendments under
5 this section.”.

6 **SEC. 204. PROVISIONAL RIGHTS.**

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

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

11 (2) by adding at the end the following new sub-
12 section:

13 “(d) **PROVISIONAL RIGHTS.**—

14 “(1) **IN GENERAL.**—In addition to other rights
15 provided by this section, a patent shall include the
16 right to obtain a reasonable royalty from any person
17 who, during the period beginning on the date of pub-
18 lication of the application for such patent pursuant
19 to section 122(b) of this title, or in the case of an
20 international application filed under the treaty de-
21 fined in section 351(a) of this title designating the
22 United States under Article 21(2)(a) of such treaty,
23 the date of publication of the application, and ending
24 on the date the patent is issued—

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

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

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

18 “(2) RIGHT BASED ON SUBSTANTIALLY IDEN-
19 TICAL INVENTIONS.—The right under paragraph (1)
20 to obtain a reasonable royalty shall not be available
21 under this subsection unless the invention as claimed
22 in the patent is substantially identical to the inven-
23 tion as claimed in the published patent application.

24 “(3) TIME LIMITATION ON OBTAINING A REA-
25 SONABLE ROYALTY.—The right under paragraph (1)

1 to obtain a reasonable royalty shall be available only
2 in an action brought not later than 6 years after the
3 patent is issued. The right under paragraph (1) to
4 obtain a reasonable royalty shall not be affected by
5 the duration of the period described in paragraph
6 (1).

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

1 **SEC. 205. PRIOR ART EFFECT OF PUBLISHED APPLICA-**
2 **TIONS.**

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

5 “(e) the invention was described in—

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

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

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

21 The Director of the United States Patent and Trade-
22 mark Office shall recover the cost of early publication re-
23 quired by the amendment made by section 202 by adjust-
24 ing the filing, issue, and maintenance fees under title 35,
25 United States Code, by charging a separate publication
26 fee, or by any combination of these methods.

1 **SEC. 207. CONFORMING CHANGES.**

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

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

7 (2) Section 12 is amended—

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

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

12 (3) Section 13 is amended—

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

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

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

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

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

4 (7) Section 181 is amended—

5 (A) in the first paragraph—

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

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

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

13 (C) in the third paragraph—

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

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

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

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

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

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

7 **“§ 374. Publication of international application: Ef-**
8 **fect**

9 “The publication under the treaty defined in section
10 351(a) of this title of an international application des-
11 ignating the United States shall confer the same rights
12 and shall have the same effect under this title as an appli-
13 cation for patent published under section 122(b), except
14 as provided in sections 102(e) and 154(d) of this title.”.

15 (11) Section 135(b) of title 35, United States
16 Code, is amended to read as follows:

17 “(b)(1) A claim which is the same as, or for the same
18 or substantially the same subject matter as, a claim of
19 an issued patent may only be made in an application if—

20 “(A) such a claim is made prior to 1 year after
21 the date on which the patent was granted; and

22 “(B) the applicant files evidence which dem-
23 onstrates that the applicant is prima facie entitled to
24 a judgment relative to the patent.

1 “(2)(A) A claim which is the same as, or for the same
2 or substantially the same subject matter as, a claim of
3 a published application may only be made in an applica-
4 tion filed after the date of publication of the published
5 application if, except in a case to which subparagraph (B)
6 applies—

7 “(i) such a claim is made prior to 1 year after
8 the date of publication of the published application;
9 and

10 “(ii) the applicant of the application filed after
11 the date of publication of the published application
12 files evidence that demonstrates that the applicant is
13 prima facie entitled to a judgment relative to the
14 published application.

15 “(B) If the applicant of the application filed after the
16 date of publication of the published application alleges
17 that the invention claimed in the published application was
18 derived from that applicant, such a claim may only be
19 made if that applicant files evidence which demonstrates
20 that the applicant is prima facie entitled to a judgment
21 relative to the published application.”.

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

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

25 “(b) **TERM EXTENSION.**—

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

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

5 “(i) a proceeding under section 135(a)
6 of this title, including any appeal under
7 section 141, or any civil action under sec-
8 tion 146, of this title,

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

11 “(iii) review by the Board of Patent
12 Appeals and Interferences or by a Federal
13 court in a case in which the patent was is-
14 sued pursuant to a decision in the review
15 reversing an adverse determination of pat-
16 entability, or

17 “(iv) an unusual administrative delay
18 by the Patent and Trademark Office in is-
19 suing the patent,

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

22 “(B) ADMINISTRATIVE DELAY.—For pur-
23 poses of subparagraph (A)(iv), an unusual ad-
24 ministrative delay by the Patent and Trade-
25 mark Office is the failure to—

1 “(i) make a notification of the rejec-
2 tion of any claim for a patent or any objec-
3 tion or argument under section 132 of this
4 title or give or mail a written notice of al-
5 lowance under section 151 of this title not
6 later than 14 months after the date on
7 which the application was filed;

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

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

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

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

4 “(I) has not obtained further lim-
5 ited examination of the application
6 under section 209 of the Examining
7 Procedure Improvements Act;

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

11 “(III) has not sought or obtained
12 appellate review by the Board of Pat-
13 ent Appeals and Interferences or by a
14 Federal Court other than in a case in
15 which the patent was issued pursuant
16 to a decision in the review reversing
17 an adverse determination of patent-
18 ability; and

19 “(IV) has not requested any
20 delay in the processing of the applica-
21 tion by the Patent and Trademark Of-
22 fice.

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 clause (iv) of paragraph (1)(A), which
9 is based on the failure of the Patent and Trademark
10 Office to meet the criteria set forth in clause (v) of
11 paragraph (1)(B), shall be reduced by the cumu-
12 lative total of any periods of time that an applicant
13 takes to respond in excess of 3 months after the
14 date on which the Patent and Trademark Office
15 makes any rejection, objection, argument, or other
16 request.

17 “(C) The period of extension of the term of a
18 patent under this subsection shall be reduced by a
19 period equal to the time in which the applicant failed
20 to engage in reasonable efforts to conclude prosecu-
21 tion of the application. The Director shall prescribe
22 regulations establishing the circumstances that con-
23 stitute a failure of an applicant to engage in reason-
24 able efforts to conclude processing or examination of
25 an application in order to ensure that applicants are

1 appropriately compensated for any delays by the
2 Patent and Trademark Office in excess of the time
3 periods specified in paragraph (1)(B).

4 “(D) No patent the term of which has been dis-
5 claimed beyond a specified date may be extended
6 under this section beyond the expiration date speci-
7 fied in the disclaimer.

8 “(3) PROCEDURES.—The Director shall pre-
9 scribe regulations establishing procedures for the no-
10 tification of patent term extensions under this sub-
11 section and procedures for contesting patent term
12 extensions under this subsection.”.

13 **SEC. 209. FURTHER EXAMINATION OF PATENT APPLICA-**
14 **TIONS.**

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

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

19 (2) by adding at the end the following:

20 “(b) The Director shall prescribe regulations to pro-
21 vide for the further limited examination of applications for
22 patent at the request of the applicant. The Director may
23 establish appropriate fees for such further limited exam-
24 ination and shall be authorized to provide a 50 percent

1 reduction on such fees for small entities that qualify for
2 reduced fees under section 41(h)(1) of this title.

3 **SEC. 210. LAST DAY OF PENDENCY OF PROVISIONAL APPLI-**
4 **CATION.**

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

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

12 **SEC. 211. REPORTING REQUIREMENT.**

13 The Director of the United States Patent and Trade-
14 mark Office shall report to the Congress not later than
15 April 1, 2001, and not later than April 1 of each year
16 thereafter, regarding the impact of publication on the pat-
17 ent applications filed by applicants who are independent
18 inventors entitled to reduced fees under section 41(h)(1)
19 of title 35, United States Code. The report shall include
20 information concerning the frequency and number of ini-
21 tial and continuing patent applications, pendency, inter-
22 ferences, reexaminations, rejection, abandonment rates,
23 fees, other expenses, and other relevant information relat-
24 ed to the prosecution of patent applications.

1 **SEC. 212. EFFECTIVE DATE.**

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

9 (b) SECTIONS 208 THROUGH 210.—The amend-
10 ments made by sections 208 through 210 shall take effect
11 on the date of the enactment of this Act and, except for
12 a design patent application filed under chapter 16 of title
13 35, United States Code, shall apply to any application
14 filed on or after June 8, 1995.

15 **TITLE III—PROTECTION FOR**
16 **PRIOR DOMESTIC USERS OF**
17 **PATENTED TECHNOLOGIES**

18 **SEC. 301. SHORT TITLE.**

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

1 **SEC. 302. DEFENSE TO PATENT INFRINGEMENT BASED ON**
2 **PRIOR DOMESTIC COMMERCIAL OR RE-**
3 **SEARCH USE.**

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

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

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

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

17 “(2) in the case of activities performed by a
18 nonprofit research laboratory, or nonprofit entity
19 such as a university, research center, or hospital, a
20 use for which the public is the intended beneficiary
21 shall be considered to be a use described in para-
22 graph (1) if the use is limited to activity that oc-
23 curred within the laboratory or nonprofit entity or
24 by persons in privity with that laboratory or non-
25 profit entity before the effective filing date of the ap-
26 plication for patent at issue, except that the use—

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

4 “(B) may not be asserted as a defense
5 with respect to any subsequent use by any en-
6 tity other than such laboratory, nonprofit en-
7 tity, or persons in privity;

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

15 “(4) the ‘effective filing date’ of a patent is the
16 earlier of the actual filing date of the application for
17 the patent or the filing date of any earlier United
18 States, foreign, or international application to which
19 the subject matter at issue is entitled under section
20 119, 120, or 365 of this title.

21 “(b) DEFENSE TO INFRINGEMENT.—(1) A person
22 shall not be liable as an infringer under section 271 of
23 this title with respect to any subject matter that would
24 otherwise infringe one or more claims in the patent being
25 asserted against such person, if such person had, acting

1 in good faith, commercially used the subject matter before
2 the effective filing date of such patent.

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

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

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

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

1 not infringe additional specifically claimed subject
2 matter of the patent.

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

8 “(A) before the effective filing date of the
9 patent, the person actually reduced the subject
10 matter to practice in the United States, com-
11 pleted a significant portion of the total invest-
12 ment necessary to commercially use the subject
13 matter, and made an arm’s-length commercial
14 transaction in the United States in connection
15 with the preparation to use the subject matter;
16 and

17 “(B) thereafter the person diligently com-
18 pleted the remainder of the activities and in-
19 vestments necessary to commercially use the
20 subject matter, and promptly began commercial
21 use of the subject matter, even if such activities
22 were conducted after the effective filing date of
23 the patent.

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

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

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

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

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

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

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

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

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

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

1 **TITLE IV—ENHANCED PROTEC-**
 2 **TION OF INVENTORS’ RIGHTS**

3 **SEC. 401. SHORT TITLE.**

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

6 **SEC. 402. INVENTION PROMOTION SERVICES.**

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

9 **“CHAPTER 5—INVENTION PROMOTION**
 10 **SERVICES**

“Sec.

“51. Definitions.

“52. Contracting requirements.

“53. Standard provisions for cover notice.

“54. Reports to customer required.

“55. Mandatory contract terms.

“56. Remedies.

“57. Records of complaints.

“58. Fraudulent representation by an invention promoter.

“59. Rule of construction.

11 **“§ 51. Definitions**

12 “For purposes of this chapter—

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

17 “(2) the term ‘customer’ means any person,
 18 firm, partnership, corporation, or other entity who
 19 enters into a financial relationship or a contract with

1 an invention promoter for invention promotion serv-
2 ices;

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

8 “(A) any department or agency of the Fed-
9 eral Government or of a State or local govern-
10 ment;

11 “(B) any nonprofit, charitable, scientific,
12 or educational organization, qualified under ap-
13 plicable State law or described under section
14 170(b)(1)(A) of the Internal Revenue Code of
15 1986; or

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

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

24 “(A) evaluating the invention to determine
25 its protectability as some form of intellectual

1 property, other than evaluation by a person li-
2 censed by a State to practice law who is acting
3 solely within the scope of that person’s profes-
4 sional license;

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

8 “(C) marketing, brokering, licensing, sell-
9 ing, or promoting the invention or a product or
10 service in which the invention is incorporated or
11 used, except that the display only of an inven-
12 tion at a trade show or exhibit shall not be con-
13 sidered to be invention promotion services.

14 **“§ 52. Contracting requirements**

15 “(a) IN GENERAL.—(1) Every contract for invention
16 promotion services shall be in writing and shall be subject
17 to the provisions of this chapter. A copy of the signed writ-
18 ten contract shall be given to the customer at the time
19 the customer enters into the contract.

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

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

1 “(1) state in a written document, at the time
2 a customer enters into a contract for invention pro-
3 motion services, whether the usual business practice
4 of the invention promoter is to—

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

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

11 “(2) supply to the customer a copy of the writ-
12 ten document together with a written summary of
13 the usual business practices of the invention pro-
14 moter, including—

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

17 “(B) the approximate amount of the usual
18 fees or other consideration that may be required
19 from the customer for each of the services pro-
20 vided by the invention promoter.

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

22 (1) Notwithstanding any contractual provision to the con-
23 trary, a customer shall have the right to terminate a con-
24 tract for invention promotion services by sending a written
25 letter to the invention promoter stating the customer’s in-

1 tent to cancel the contract. The letter of termination must
2 be deposited with the United States Postal Service on or
3 before 5 business days after the date upon which the cus-
4 tomer or the invention promoter executes the contract,
5 whichever is later.

6 “(2) Delivery of a promissory note, check, bill of ex-
7 change, or negotiable instrument of any kind to the inven-
8 tion promoter or to a third party for the benefit of the
9 invention promoter, without regard to the date or dates
10 appearing in such instrument, shall be deemed payment
11 received by the invention promoter on the date received
12 for purposes of this section.

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

14 “(a) CONTENTS.—Every contract for invention pro-
15 motion services shall have a conspicuous and legible cover
16 sheet attached with the following notice imprinted in bold-
17 face type of not less than 12-point size:

18 “‘YOU HAVE THE RIGHT TO TERMI-
19 NATE THIS CONTRACT. TO TERMINATE
20 THIS CONTRACT, YOU MUST SEND A WRIT-
21 TEN LETTER TO THE COMPANY STATING
22 YOUR INTENT TO CANCEL THIS CONTRACT.
23 THE LETTER OF TERMINATION MUST BE
24 DEPOSITED WITH THE UNITED STATES
25 POSTAL SERVICE ON OR BEFORE FIVE (5)

1 BUSINESS DAYS AFTER THE DATE ON
2 WHICH YOU OR THE COMPANY EXECUTE
3 THE CONTRACT, WHICHEVER IS LATER.

4 “THE TOTAL NUMBER OF INVENTIONS
5 EVALUATED BY THE INVENTION PRO-
6 MOTER FOR COMMERCIAL POTENTIAL IN
7 THE PAST FIVE (5) YEARS IS _____. OF
8 THAT NUMBER, _____ RECEIVED POSI-
9 TIVE EVALUATIONS AND _____ RE-
10 CEIVED NEGATIVE EVALUATIONS.

11 “IF YOU ASSIGN EVEN A PARTIAL IN-
12 TEREST IN THE INVENTION TO THE IN-
13 VENTION PROMOTER, THE INVENTION PRO-
14 MOTER MAY HAVE THE RIGHT TO SELL OR
15 DISPOSE OF THE INVENTION WITHOUT
16 YOUR CONSENT AND MAY NOT HAVE TO
17 SHARE THE PROFITS WITH YOU.

18 “THE TOTAL NUMBER OF CUSTOMERS
19 WHO HAVE CONTRACTED WITH THE IN-
20 VENTION PROMOTER IN THE PAST FIVE (5)
21 YEARS IS _____. THE TOTAL NUMBER
22 OF CUSTOMERS KNOWN BY THIS INVEN-
23 TION PROMOTER TO HAVE RECEIVED, BY
24 VIRTUE OF THIS INVENTION PROMOTER’S
25 PERFORMANCE, AN AMOUNT OF MONEY IN

1 EXCESS OF THE AMOUNT PAID BY THE
2 CUSTOMER TO THIS INVENTION PROMOTER
3 IS _____.

4 “THE OFFICERS OF THIS INVENTION
5 PROMOTER HAVE COLLECTIVELY OR INDI-
6 VIDUALLY BEEN AFFILIATED IN THE LAST
7 TEN (10) YEARS WITH THE FOLLOWING IN-
8 VENTION PROMOTION COMPANIES: (LIST
9 THE NAMES AND ADDRESSES OF ALL PRE-
10 VIOUS INVENTION PROMOTION COMPANIES
11 WITH WHICH THE PRINCIPAL OFFICERS
12 HAVE BEEN AFFILIATED AS OWNERS,
13 AGENTS, OR EMPLOYEES). YOU ARE EN-
14 COURAGED TO CHECK WITH THE UNITED
15 STATES PATENT AND TRADEMARK OFFICE,
16 THE FEDERAL TRADE COMMISSION, YOUR
17 STATE ATTORNEY GENERAL’S OFFICE, AND
18 THE BETTER BUSINESS BUREAU FOR ANY
19 COMPLAINTS FILED AGAINST ANY OF
20 THESE COMPANIES.

21 “YOU ARE ENCOURAGED TO CONSULT
22 WITH AN ATTORNEY OF YOUR OWN CHOOS-
23 ING BEFORE SIGNING THIS CONTRACT. BY
24 PROCEEDING WITHOUT THE ADVICE OF AN
25 ATTORNEY REGISTERED TO PRACTICE BE-

1 FORE THE UNITED STATES PATENT AND
2 TRADEMARK OFFICE, YOU COULD LOSE
3 ANY RIGHTS YOU MIGHT HAVE IN YOUR
4 IDEA OR INVENTION.’.

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

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

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

21 “With respect to every contract for invention pro-
22 motion services, the invention promoter shall deliver to the
23 customer at the address specified in the contract, at least
24 once every 3 months throughout the term of the contract,
25 a written report that identifies the contract and includes—

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

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

13 **“§ 55. Mandatory contract terms**

14 “(a) MANDATORY TERMS.—Each contract for inven-
15 tion promotion services shall include in boldface type of
16 not less than 12-point size—

17 “(1) the terms and conditions of payment and
18 contract termination rights required under section
19 52;

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

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

1 “(4) a statement as to whether the invention
2 promoter undertakes to construct, sell, or distribute
3 one or more prototypes, models, or devices embody-
4 ing the invention of the customer;

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

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

19 “(7) the name and address of the custodian of
20 all records and correspondence relating to the con-
21 tracted for invention promotion services, and a state-
22 ment that the invention promoter is required to
23 maintain all records and correspondence relating to
24 performance of the invention promotion services for

1 such customer for a period of not less than 2 years
2 after expiration of the term of such contract; and

3 “(8) a statement setting forth a time schedule
4 for performance of the invention promotion services,
5 including an estimated date in which such perform-
6 ance is expected to be completed.

7 “(b) INVENTION PROMOTER AS FIDUCIARY.—To the
8 extent that the description of the specific acts or services
9 affords discretion to the invention promoter with respect
10 to what specific acts or services shall be performed, the
11 invention promoter shall be deemed a fiduciary.

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

18 **“§ 56. Remedies**

19 “(a) IN GENERAL.—(1) Any contract for invention
20 promotion services that does not comply with the applica-
21 ble provisions of this chapter shall be voidable at the op-
22 tion of the customer.

23 “(2) Any contract for invention promotion services
24 entered into in reliance upon any material false, fraudu-
25 lent, or misleading information, representation, notice, or

1 advertisement of the invention promoter (or any agent,
2 employee, officer, director, partner, or independent con-
3 tractor of such invention promoter) shall be voidable at
4 the option of the customer.

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

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

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

1 moter) in addition to reasonable costs and attorneys' fees,
2 the greater of—

3 “(A) \$5,000; or

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

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

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

16 **“§ 57. Records of complaints**

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

22 “(b) REQUEST FOR COMPLAINTS.—The Director
23 may request complaints relating to invention promotion
24 services from any Federal or State agency and include
25 such complaints in the records maintained under sub-

1 section (a), together with any response of the invention
2 promoters.

3 **“§ 58. Fraudulent representation by an invention pro-**
4 **moter**

5 “Whoever, in providing invention promotion services,
6 knowingly provides any false or misleading statement, rep-
7 resentation, or omission of material fact to a customer or
8 fails to make all the disclosures required under this chap-
9 ter, shall be guilty of a misdemeanor and fined not more
10 than \$10,000 for each offense.

11 **“§ 59. Rule of construction**

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

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

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

“5. Invention Promotion Services 51”.

20 **SEC. 404. EFFECTIVE DATE.**

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

1 **TITLE V—MISCELLANEOUS**
2 **IMPROVEMENTS**

3 **SEC. 501. 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). Subject to section 119(e)(3) of this title,
11 if no such request is made, the provisional applica-
12 tion shall be regarded as abandoned 12 months after
13 the filing date of such application and shall not be
14 subject to revival thereafter.”.

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

18 **SEC. 502. INTERNATIONAL APPLICATIONS.**

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

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

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

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

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

10 “(1) the term ‘WTO member country’ has the
11 same meaning as the term is defined in section
12 104(b)(2) of this title; and

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

16 **SEC. 503. PLANT PATENTS.**

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

20 (b) RIGHTS IN PLANT PATENTS.—The text of section
21 163 of title 35, United States Code, is amended to read
22 as follows: “In the case of a plant patent, the grant shall
23 include the right to exclude others from asexually repro-
24 ducing the plant, and from using, offering for sale, or sell-
25 ing the plant so reproduced, or any of its parts, through-

1 out the United States, or from importing the plant so re-
2 produced, or any parts thereof, into the United States.”.

3 (c) **EFFECTIVE DATE.**—The amendment made by
4 subsection (a) shall apply on the date of the enactment
5 of this Act. The amendment made by subsection (b) shall
6 apply to any plant patent issued on or after the date of
7 the enactment of this Act.

8 **SEC. 504. ELECTRONIC FILING.**

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

12 **SEC. 505. DIVISIONAL APPLICATIONS.**

13 (a) **IN GENERAL.**—Section 121 of title 35, United
14 States Code, is amended—

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

17 (2) by adding at the end the following new sub-
18 sections:

19 “(b) In a case in which restriction is required on the
20 ground that two or more independent and distinct inven-
21 tions are claimed in an application, the applicant shall be
22 entitled to submit an examination fee and request exam-
23 ination for each independent and distinct invention in ex-
24 cess of one. The examination fee shall be equal to the filing
25 fee, including excess claims fees, that would have applied

1 had the claims corresponding to the asserted independent
2 and distinct inventions been presented in a separate appli-
3 cation for patent. For each of the independent and distinct
4 inventions in excess of one for which the applicant pays
5 an examination fee within two months after the require-
6 ment for restriction, the Director shall cause an examina-
7 tion to be made and a notification of rejection or written
8 notice of allowance provided to the applicant within the
9 time period specified in section 154(b)(1)(B)(i) of this title
10 for the original application. Failure to meet this or any
11 other time limit set forth in section 154(b)(1)(B) of this
12 title shall be treated as an unusual administrative delay
13 under section 154(b)(1)(A)(iv) of this title.

14 “(c) An applicant who requests reconsideration of a
15 requirement for restriction under this section and submits
16 examination fees pursuant to such requirement shall, if
17 the requirement is determined to be improper, be entitled
18 to a refund of any examination fees determined to have
19 been paid pursuant to the requirement.”.

20 (b) **EFFECTIVE DATE.**—The amendments made by
21 subsection (a) shall take effect on the date that is 2 years
22 after the date of the enactment of this Act and shall apply
23 to applications for patent filed on or after such effective
24 date.

1 **SEC. 506. PUBLICATIONS.**

2 Section 11 of title 35, United States Code, is amend-
3 ed by adding at the end the following:

4 “(c) The Patent and Trademark Office shall make
5 available for public inspection during regular business
6 hours all solicitations issued by the Office for contracts
7 for goods or services, and all contracts entered into by the
8 Office for goods or services.”.

Passed the House of Representatives April 24, 1997.

Attest:

ROBIN H. CARLE,

Clerk.