

Union Calendar No. 27

105TH CONGRESS
1ST Session

H. R. 400

[Report No. 105-39]

A BILL

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

MARCH 20, 1997

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

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IN THE HOUSE OF REPRESENTATIVES

JANUARY 9, 1997

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

MARCH 20, 1997

Additional sponsors: Mr. GEKAS, Mr. CANNON, Mr. CONDIT, Mrs. KELLY, Mr. BILBRAY, Mr. BERMAN, Mr. HORN, Mr. SENSENBRENNER, Mr. TOWNS, Mr. HYDE, Mr. SMITH of Oregon, Mr. LAHOOD, Ms. DEGETTE, Mr. HINCHEY, Mr. LEWIS of Georgia, Mr. WEXLER, Mr. DELAHUNT, Mr. FARR of California, Mrs. MEEK of Florida, Mr. HOUGHTON, Mr. NADLER, Ms. FURSE, Mr. FROST, Mr. CHAMBLISS, Mr. DELLUMS, Mrs. LOWEY, Ms. SLAUGHTER, Mr. DICKS, Mr. VENTO, Mr. ACKERMAN, Mr. GUTKNECHT, and Mr. BROWN of California

MARCH 20, 1997

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on January 9, 1997]

A BILL

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

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

3 **SECTION 1. SHORT TITLE.**

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

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

Sec. 1. Short title.

Sec. 2. Table of contents.

TITLE I—PATENT AND TRADEMARK OFFICE MODERNIZATION

Sec. 101. Short title.

Subtitle A—United States Patent and Trademark Office

Sec. 111. Establishment of Patent and Trademark Office as a Government cor-
poration.

Sec. 112. Powers and duties.

Sec. 113. Organization and management.

Sec. 114. Management Advisory Board.

Sec. 115. Conforming amendments.

Sec. 116. Trademark Trial and Appeal Board.

Sec. 117. Board of Patent Appeals and Interferences.

Sec. 118. Suits by and against the Office.

Sec. 119. Annual report of Director.

Sec. 120. Suspension or exclusion from practice.

Sec. 121. Funding.

Sec. 122. Extension of surcharges on patent fees.

Sec. 123. Transfers.

Sec. 124. GAO study and report.

Subtitle B—Effective Date; Technical Amendments

Sec. 131. Effective date.

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Subtitle C—Miscellaneous Provisions

- Sec. 141. References.*
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Sec. 144. Transfer of assets.
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Sec. 146. Authority of Director of the Office of Management and Budget with respect to functions transferred.
Sec. 147. Certain vesting of functions considered transfers.
Sec. 148. Availability of existing funds.
Sec. 149. Definitions.

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

- Sec. 201. Short title.*
Sec. 202. Publication.
Sec. 203. Time for claiming benefit of earlier filing date.
Sec. 204. Provisional rights.
Sec. 205. Prior art effect of published applications.
Sec. 206. Cost recovery for publication.
Sec. 207. Conforming changes.
Sec. 208. Patent term extension authority.
Sec. 209. Further examination of patent applications.
Sec. 210. Last day of pendency of provisional application.
Sec. 211. Reporting requirement.
Sec. 212. Effective date.

TITLE III—PROTECTION FOR PRIOR DOMESTIC USERS OF PATENTED TECHNOLOGIES

- Sec. 301. Short title.*
Sec. 302. Defense to patent infringement based on prior domestic commercial or research use.
Sec. 303. Effective date and applicability.

TITLE IV—ENHANCED PROTECTION OF INVENTORS' RIGHTS

- Sec. 401. Short title.*
Sec. 402. Invention development services.
Sec. 403. Technical and conforming amendment.
Sec. 404. Effective date.

TITLE V—IMPROVED REEXAMINATION PROCEDURES

- Sec. 501. Short title.*
Sec. 502. Definitions.
Sec. 503. Reexamination procedures.
Sec. 504. Conforming amendments.
Sec. 505. Effective date.

TITLE VI—MISCELLANEOUS IMPROVEMENTS

- Sec. 601. Provisional applications.*
Sec. 602. International applications.
Sec. 603. Plant patents.

Sec. 604. Electronic filing.

Sec. 605. Divisional applications.

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 Trademark*
6 *Office Modernization Act”.*

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

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

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

13 **“§ 1. Establishment**

14 *“(a) ESTABLISHMENT.—The United States Patent and*
15 *Trademark Office is established as a wholly owned Govern-*
16 *ment corporation subject to chapter 91 of title 31, separate*
17 *from any department of the United States, and shall be an*
18 *agency of the United States under the policy direction of*
19 *the Secretary of Commerce. For purposes of internal man-*
20 *agement, the United States Patent and Trademark Office*
21 *shall be a corporate body not subject to direction or super-*
22 *vision by any department of the United States, except as*
23 *otherwise provided in this title.*

1 “(b) *OFFICES.*—*The United States Patent and Trade-*
2 *mark Office shall maintain its principal office in the metro-*
3 *politan Washington, D.C. area, for the service of process*
4 *and papers and for the purpose of carrying out its func-*
5 *tions. The United States Patent and Trademark Office shall*
6 *be deemed, for purposes of venue in civil actions, to be a*
7 *resident of the district in which its principal office is lo-*
8 *cated, except where jurisdiction is otherwise provided by*
9 *law. The United States Patent and Trademark Office may*
10 *establish satellite offices in such other places as it considers*
11 *necessary and appropriate in the conduct of its business.*

12 “(c) *REFERENCE.*—*For purposes of this title, the Unit-*
13 *ed States Patent and Trademark Office shall also be re-*
14 *ferred to as the ‘Office’ and the ‘Patent and Trademark Of-*
15 *fice’.*”.

16 **SEC. 112. POWERS AND DUTIES.**

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

19 **“§2. Powers and duties**

20 “(a) *IN GENERAL.*—*The United States Patent and*
21 *Trademark Office, under the policy direction of the Sec-*
22 *retary of Commerce—*

23 “(1) *shall be responsible for the granting and is-*
24 *ssuing of patents and the registration of trademarks;*

1 “(2) may conduct studies, programs, or ex-
2 changes of items or services regarding domestic and
3 international law of patents, trademarks, and other
4 matters, the administration of the Office, or any func-
5 tion vested in the Office by law, including programs
6 to recognize, identify, assess, and forecast the tech-
7 nology of patented inventions and their utility to in-
8 dustry;

9 “(3)(A) may authorize or conduct studies and
10 programs cooperatively with foreign patent and
11 trademark offices and international organizations, in
12 connection with patents, trademarks, and other mat-
13 ters; and

14 “(B) with the concurrence of the Secretary of
15 State, may authorize the transfer of not to exceed
16 \$100,000 in any year to the Department of State for
17 the purpose of making special payments to inter-
18 national intergovernmental organizations for studies
19 and programs for advancing international coopera-
20 tion concerning patents, trademarks, and other mat-
21 ters; and

22 “(4) shall be responsible for disseminating to the
23 public information with respect to patents and trade-
24 marks.

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

7 “(b) *SPECIFIC POWERS.—The Office—*

8 “(1) *shall have perpetual succession;*

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

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

17 “(4) *may indemnify the Director, and other offi-*
18 *cers, attorneys, agents, and employees (including*
19 *members of the Management Advisory Board estab-*
20 *lished in section 5) of the Office for liabilities and*
21 *expenses incurred within the scope of their employ-*
22 *ment;*

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

1 “(A) shall govern the manner in which its
2 business will be conducted and the powers grant-
3 ed to it by law will be exercised;

4 “(B) shall be made after notice and oppor-
5 tunity for full participation by interested public
6 and private parties;

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

13 “(D) may govern the recognition and con-
14 duct of agents, attorneys, or other persons rep-
15 resenting applicants or other parties before the
16 Office, and may require them, before being recog-
17 nized as representatives of applicants or other
18 persons, to show that they are of good moral
19 character and reputation and are possessed of
20 the necessary qualifications to render to appli-
21 cants or other persons valuable service, advice,
22 and assistance in the presentation or prosecution
23 of their applications or other business before the
24 Office; and

1 “(E) recognize the public interest in con-
2 tinuing to safeguard broad access to the United
3 States patent system through the reduced fee
4 structure for small entities under section
5 41(h)(1) of this title;

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

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

20 “(B) may enter into and perform such purchases
21 and contracts for printing services, including the
22 process of composition, platemaking, presswork, silk
23 screen processes, binding, microform, and the products
24 of such processes, as it considers necessary to carry
25 out the functions of the Office, without regard to sec-

1 *tions 501 through 517 and 1101 through 1123 of title*
2 *44;*

3 *“(8) may use, with their consent, services, equip-*
4 *ment, personnel, and facilities of other departments,*
5 *agencies, and instrumentalities of the Federal Govern-*
6 *ment, on a reimbursable basis, and cooperate with*
7 *such other departments, agencies, and instrumentality-*
8 *ties in the establishment and use of services, equip-*
9 *ment, and facilities of the Office;*

10 *“(9) may obtain from the Administrator of Gen-*
11 *eral Services such services as the Administrator is au-*
12 *thorized to provide to other agencies of the United*
13 *States, on the same basis as those services are pro-*
14 *vided to other agencies of the United States;*

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

23 *“(11) may determine the character of and the ne-*
24 *cessity for its obligations and expenditures and the*
25 *manner in which they shall be incurred, allowed, and*

1 *paid, subject to the provisions of this title and the Act*
2 *of July 5, 1946 (commonly referred to as the ‘Trade-*
3 *mark Act of 1946’);*

4 *“(12) may retain and use all of its revenues and*
5 *receipts, including revenues from the sale, lease, or*
6 *disposal of any real, personal, or mixed property, or*
7 *any interest therein, of the Office, including for re-*
8 *search and development and capital investment, sub-*
9 *ject to the provisions of section 10101 of the Omnibus*
10 *Budget Reconciliation Act of 1990 (35 U.S.C. 41*
11 *note);*

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

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

18 *“(15) may execute, in accordance with its by-*
19 *laws, rules, and regulations, all instruments necessary*
20 *and appropriate in the exercise of any of its powers;*
21 *and*

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

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

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

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

10 **“§3. Officers and employees**

11 “(a) *DIRECTOR.*—

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

22 “(2) *DUTIES.*—

23 “(A) *IN GENERAL.*—The Director shall be
24 responsible for the management and direction of
25 the Office, including the issuance of patents and

1 *the registration of trademarks, and shall perform*
2 *these duties in a fair, impartial, and equitable*
3 *manner.*

4 “(B) *ADVISING THE PRESIDENT.—The Di-*
5 *rector shall advise the President, through the*
6 *Secretary of Commerce, of all activities of the Of-*
7 *fice undertaken in response to obligations of the*
8 *United States under treaties and executive agree-*
9 *ments, or which relate to cooperative programs*
10 *with those authorities of foreign governments*
11 *that are responsible for granting patents or reg-*
12 *istering trademarks. The Director shall also rec-*
13 *ommend to the President, through the Secretary*
14 *of Commerce, changes in law or policy which*
15 *may improve the ability of United States citi-*
16 *zens to secure and enforce patent rights or trade-*
17 *mark rights in the United States or in foreign*
18 *countries.*

19 “(C) *CONSULTING WITH THE MANAGEMENT*
20 *ADVISORY BOARD.—The Director shall consult*
21 *with the Management Advisory Board estab-*
22 *lished in section 5 on a regular basis on matters*
23 *relating to the operation of the Office, and shall*
24 *consult with the Advisory Board before submit-*
25 *ting budgetary proposals to the Office of Man-*

1 *agement and Budget or changing or proposing to*
2 *change patent or trademark user fees or patent*
3 *or trademark regulations.*

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

10 “(3) *TERM.—The Director shall serve a term of*
11 *5 years, and may continue to serve after the expira-*
12 *tion of the Director’s term until a successor is ap-*
13 *pointed and assumes office. The Director may be re-*
14 *appointed to subsequent terms.*

15 “(4) *OATH.—The Director shall, before taking of-*
16 *fice, take an oath to discharge faithfully the duties of*
17 *the Office.*

18 “(5) *COMPENSATION.—The Director shall receive*
19 *compensation at the rate of pay in effect for level III*
20 *of the Executive Schedule under section 5314 of title*
21 *5 and, in addition, may receive as a bonus, an*
22 *amount which would raise the Director’s total com-*
23 *ensation to not more than the equivalent of the level*
24 *of the rate of pay in effect for level I of the Executive*
25 *Schedule under section 5312 of title 5, based upon*

1 *an evaluation by the Secretary of Commerce of the*
2 *Director’s performance as defined in an annual per-*
3 *formance agreement between the Director and the Sec-*
4 *retary. The annual performance agreement shall in-*
5 *corporate measurable goals as delineated in an an-*
6 *nual performance plan agreed to by the Director and*
7 *the Secretary.*

8 “(6) *REMOVAL.—The Director may be removed*
9 *from office by the President. The President shall pro-*
10 *vide notification of any such removal to both Houses*
11 *of Congress.*

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

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

18 “(1) *COMMISSIONERS.—The Director shall ap-*
19 *point a Commissioner for Patents and a Commis-*
20 *sioner for Trademarks for terms that shall expire on*
21 *the date on which the Director’s term expires. The*
22 *Commissioner for Patents shall be a person with dem-*
23 *onstrated experience in patent law and the Commis-*
24 *sioner for Trademarks shall be a person with dem-*
25 *onstrated experience in trademark law. The Commis-*

1 *sioner for Patents and the Commissioner for Trade-*
2 *marks shall be the principal policy and management*
3 *advisers to the Director on all aspects of the activities*
4 *of the Office that affect the administration of patent*
5 *and trademark operations, respectively.*

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

8 *“(A) appoint such officers, employees (in-*
9 *cluding attorneys), and agents of the Office as*
10 *the Director considers necessary to carry out the*
11 *functions of the Office; and*

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

16 *The Office shall not be subject to any administra-*
17 *tively or statutorily imposed limitation on positions*
18 *or personnel, and no positions or personnel of the Of-*
19 *fice shall be taken into account for purposes of apply-*
20 *ing any such limitation.*

21 *“(c) CONTINUED APPLICABILITY OF TITLE 5.—Officers*
22 *and employees of the Office shall be subject to the provisions*
23 *of title 5 relating to Federal employees. Section 2302 of title*
24 *5 applies to the Office, notwithstanding subsection*
25 *(a)(2)(B)(i) of such section.*

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

6 “(e) *CARRYOVER OF PERSONNEL.*—

7 “(1) *FROM PTO.*—*Effective as of the effective*
8 *date of the Patent and Trademark Office Moderniza-*
9 *tion Act, all officers and employees of the Patent and*
10 *Trademark Office on the day before such effective date*
11 *shall become officers and employees of the Office,*
12 *without a break in service.*

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

19 “(A) *such individual serves in a position*
20 *for which a major function is the performance of*
21 *work reimbursed by the Patent and Trademark*
22 *Office, as determined by the Secretary of Com-*
23 *merce;*

24 “(B) *such individual serves in a position*
25 *that performed work in support of the Patent*

1 *and Trademark Office during at least half of the*
2 *incumbent's work time, as determined by the*
3 *Secretary of Commerce; or*

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

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

11 “(3) *ACCUMULATED LEAVE.*—*The amount of sick*
12 *and annual leave and compensatory time accumu-*
13 *lated under title 5 before the effective date described*
14 *in paragraph (1), by those becoming officers or em-*
15 *ployees of the Office pursuant to this subsection, are*
16 *obligations of the Office.*

17 “(f) *TRANSITION PROVISIONS.*—

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

1 pointed by the Speaker of the House of Representa-
2 tives, and 4 of whom shall be appointed by the major-
3 ity leader of the Senate. Not more than 3 of the 4
4 members appointed by each appointing authority
5 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 with-
17 in 3 months after the effective date of the Patent and
18 Trademark Office Modernization Act, and vacancies
19 shall be filled within 3 months after they occur.

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

1 *member may serve after the expiration of that mem-*
2 *ber's term until a successor is appointed.*

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

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

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

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

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

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

1 “(2) *within 60 days after the end of each fiscal*
2 *year, prepare an annual report on the matters re-*
3 *ferred to in paragraph (1), transmit the report to the*
4 *President and the Committees on the Judiciary of the*
5 *Senate and the House of Representatives, and publish*
6 *the report in the Patent and Trademark Office Offi-*
7 *cial Gazette.*

8 “(f) *COMPENSATION.—Members of the Advisory Board*
9 *shall be compensated for each day (including travel time)*
10 *during which they are attending meetings or conferences of*
11 *the Advisory Board or otherwise engaged in the business*
12 *of the Advisory Board, at the rate which is the daily equiva-*
13 *lent of the annual rate of basic pay in effect for level III*
14 *of the Executive Schedule under section 5314 of title 5, and*
15 *while away from their homes or regular places of business*
16 *they may be allowed travel expenses, including per diem*
17 *in lieu of subsistence, as authorized by section 5703 of title*
18 *5.*

19 “(g) *ACCESS TO INFORMATION.—Members of the Advi-*
20 *sory Board shall be provided access to records and informa-*
21 *tion in the United States Patent and Trademark Office, ex-*
22 *cept for personnel or other privileged information and in-*
23 *formation concerning patent applications required to be*
24 *kept in confidence by section 122.”.*

1 **SEC. 115. CONFORMING AMENDMENTS.**

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

4 (b) *REGULATIONS FOR AGENTS AND ATTORNEYS.*—
5 Section 31 of title 35, United States Code, and the item
6 relating to such section in the table of sections for chapter
7 3 of title 35, United States Code, are repealed.

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

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

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

18 “(b) The Trademark Trial and Appeal Board shall in-
19 clude the Director, the Commissioner for Patents, the Com-
20 missioner for Trademarks, and administrative trademark
21 judges who are appointed by the Director.”.

22 **SEC. 117. BOARD OF PATENT APPEALS AND INTER-**
23 **FERENCES.**

24 Chapter 1 of title 35, United States Code, is amended
25 by striking section 7 and inserting after section 5 the follow-
26 ing:

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

2 “(a) *ESTABLISHMENT AND COMPOSITION.*—There shall
3 be in the United States Patent and Trademark Office a
4 Board of Patent Appeals and Interferences. The Director,
5 the Commissioner for Patents, the Commissioner for Trade-
6 marks, and the administrative patent judges shall con-
7 stitute the Board. The administrative patent judges shall
8 be persons of competent legal knowledge and scientific abil-
9 ity who are appointed by the Director.

10 “(b) *DUTIES.*—The Board of Patent Appeals and
11 Interferences shall, on written appeal of an applicant, re-
12 view adverse decisions of examiners upon applications for
13 patents and shall determine priority and patentability of
14 invention in interferences declared under section 135(a).
15 Each appeal and interference shall be heard by at least 3
16 members of the Board, who shall be designated by the Direc-
17 tor. Only the Board of Patent Appeals and Interferences
18 may grant rehearings.”.

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

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

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

24 “(a) *ACTIONS UNDER UNITED STATES LAW.*—Any
25 civil action or proceeding to which the United States Patent
26 and Trademark Office is a party is deemed to arise under

1 *the laws of the United States. The Federal courts shall have*
2 *exclusive jurisdiction over all civil actions by or against*
3 *the Office.*

4 “(b) *REPRESENTATION BY THE DEPARTMENT OF JUS-*
5 *TICE.—The United States Patent and Trademark Office*
6 *shall be deemed an agency of the United States for purposes*
7 *of section 516 of title 28.*

8 “(c) *PROHIBITION ON ATTACHMENT, LIENS, ETC.—No*
9 *attachment, garnishment, lien, or similar process, inter-*
10 *mediate or final, in law or equity, may be issued against*
11 *property of the Office.”.*

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

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

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

16 *“The Director shall report to the Congress, not later*
17 *than 180 days after the end of each fiscal year, the moneys*
18 *received and expended by the Office, the purposes for which*
19 *the moneys were spent, the quality and quantity of the work*
20 *of the Office, and other information relating to the Office.*
21 *The report under this section shall also meet the require-*
22 *ments of section 9106 of title 31, to the extent that such*
23 *requirements are not inconsistent with the preceding sen-*
24 *tence. The report required under this section shall not be*
25 *deemed to be the report of the United States Patent and*

1 *Trademark Office under section 9106 of title 31, and the*
2 *Director shall file a separate report under such section.”.*

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

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

10 **SEC. 121. FUNDING.**

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

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

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

18 *“(b) USE OF MONEYS.—Moneys from fees shall be*
19 *available to the United States Patent and Trademark Office*
20 *to carry out, to the extent provided in appropriations Acts,*
21 *the functions of the Office. Moneys of the Office not other-*
22 *wise used to carry out the functions of the Office shall be*
23 *kept in cash on hand or on deposit, or invested in obliga-*
24 *tions of the United States or guaranteed by the United*
25 *States, or in obligations or other instruments which are*

1 *lawful investments for fiduciary, trust, or public funds. Fees*
2 *available to the Office under this title shall be used for the*
3 *processing of patent applications and for other services and*
4 *materials relating to patents. Fees available to the Office*
5 *under section 31 of the Act of July 5, 1946 (commonly re-*
6 *ferred to as the ‘Trademark Act of 1946’; 15 U.S.C. 1113),*
7 *shall be used only for the processing of trademark registra-*
8 *tions and for other services and materials relating to trade-*
9 *marks.*

10 “(c) *BORROWING AUTHORITY.—The United States*
11 *Patent and Trademark Office is authorized to issue from*
12 *time to time for purchase by the Secretary of the Treasury*
13 *its debentures, bonds, notes, and other evidences of indebted-*
14 *ness (hereafter in this subsection referred to as ‘obligations’)*
15 *to assist in financing its activities. Borrowing under this*
16 *subsection shall be subject to prior approval in appropria-*
17 *tions Acts. Such borrowing shall not exceed amounts ap-*
18 *proved in appropriations Acts. Any borrowing under this*
19 *subsection shall be repaid only from fees paid to the Office*
20 *and surcharges appropriated by the Congress. Such obliga-*
21 *tions shall be redeemable at the option of the Office before*
22 *maturity in the manner stipulated in such obligations and*
23 *shall have such maturity as is determined by the Office with*
24 *the approval of the Secretary of the Treasury. Each such*
25 *obligation issued to the Treasury shall bear interest at a*

1 rate not less than the current yield on outstanding market-
2 able obligations of the United States of comparable matu-
3 rity during the month preceding the issuance of the obliga-
4 tion as determined by the Secretary of the Treasury. The
5 Secretary of the Treasury shall purchase any obligations
6 of the Office issued under this subsection and for such pur-
7 pose the Secretary of the Treasury is authorized to use as
8 a public-debt transaction the proceeds of any securities is-
9 sued under chapter 31 of title 31, and the purposes for
10 which securities may be issued under that chapter are ex-
11 tended to include such purpose. Payment under this sub-
12 section of the purchase price of such obligations of the Unit-
13 ed States Patent and Trademark Office shall be treated as
14 public debt transactions of the United States.”.

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

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

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

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

1 “(b) *USE OF SURCHARGES.*—*Notwithstanding section*
2 *3302 of title 31, United States Code, all surcharges collected*
3 *by the Patent and Trademark Office—*

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

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

13 “(3) *shall remain available until expended.*

14 “(c) *ESTABLISHMENT OF SURCHARGES.*—*The Director*
15 *of the United States Patent and Trademark Office shall es-*
16 *tablish surcharges under subsection (a), subject to the provi-*
17 *sions of section 553 of title 5, United States Code, in order*
18 *to ensure that \$119,000,000, but not more than*
19 *\$119,000,000, are collected in fiscal year 1999 and each fis-*
20 *cal year thereafter.*

21 “(d) *APPROPRIATIONS ACT REQUIRED.*—*Notwith-*
22 *standing subsections (a) through (c), no fee established by*
23 *subsection (a) shall be collected nor shall be available for*
24 *spending without prior authorization in appropriations*
25 *Acts.”.*

1 (b) *EFFECTIVE DATE.*—*The amendment made by sub-*
2 *section (a) shall take effect on October 1, 1998.*

3 **SEC. 123. TRANSFERS.**

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

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

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

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

7 *(1) the operations of the Patent and Trademark*
 8 *Office as a Government corporation; and*

9 *(2) the feasibility and desirability of making the*
 10 *trademark operations of the Patent and Trademark*
 11 *Office a separate Government corporation or agency.*

12 ***Subtitle B—Effective Date;***
 13 ***Technical Amendments***

14 **SEC. 131. EFFECTIVE DATE.**

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

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

19 *(a) AMENDMENTS TO TITLE 35.—*

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

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

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

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

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

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

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

8 **“CHAPTER 1—ESTABLISHMENT, OFFICERS**
 9 **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.”.

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

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

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

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

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

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

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 “The*
17 *term ‘Commissioner’ means the Commissioner of Pat-*
18 *ents and Trademarks.” and inserting “The term ‘Di-*
19 *rector’ means the Director of the United States Patent*
20 *and Trademark Office.”.*

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

1 *missioner” each place it appears and inserting “Di-*
2 *rector”.*

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

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

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

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

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

15 *(5) Section 5316 of title 5, United States Code*
16 *(5 U.S.C. 5316) is amended by striking “Commis-*
17 *sioner of Patents, Department of Commerce.”, “Dep-*
18 *uty Commissioner of Patents and Trademarks.”, “As-*
19 *stant Commissioner for Patents.”, and “Assistant*
20 *Commissioner for Trademarks.”.*

21 *(6) Section 9(p)(1)(B) of the Small Business Act*
22 *(15 U.S.C. 638(p)(1)(B)) is amended to read as fol-*
23 *lows:*

24 *“(B) the Director of the United States Pat-*
25 *ent and Trademark Office; and”.*

1 (7) *Section 12 of the Act of February 14, 1903*
2 *(15 U.S.C. 1511) is amended by striking “(d) Patent*
3 *and Trademark Office;” and redesignating subsections*
4 *(a) through (g) as paragraphs (1) through (6), respec-*
5 *tively.*

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

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

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

14 (9) *Section 182(b)(2)(A) of the Trade Act of*
15 *1974 (19 U.S.C. 2242(b)(2)(A)) is amended by strik-*
16 *ing “Commissioner of Patents and Trademarks” and*
17 *inserting “Director of the United States Patent and*
18 *Trademark Office”.*

19 (10) *Section 302(b)(2)(D) of the Trade Act of*
20 *1974 (19 U.S.C. 2412(b)(2)(D)) is amended by strik-*
21 *ing “Commissioner of Patents and Trademarks” and*
22 *inserting “Director of the United States Patent and*
23 *Trademark Office”.*

24 (11) *The Act of April 12, 1892 (27 Stat. 395; 20*
25 *U.S.C. 91) is amended by striking “Patent Office”*

1 and inserting “United States Patent and Trademark
2 Office”.

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

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

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

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

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

23 (B) in subparagraph (B) by striking “Com-
24 missioner of Patents and Trademarks” and in-

1 serting “Director of the United States Patent
2 and Trademark Office”.

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

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

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

12 (C) by striking “Commissioner” and insert-
13 ing “Director”.

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

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

22 (19) Section 151 of the Atomic Energy Act of
23 1954 (42 U.S.C. 2181) is amended in subsections c.
24 and d. by striking “Commissioner of Patents” and in-

1 serting “Director of the United States Patent and
2 Trademark Office”.

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

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

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

16 (B) by striking “Commissioner” each subse-
17 quent place it appears and inserting “Director”.

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

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

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

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

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

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

15 (28) *Section 11 of the Inspector General Act of*
16 *1978 (5 U.S.C. App.) is amended—*

17 (A) *in paragraph (1)—*

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

21 (ii) *by striking “and” before “the*
22 *Chairperson of the Federal Deposit Insur-*
23 *ance Corporation;”;*

24 (iii) *by striking “or” before “the Com-*
25 *missioner of Social Security;” and*

1 (iv) by inserting “or the Director of the
2 United States Patent and Trademark Of-
3 fice;” after “Social Security Administra-
4 tion;”; and

5 (B) in paragraph (2)—

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

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

12 **Subtitle C—Miscellaneous**
13 **Provisions**

14 **SEC. 141. REFERENCES.**

15 (a) *IN GENERAL.*—Any reference in any other Federal
16 law, Executive order, rule, regulation, or delegation of au-
17 thority, or any document of or pertaining to a department
18 or office from which a function is transferred by this title—

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

22 (2) to such department or office is deemed to
23 refer to the department or office to which such func-
24 tion is transferred.

1 (b) *SPECIFIC REFERENCES.*—Any reference in any
2 other Federal law, Executive order, rule, regulation, or dele-
3 gation of authority, or any document of or pertaining to
4 the Patent and Trademark Office—

5 (1) to the Commissioner of Patents and Trade-
6 marks is deemed to refer to the Director of the United
7 States Patent and Trademark Office;

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

10 (3) to the Assistant Commissioner for Trade-
11 marks is deemed to refer to the Commissioner for
12 Trademarks.

13 **SEC. 142. EXERCISE OF AUTHORITIES.**

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

22 **SEC. 143. SAVINGS PROVISIONS.**

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

1 (1) *that have been issued, made, granted, or al-*
2 *lowed to become effective by the President, the Sec-*
3 *retary of Commerce, any officer or employee of any*
4 *office transferred by this title, or any other Govern-*
5 *ment official, or by a court of competent jurisdiction,*
6 *in the performance of any function that is transferred*
7 *by this title, and*

8 (2) *that are in effect on the effective date of such*
9 *transfer (or become effective after such date pursuant*
10 *to their terms as in effect on such effective date),*
11 *shall continue in effect according to their terms until modi-*
12 *fied, terminated, superseded, set aside, or revoked in accord-*
13 *ance with law by the President, any other authorized offi-*
14 *cial, a court of competent jurisdiction, or operation of law.*

15 (b) *PROCEEDINGS.*—*This title shall not affect any pro-*
16 *ceedings or any application for any benefits, service, license,*
17 *permit, certificate, or financial assistance pending on the*
18 *effective date of this title before an office transferred by this*
19 *title, but such proceedings and applications shall be contin-*
20 *ued. Orders shall be issued in such proceedings, appeals*
21 *shall be taken therefrom, and payments shall be made pur-*
22 *suant to such orders, as if this title had not been enacted,*
23 *and orders issued in any such proceeding shall continue in*
24 *effect until modified, terminated, superseded, or revoked by*
25 *a duly authorized official, by a court of competent jurisdic-*

1 tion, or by operation of law. Nothing in this subsection shall
2 be considered to prohibit the discontinuance or modification
3 of any such proceeding under the same terms and condi-
4 tions and to the same extent that such proceeding could have
5 been discontinued or modified if this title had not been en-
6 acted.

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

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

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

1 (f) *ADMINISTRATIVE PROCEDURE AND JUDICIAL RE-*
2 *VIEW.—Except as otherwise provided by this title, any stat-*
3 *utory requirements relating to notice, hearings, action upon*
4 *the record, or administrative or judicial review that apply*
5 *to any function transferred by this title shall apply to the*
6 *exercise of such function by the head of the Federal agency,*
7 *and other officers of the agency, to which such function is*
8 *transferred by this title.*

9 **SEC. 144. TRANSFER OF ASSETS.**

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

19 **SEC. 145. DELEGATION AND ASSIGNMENT.**

20 *Except as otherwise expressly prohibited by law or oth-*
21 *erwise provided in this title, an official to whom functions*
22 *are transferred under this title (including the head of any*
23 *office to which functions are transferred under this title)*
24 *may delegate any of the functions so transferred to such*
25 *officers and employees of the office of the official as the offi-*

1 cial may designate, and may authorize successive redelega-
2 tions of such functions as may be necessary or appropriate.
3 No delegation of functions under this section or under any
4 other provision of this title shall relieve the official to whom
5 a function is transferred under this title of responsibility
6 for the administration of the function.

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

10 (a) *DETERMINATIONS.*—If necessary, the Director of
11 the Office of Management and Budget shall make any deter-
12 mination of the functions that are transferred under this
13 title.

14 (b) *INCIDENTAL TRANSFERS.*—The Director of the Of-
15 fice of Management and Budget, at such time or times as
16 the Director shall provide, may make such determinations
17 as may be necessary with regard to the functions transferred
18 by this title, and to make such additional incidental dis-
19 positions of personnel, assets, liabilities, grants, contracts,
20 property, records, and unexpended balances of appropria-
21 tions, authorizations, allocations, and other funds held,
22 used, arising from, available to, or to be made available
23 in connection with such functions, as may be necessary to
24 carry out the provisions of this title. The Director shall pro-
25 vide for the termination of the affairs of all entities termi-

1 *nated by this title and for such further measures and dis-*
2 *positions as may be necessary to effectuate the purposes of*
3 *this title.*

4 **SEC. 147. CERTAIN VESTING OF FUNCTIONS CONSIDERED**
5 **TRANSFERS.**

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

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

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

16 **SEC. 149. DEFINITIONS.**

17 *For purposes of this title—*

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

21 *(2) the term “office” includes any office, admin-*
22 *istration, agency, bureau, institute, council, unit, or-*
23 *ganizational entity, or component thereof.*

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

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

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

10 **SEC. 202. PUBLICATION.**

11 *Section 122 of title 35, United States Code, is amended*
12 *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 *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 not*
15 *to release information concerning a published patent*
16 *application shall be final and nonreviewable.*

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

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

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

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

3 “(i) *Applications filed pursuant to section 363*
4 *of this title, applications asserting priority under sec-*
5 *tion 119 or 365(a) of this title, and applications as-*
6 *serting the benefit of an earlier application under sec-*
7 *tion 120, 121, or 365(c) of this title shall not be eligi-*
8 *ble for a request pursuant to this subparagraph.*

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

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

16 “(D)(i) *In a case in which an applicant, after*
17 *making a request under subparagraph (C)(i), deter-*
18 *mines to file an application in a foreign country, the*
19 *applicant shall notify the Director promptly. The ap-*
20 *plication shall then be published in accordance with*
21 *the provisions of paragraph (1).*

22 “(ii) *The Director may establish appropriate fees*
23 *to cover the costs of processing notifications under*
24 *clause (i), including the costs of any special handling*

1 upon which it is based, a translation if not in the English
2 language, and such other information as the Director con-
3 siders necessary. Any such certification shall be made by
4 the intellectual property authority in the foreign country
5 in which the foreign application was filed and show the
6 date of the application and of the filing of the specification
7 and other papers.”.

8 (b) *IN THE UNITED STATES.*—Section 120 of title 35,
9 United States Code, is amended by adding at the end the
10 following: “No application shall be entitled to the benefit
11 of an earlier filed application under this section unless an
12 amendment containing the specific reference to the earlier
13 filed application is submitted at such time during the pend-
14 ency of the application as is required by the Commissioner.
15 The Director may consider the failure to submit such an
16 amendment within that time period as a waiver of any ben-
17 efit under this section. The Director may establish proce-
18 dures, including the payment of a surcharge, to accept un-
19 avoidably late submissions of amendments under this sec-
20 tion.”.

21 **SEC. 204. PROVISIONAL RIGHTS.**

22 Section 154 of title 35, United States Code, is amend-
23 ed—

24 (1) in the section caption by inserting “; **provi-**
25 **sional rights**” after “**patent**”; and

1 (2) *by adding at the end the following new sub-*
2 *section:*

3 “(d) *PROVISIONAL RIGHTS.*—

4 “(1) *IN GENERAL.*—*In addition to other rights*
5 *provided by this section, a patent shall include the*
6 *right to obtain a reasonable royalty from any person*
7 *who, during the period beginning on the date of pub-*
8 *lication of the application for such patent pursuant*
9 *to section 122(b) of this title, or in the case of an*
10 *international application filed under the treaty de-*
11 *finied in section 351(a) of this title designating the*
12 *United States under Article 21(2)(a) of such treaty,*
13 *the date of publication of the application, and ending*
14 *on the date the patent is issued—*

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

19 “(ii) *if the invention as claimed in the pub-*
20 *lished patent application is a process, uses, offers*
21 *for sale, or sells in the United States or imports*
22 *into the United States products made by that*
23 *process as claimed in the published patent appli-*
24 *cation; and*

1 “(B) had actual notice of the published pat-
2 ent application and, where the right arising
3 under this paragraph is based upon an inter-
4 national application designating the United
5 States that is published in a language other than
6 English, a translation of the international appli-
7 cation into the English language.

8 “(2) *RIGHT BASED ON SUBSTANTIALLY IDEN-*
9 *TICAL INVENTIONS.*—The right under paragraph (1)
10 to obtain a reasonable royalty shall not be available
11 under this subsection unless the invention as claimed
12 in the patent is substantially identical to the inven-
13 tion as claimed in the published patent application.

14 “(3) *TIME LIMITATION ON OBTAINING A REASON-*
15 *ABLE ROYALTY.*—The right under paragraph (1) to
16 obtain a reasonable royalty shall be available only in
17 an action brought not later than 6 years after the
18 patent is issued. The right under paragraph (1) to ob-
19 tain a reasonable royalty shall not be affected by the
20 duration of the period described in paragraph (1).

21 “(4) *REQUIREMENTS FOR INTERNATIONAL APPLI-*
22 *CATIONS.*—The right under paragraph (1) to obtain
23 a reasonable royalty based upon the publication
24 under the treaty defined in section 351(a) of this title
25 of an international application designating the Unit-

1 *ed States shall commence from the date that the Pat-*
2 *ent and Trademark Office receives a copy of the pub-*
3 *lication under such treaty of the international appli-*
4 *cation, or, if the publication under the treaty of the*
5 *international application is in a language other than*
6 *English, from the date that the Patent and Trade-*
7 *mark Office receives a translation of the international*
8 *application in the English language. The Director*
9 *may require the applicant to provide a copy of the*
10 *international publication of the international appli-*
11 *cation and a translation thereof.”.*

12 **SEC. 205. PRIOR ART EFFECT OF PUBLISHED APPLICA-**
13 **TIONS.**

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

16 *“(e) the invention was described in—*

17 *“(1) an application for patent, published pursu-*
18 *ant to section 122(b) of this title, by another filed in*
19 *the United States before the invention by the appli-*
20 *cant for patent, except that an international applica-*
21 *tion filed under the treaty defined in section 351(a)*
22 *of this title shall have the effect under this subsection*
23 *of a national application published under section*
24 *122(b) of this title only if the international applica-*
25 *tion designating the United States was published*

1 *under Article 21(2)(a) of such treaty in the English*
2 *language, or*

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

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

7 *The Director of the United States Patent and Trade-*
8 *mark Office shall recover the cost of early publication re-*
9 *quired by the amendment made by section 202 by adjusting*
10 *the filing, issue, and maintenance fees under title 35, Unit-*
11 *ed States Code, by charging a separate publication fee, or*
12 *by any combination of these methods.*

13 **SEC. 207. CONFORMING CHANGES.**

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

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

19 (2) *Section 12 is amended—*

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

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

24 (3) *Section 13 is amended—*

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

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

5 (4) The items relating to sections 12 and 13 in
6 the table of sections for chapter 1, as amended by sec-
7 tion 132(a)(4) of this Act, are each amended by in-
8 serting “and applications” after “patents”.

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

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

16 (7) Section 181 is amended—

17 (A) in the first paragraph—

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

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

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

25 (C) in the third paragraph—

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

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

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

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

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

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

17 **“§374. Publication of international application: Ef-**
18 **fect**

19 “The publication under the treaty defined in section
20 351(a) of this title of an international application designat-
21 ing the United States shall confer the same rights and shall
22 have the same effect under this title as an application for
23 patent published under section 122(b), except as provided
24 in sections 102(e) and 154(d) of this title.”.

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

3 (A) *by inserting “(1)” after “(b)”;*

4 (B) *by striking “from the date on which the*
 5 *patent was granted” and inserting “after the*
 6 *date on which the patent is granted and the ap-*
 7 *plicant makes a prima facie showing of prior in-*
 8 *vention”;* and

9 (C) *by adding at the end the following:*

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

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

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

21 “(b) *TERM EXTENSION.—*

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

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

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

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

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

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

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

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

22 “(i) make a notification of the rejection
23 of any claim for a patent or any objection
24 or argument under section 132 of this title
25 or give or mail a written notice of allow-

1 *ance under section 151 of this title not later*
2 *than 14 months after the date on which the*
3 *application was filed;*

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

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

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

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

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

5 “(II) has responded to all rejec-
6 tions, objections, arguments, or other
7 requests of the Patent and Trademark
8 Office within 3 months after the date
9 on which they are made;

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

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

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

24 “(2) LIMITATIONS.—(A) The total duration of
25 any extensions granted pursuant to either clause (iii)

1 or (iv) of paragraph (1)(A) or both such clauses shall
2 not exceed 10 years. To the extent that periods of
3 delay attributable to grounds specified in paragraph
4 (1) overlap, the period of any extension granted under
5 this subsection shall not exceed the actual number of
6 days the issuance of the patent was delayed.

7 “(B) The period of extension of the term of a
8 patent under this subsection shall be reduced by a pe-
9 riod equal to the time in which the applicant failed
10 to engage in reasonable efforts to conclude prosecution
11 of the application. The Director shall prescribe regu-
12 lations establishing the circumstances that constitute
13 a failure of an applicant to engage in reasonable ef-
14 forts to conclude processing or examination of an ap-
15 plication in order to ensure that applicants are ap-
16 propriately compensated for any delays by the Patent
17 and Trademark Office in excess of the time periods
18 specified in paragraph (1)(B).

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

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

1 *regarding the impact of publication on the patent applica-*
2 *tions filed by an applicant who has been accorded the status*
3 *of independent inventor under section 41(h) of title 35,*
4 *United States Code. The report shall include information*
5 *concerning the frequency and number of initial and con-*
6 *tinuing patent applications, pendency, interferences, reex-*
7 *aminations, rejection, abandonment rates, fees, other ex-*
8 *penses, and other relevant information related to the pros-*
9 *ecution of patent applications.*

10 **SEC. 212. EFFECTIVE DATE.**

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

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

1 **TITLE III—PROTECTION FOR**
2 **PRIOR DOMESTIC USERS OF**
3 **PATENTED TECHNOLOGIES**

4 **SEC. 301. SHORT TITLE.**

5 *This title may be cited as the “Protection for Prior*
6 *Domestic Commercial and Research Users of Patented Tech-*
7 *nologies Act”.*

8 **SEC. 302. DEFENSE TO PATENT INFRINGEMENT BASED ON**
9 **PRIOR DOMESTIC COMMERCIAL OR RE-**
10 **SEARCH USE.**

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

14 **“§ 273. Prior domestic commercial or research use; de-**
15 **fense to infringement**

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

17 *“(1) the terms ‘commercially used’, ‘commer-*
18 *cially use’, and ‘commercial use’ mean the use in the*
19 *United States in commerce or the use in the design,*
20 *testing, or production in the United States of a prod-*
21 *uct or service which is used in commerce, whether or*
22 *not the subject matter at issue is accessible to or oth-*
23 *erwise known to the public;*

24 *“(2) in the case of activities performed by a non-*
25 *profit research laboratory, or nonprofit entity such as*

1 *a university, research center, or hospital, a use for*
2 *which the public is the intended beneficiary shall be*
3 *considered to be a use described in paragraph (1) if*
4 *the use is limited to activity that occurred within the*
5 *laboratory or nonprofit entity or by persons in priv-*
6 *ity with that laboratory or nonprofit entity before the*
7 *effective filing date of the application for patent at*
8 *issue, except that the use—*

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

12 *“(B) may not be asserted as a defense with*
13 *respect to any subsequent use by any entity other*
14 *than such laboratory, nonprofit entity, or per-*
15 *sons in privity;*

16 *“(3) the terms ‘used in commerce’, and ‘use in*
17 *commerce’ mean that there has been an actual sale or*
18 *other arm’s-length commercial transfer of the subject*
19 *matter at issue or that there has been an actual sale*
20 *or other arm’s-length commercial transfer of a prod-*
21 *uct or service resulting from the use of the subject*
22 *matter at issue; and*

23 *“(4) the ‘effective filing date’ of a patent is the*
24 *earlier of the actual filing date of the application for*
25 *the patent or the filing date of any earlier United*

1 *States, foreign, or international application to which*
2 *the subject matter at issue is entitled under section*
3 *119, 120, or 365 of this title.*

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

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

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

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

24 “(2) *NOT A GENERAL LICENSE.*—*The defense as-*
25 *serted by a person under this section is not a general*

1 *license under all claims of the patent at issue, but ex-*
2 *tends only to the subject matter claimed in the patent*
3 *with respect to which the person can assert a defense*
4 *under this chapter, except that the defense shall also*
5 *extend to variations in the quantity or volume of use*
6 *of the claimed subject matter, and to improvements in*
7 *the claimed subject matter that do not infringe addi-*
8 *tional specifically claimed subject matter of the pat-*
9 *ent.*

10 “(3) *EFFECTIVE AND SERIOUS PREPARATION.—*
11 *With respect to subject matter that cannot be commer-*
12 *cialized without a significant investment of time,*
13 *money, and effort, a person shall be deemed to have*
14 *commercially used the subject matter if—*

15 “(A) *before the effective filing date of the*
16 *patent, the person actually reduced the subject*
17 *matter to practice in the United States, com-*
18 *pleted a significant portion of the total invest-*
19 *ment necessary to commercially use the subject*
20 *matter, and made an arm’s-length commercial*
21 *transaction in the United States in connection*
22 *with the preparation to use the subject matter;*
23 *and*

24 “(B) *thereafter the person diligently com-*
25 *pleted the remainder of the activities and invest-*

1 *ments necessary to commercially use the subject*
2 *matter, and promptly began commercial use of*
3 *the subject matter, even if such activities were*
4 *conducted after the effective filing date of the*
5 *patent.*

6 “(4) *BURDEN OF PROOF.*—*A person asserting the*
7 *defense under this section shall have the burden of es-*
8 *tablishing the defense.*

9 “(5) *ABANDONMENT OF USE.*—*A person who has*
10 *abandoned commercial use of subject matter may not*
11 *rely on activities performed before the date of such*
12 *abandonment in establishing a defense under sub-*
13 *section (b) with respect to actions taken after the date*
14 *of such abandonment.*

15 “(6) *PERSONAL DEFENSE.*—*The defense under*
16 *this section may only be asserted by the person who*
17 *performed the acts necessary to establish the defense*
18 *and, except for any transfer to the patent owner, the*
19 *right to assert the defense shall not be licensed or as-*
20 *signed or transferred to another person except in con-*
21 *nection with the good faith assignment or transfer of*
22 *the entire enterprise or line of business to which the*
23 *defense relates.*

24 “(7) *ONE-YEAR LIMITATION.*—*A person may not*
25 *assert a defense under this section unless the subject*

1 *matter on which the defense is based had been com-*
2 *mercially used or actually reduced to practice more*
3 *than one year prior to the effective filing date of the*
4 *patent by the person asserting the defense or someone*
5 *in privity with that person.*

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

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

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

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

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

20 *This title and the amendments made by this title shall*
21 *take effect on the date of the enactment of this Act, but shall*
22 *not apply to any action for infringement that is pending*
23 *on such date of enactment or with respect to any subject*
24 *matter for which an adjudication of infringement, includ-*

1 *ing a consent judgment, has been made before such date of*
 2 *enactment.*

3 **TITLE IV—ENHANCED PROTEC-**
 4 **TION OF INVENTORS’ RIGHTS**

5 **SEC. 401. SHORT TITLE.**

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

8 **SEC. 402. INVENTION DEVELOPMENT SERVICES.**

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

11 **“CHAPTER 5—INVENTION DEVELOPMENT**
 12 **SERVICES**

“Sec.

“51. Definitions.

“52. Contracting requirements.

“53. Standard provisions for cover notice.

“54. Reports to customer required.

“55. Mandatory contract terms.

“56. Remedies.

“57. Records of complaints.

“58. Fraudulent representation by an invention developer.

“59. Rule of construction.

13 **“§51. Definitions**

14 *“For purposes of this chapter—*

15 *“(1) the term ‘contract for invention development*
 16 *services’ means a contract by which an invention de-*
 17 *veloper undertakes invention development services for*
 18 *a customer;*

19 *“(2) the term ‘customer’ means any person, firm,*
 20 *partnership, corporation, or other entity who is solic-*

1 *ited by, seeks the services of, or enters into a contract*
2 *with an invention promoter for invention promotion*
3 *services;*

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

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

12 *“(B) any nonprofit, charitable, scientific, or*
13 *educational organization, qualified under appli-*
14 *cable State law or described under section*
15 *170(b)(1)(A) of the Internal Revenue Code of*
16 *1986; or*

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

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

1 “(A) *evaluating the invention to determine*
2 *its protectability as some form of intellectual*
3 *property, other than evaluation by a person li-*
4 *icensed by a State to practice law who is acting*
5 *solely within the scope of that person’s profes-*
6 *sional license;*

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

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

16 **“§ 52. Contracting requirements**

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

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

1 “(b) *REQUIREMENTS OF INVENTION DEVELOPER.*—

2 *The invention developer shall—*

3 “(1) *state in a written document, at the time a*
4 *customer enters into a contract for invention develop-*
5 *ment services, whether the usual business practice of*
6 *the invention developer is to—*

7 “(A) *seek more than 1 contract in connec-*
8 *tion with an invention; or*

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

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

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

19 “(B) *the approximate amount of the usual*
20 *fees or other consideration that may be required*
21 *from the customer for each of the services pro-*
22 *vided by the developer.*

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

24 (1) *Notwithstanding any contractual provision to the con-*
25 *trary, a customer shall have the right to terminate a con-*

1 *tract for invention development services by sending a writ-*
2 *ten letter to the invention developer stating the customer's*
3 *intent to cancel the contract. The letter of termination must*
4 *be deposited with the United States Postal Service on or*
5 *before 5 business days after the date upon which the cus-*
6 *tomers or the invention developer executes the contract,*
7 *whichever is later.*

8 “(2) *Delivery of a promissory note, check, bill of ex-*
9 *change, or negotiable instrument of any kind to the inven-*
10 *tion developer or to a third party for the benefit of the in-*
11 *vention developer, without regard to the date or dates ap-*
12 *pearing in such instrument, shall be deemed payment re-*
13 *ceived by the invention developer on the date received for*
14 *purposes of this section.*

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

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

20 “*YOU HAVE THE RIGHT TO TERMINATE*
21 *THIS CONTRACT. TO TERMINATE THIS CON-*
22 *TRACT, YOU MUST SEND A WRITTEN LETTER*
23 *TO THE COMPANY STATING YOUR INTENT TO*
24 *CANCEL THIS CONTRACT. THE LETTER OF*
25 *TERMINATION MUST BE DEPOSITED WITH*

1 *THE UNITED STATES POSTAL SERVICE ON*
2 *OR BEFORE FIVE (5) BUSINESS DAYS AFTER*
3 *THE DATE ON WHICH YOU OR THE COMPANY*
4 *EXECUTE THE CONTRACT, WHICHEVER IS*
5 *LATER.*

6 *“THE TOTAL NUMBER OF INVENTIONS*
7 *EVALUATED BY THE INVENTION DEVELOPER*
8 *FOR COMMERCIAL POTENTIAL IN THE PAST*
9 *FIVE (5) YEARS IS _____ . OF THAT NUM-*
10 *BER, _____ RECEIVED POSITIVE EVAL-*
11 *UATIONS AND _____ RECEIVED NEGA-*
12 *TIVE EVALUATIONS.*

13 *“IF YOU ASSIGN EVEN A PARTIAL IN-*
14 *TEREST IN THE INVENTION TO THE INVEN-*
15 *TION DEVELOPER, THE INVENTION DEVEL-*
16 *OPER MAY HAVE THE RIGHT TO SELL OR*
17 *DISPOSE OF THE INVENTION WITHOUT YOUR*
18 *CONSENT AND MAY NOT HAVE TO SHARE*
19 *THE PROFITS WITH YOU.*

20 *“THE TOTAL NUMBER OF CUSTOMERS*
21 *WHO HAVE CONTRACTED WITH THE INVEN-*
22 *TION DEVELOPER IN THE PAST FIVE (5)*
23 *YEARS IS _____ . THE TOTAL NUMBER*
24 *OF CUSTOMERS KNOWN BY THIS INVENTION*
25 *DEVELOPER TO HAVE RECEIVED, BY VIRTUE*

1 *OF THIS INVENTION DEVELOPER'S PER-*
2 *FORMANCE, AN AMOUNT OF MONEY IN EX-*
3 *CESS OF THE AMOUNT PAID BY THE CUS-*
4 *TOMER TO THIS INVENTION DEVELOPER IS*
5 _____.

6 *“THE OFFICERS OF THIS INVENTION*
7 *DEVELOPER HAVE COLLECTIVELY OR INDI-*
8 *VIDUALLY BEEN AFFILIATED IN THE LAST*
9 *TEN (10) YEARS WITH THE FOLLOWING IN-*
10 *VENTION DEVELOPMENT COMPANIES: (LIST*
11 *THE NAMES AND ADDRESSES OF ALL PRE-*
12 *VIOUS INVENTION DEVELOPMENT COMPA-*
13 *NIES WITH WHICH THE PRINCIPAL OFFI-*
14 *CERS HAVE BEEN AFFILIATED AS OWNERS,*
15 *AGENTS, OR EMPLOYEES). YOU ARE ENCOUR-*
16 *AGED TO CHECK WITH THE UNITED STATES*
17 *PATENT AND TRADEMARK OFFICE, THE FED-*
18 *ERAL TRADE COMMISSION, YOUR STATE AT-*
19 *TORNEY GENERAL'S OFFICE, AND THE BET-*
20 *TER BUSINESS BUREAU FOR ANY COM-*
21 *PLAINTS FILED AGAINST ANY OF THESE*
22 *COMPANIES.*

23 *“YOU ARE ENCOURAGED TO CONSULT*
24 *WITH AN ATTORNEY OF YOUR OWN CHOOS-*
25 *ING BEFORE SIGNING THIS CONTRACT. BY*

1 *PROCEEDING WITHOUT THE ADVICE OF AN*
2 *ATTORNEY REGISTERED TO PRACTICE BE-*
3 *FORE THE UNITED STATES PATENT AND*
4 *TRADEMARK OFFICE, YOU COULD LOSE ANY*
5 *RIGHTS YOU MIGHT HAVE IN YOUR IDEA OR*
6 *INVENTION.’.*

7 *“(b) OTHER REQUIREMENTS FOR COVER NOTICE.—*
8 *The cover notice shall contain the items required under sub-*
9 *section (a) and the name, primary office address, and local*
10 *office address of the invention developer, and may contain*
11 *no other matter.*

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

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

23 *“With respect to every contract for invention develop-*
24 *ment services, the invention developer shall deliver to the*
25 *customer at the address specified in the contract, at least*

1 *once every 3 months throughout the term of the contract,*
2 *a written report that identifies the contract and includes—*

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

7 “(2) *the name and address of each person, firm,*
8 *corporation, or other entity to whom the subject mat-*
9 *ter of the contract has been disclosed, the reason for*
10 *each such disclosure, the nature of the disclosure, and*
11 *complete and accurate summaries of all responses re-*
12 *ceived as a result of those disclosures.*

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

14 “(a) *MANDATORY TERMS.—Each contract for inven-*
15 *tion development 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 52;*

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

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

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

5 “(5) the full name and principal place of busi-
6 ness of the invention developer 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 developer un-
11 dertakes to perform for the customer;

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

19 “(7) the name and address of the custodian of all
20 records and correspondence relating to the contracted
21 for invention development services, and a statement
22 that the invention developer is required to maintain
23 all records and correspondence relating to perform-
24 ance of the invention development services for such

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

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

7 “(b) *INVENTION DEVELOPER AS FIDUCIARY.*—To the
8 extent that the description of the specific acts or services
9 affords discretion to the invention developer with respect to
10 what specific acts or services shall be performed, the inven-
11 tion developer 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 developer’s premises
17 during normal business hours.

18 **“§ 56. Remedies**

19 “(a) *IN GENERAL.*—(1) Any contract for invention de-
20 velopment services that does not comply with the applicable
21 provisions of this chapter shall be voidable at the option
22 of the customer.

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

1 advertisement of the invention developer (or any agent, em-
2 ployee, officer, director, partner, or independent contractor
3 of such invention developer) shall be voidable at the option
4 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 development 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 developer offers to per-
12 form or performs such act through a person duly registered
13 to practice before, and in good standing with, the Patent
14 and Trademark Office.

15 “(b) CIVIL ACTION.—(1) Any customer who is injured
16 by a violation of this chapter by an invention developer
17 or by any material false or fraudulent statement or rep-
18 resentation, or any omission of material fact, by an inven-
19 tion developer (or any agent, employee, director, officer,
20 partner, or independent contractor of such invention devel-
21 oper) or by failure of an invention developer to make all
22 the disclosures required under this chapter, may recover in
23 a civil action against the invention developer (or the offi-
24 cers, directors, or partners of such invention developer) in

1 *addition to reasonable costs and attorneys' fees, the greater*
2 *of—*

3 “(A) \$5,000; or

4 “(B) *the amount of actual damages sustained by*
5 *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 developer or execution*
12 *by the customer of a contract for invention development*
13 *services in reliance on any material false or fraudulent*
14 *statements or representations or omissions of material fact*
15 *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 developers pub-*
20 *licly available, together with any response of the invention*
21 *developers.*

22 “(b) *REQUEST FOR COMPLAINTS.—The Director may*
23 *request complaints relating to invention development serv-*
24 *ices from any Federal or State agency and include such*

1 *complaints in the records maintained under subsection (a),*
 2 *together with any response of the invention developers.*

3 **“§58. *Fraudulent representation by an invention de-***
 4 ***veloper***

5 *“Whoever, in providing invention development serv-*
 6 *ices, knowingly provides any false or misleading statement,*
 7 *representation, or omission of material fact to a customer*
 8 *or 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 obliga-*
 14 *tion, 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 Development Services* 51”.

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

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

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

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

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

6 **SEC. 502. DEFINITIONS.**

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

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

12 **SEC. 503. REEXAMINATION PROCEDURES.**

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

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

16 *“Any person at any time may file a request for reex-*
17 *amination by the Office of a patent on the basis of any*
18 *prior art cited under the provisions of section 301 of this*
19 *title or on the basis of the requirements of section 112 of*
20 *this title other than the requirement to set forth the best*
21 *mode of carrying out the invention. The request must be*
22 *in writing, must include the identity of the real party in*
23 *interest, and must be accompanied by payment of a reexam-*
24 *ination fee established by the Director pursuant to the pro-*
25 *visions of section 41 of this title. The request must set forth*

1 *the pertinency and manner of applying cited prior art to*
2 *every claim for which reexamination is requested or the*
3 *manner in which the patent specification or claims fail to*
4 *comply with the requirements of section 112 of this title.*
5 *Unless the requesting person is the owner of the patent, the*
6 *Director promptly shall send a copy of the request to the*
7 *owner of record of the patent.”.*

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

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

12 “(a) *REEXAMINATION.*—*Not later than 3 months after*
13 *the filing of a request for reexamination under the provi-*
14 *sions of section 302 of this title, the Director shall determine*
15 *whether a substantial new question of patentability affect-*
16 *ing any claim of the patent concerned is raised by the re-*
17 *quest, with or without consideration of other patents or*
18 *printed publications. On the Director’s initiative, at any*
19 *time, the Director may determine whether a substantial new*
20 *question of patentability is raised by any other patent or*
21 *publication or by the failure of the patent specification or*
22 *claims of a patent to comply with the requirements of sec-*
23 *tion 112 of this title other than the best mode requirement*
24 *described in section 302.*

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

6 “(c) *FINAL DECISION*.—A determination by the Direc-
7 tor pursuant to subsection (a) shall be final and nonappeal-
8 able. Upon a determination that no substantial new ques-
9 tion of patentability has been raised, the Director may re-
10 fund a portion of the reexamination fee required under sec-
11 tion 302 of this title.”.

12 (c) *REEXAMINATION ORDER BY DIRECTOR*.—Section
13 304 of title 35, United States Code, is amended to read as
14 follows:

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

16 “If, in a determination made under the provisions of
17 section 303(a) of this title, the Director finds that a substan-
18 tial new question of patentability affecting a claim of a pat-
19 ent is raised, the determination shall include an order for
20 reexamination of the patent for resolution of the question.
21 The order may be accompanied by the initial action of the
22 Patent and Trademark Office on the merits of the reexam-
23 ination conducted in accordance with section 305 of this
24 title.”.

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

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

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

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

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

21 “(3) *If the patent owner files a response to any action*
22 *on the merits by the Patent and Trademark Office, the*
23 *third-party requester shall have 1 opportunity to file writ-*
24 *ten comments within a reasonable period not less than 1*
25 *month after the date of service of the patent owner’s re-*

1 *sponse. Written comments provided under this paragraph*
2 *shall be limited to issues covered by action of the Patent*
3 *and Trademark Office or the patent owner's response.*

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

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

11 **“§ 306. Appeal**

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

14 “(1) *may appeal under the provisions of section*
15 *134 of this title, and may appeal under the provisions*
16 *of sections 141 through 144 of this title, with respect*
17 *to any decision adverse to the patentability of any*
18 *original or proposed amended or new claim of the*
19 *patent; and*

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

23 “(b) *THIRD-PARTY REQUESTER.*—A third-party re-
24 *quester in a reexamination proceeding—*

1 “(1) may appeal under the provisions of section
2 134 of this title, and may appeal under the provisions
3 of sections 141 through 144 of this title, with respect
4 to any final decision in the reexamination proceeding
5 that is favorable to the patentability of any original
6 or proposed amended or new claim of the patent; and

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

11 “(c) *PARTICIPATION AS PARTY.*—(1) *A third-party re-*
12 *quester who, under the provisions of sections 141 through*
13 *144 of this title, files a notice of appeal, or who participates*
14 *as a party to an appeal by the patent owner, with respect*
15 *to a reexamination proceeding, is estopped from asserting*
16 *at a later time, in any forum, the invalidity of any claim*
17 *determined to be patentable on that appeal on any ground*
18 *which the third-party requester raised or could have raised*
19 *during the reexamination proceeding. This subsection does*
20 *not prevent the assertion of invalidity based on newly dis-*
21 *covered prior art unavailable to the third-party requester*
22 *and the Patent and Trademark Office at the time of the*
23 *reexamination proceeding.*

24 “(2) *For purposes of paragraph (1), a third-party re-*
25 *quester is deemed not to have participated as a party to*

1 *an appeal by the patent owner unless, not later than 20*
2 *days after the patent owner has filed a notice of appeal,*
3 *the third-party requester files notice with the Commissioner*
4 *electing to participate.”.*

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

8 **“§ 308. Reexamination prohibited**

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

18 “(b) *FINAL DECISION.—Once a final decision has been*
19 *entered against a party in a civil action arising in whole*
20 *or in part under section 1338 of title 28 that the party*
21 *has not sustained its burden of proving the invalidity of*
22 *any patent claim in suit, or if a final decision in a reexam-*
23 *ination proceeding instituted by a third-party requester is*
24 *favorable to the patentability or any original or proposed*
25 *amended or new claim of the patent and such decision is*

1 *not appealed by the third-party requester under section*
2 *306(b), then neither that party nor its privies may there-*
3 *after request reexamination of any such patent claim on*
4 *the basis of issues which that party or its privies raised*
5 *or could have raised in such civil action or reexamination*
6 *proceeding. This subsection does not prevent the assertion*
7 *of invalidity based on newly discovered prior art unavail-*
8 *able to the party or privies and the Office at the time of*
9 *the civil action or reexamination proceeding, as the case*
10 *may be.”.*

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

“308. Reexamination prohibited.”.

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

22 **SEC. 504. CONFORMING AMENDMENTS.**

23 *(a) BOARD OF PATENT APPEALS AND INTER-*
24 *FERENCES.—The first sentence of section 6(b) of title 35,*
25 *United States Code, as amended by section 117 of this Act,*

1 *is amended to read as follows: “The Board of Patent Ap-*
2 *peals and Interferences shall, on written appeal of an appli-*
3 *cant, or a patent owner or a third-party requester in a reex-*
4 *amination proceeding, review adverse decisions of examin-*
5 *ers upon applications for patents and decisions of examin-*
6 *ers in reexamination proceedings, and shall determine pri-*
7 *ority and patentability of invention in interferences de-*
8 *clared under section 135(a) of this title.”.*

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

12 *“(7) On filing each petition for the revival of an*
13 *unintentionally abandoned application for a patent,*
14 *for the unintentionally delayed payment of the fee for*
15 *issuing each patent, or for an unintentionally delayed*
16 *response by the patent owner in a reexamination pro-*
17 *ceeding, \$1,250, unless the petition is filed under sec-*
18 *tion 133 or 151 of this title, in which case the fee*
19 *shall be \$110.”.*

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

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

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

8 “(b) *PATENT OWNER.*—A patent owner in a reexam-
9 ination proceeding may appeal from the final rejection of
10 any claim by the primary examiner to the Board of Patent
11 Appeals and Interferences, having once paid the fee for such
12 appeal.

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

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

1 (e) *PROCEEDINGS ON APPEAL.*—Section 143 of title
2 35, United States Code, is amended by amending the third
3 sentence to read as follows: “In *ex parte* and reexamination
4 cases, the Director shall submit to the court in writing the
5 grounds for the decision of the United States Patent and
6 Trademark Office, addressing all the issues involved in the
7 appeal.”.

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

11 **SEC. 505. EFFECTIVE DATE.**

12 This title and the amendments made by this title shall
13 take effect on the date that is 6 months after the date of
14 the enactment of this Act and shall apply to all reexamina-
15 tion requests filed on or after such date.

16 **TITLE VI—MISCELLANEOUS**
17 **IMPROVEMENTS**

18 **SEC. 601. PROVISIONAL APPLICATIONS.**

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

21 “(5) *ABANDONMENT.*—Notwithstanding the ab-
22 sence of a claim, upon timely request and as pre-
23 scribed by the Director, a provisional application
24 may be treated as an application filed under sub-
25 section (a). If no such request is made, the provisional

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

4 *(b) EFFECTIVE DATE.—The amendment made by sub-*
5 *section (a) applies to any provisional application filed on*
6 *or after June 8, 1995.*

7 **SEC. 602. INTERNATIONAL APPLICATIONS.**

8 *Section 119 of title 35, United States Code, is amend-*
9 *ed—*

10 *(1) in subsection (a), by inserting “or in a WTO*
11 *member country,” after “or to citizens of the United*
12 *States,”; and*

13 *(2) by adding at the end the following new sub-*
14 *sections:*

15 *“(f) APPLICATIONS FOR PLANT BREEDER’S RIGHTS.—*
16 *Applications for plant breeder’s rights filed in a WTO mem-*
17 *ber country (or in a UPOV Contracting Party) shall have*
18 *the same effect for the purpose of the right of priority under*
19 *subsections (a) through (c) of this section as applications*
20 *for patents, subject to the same conditions and requirements*
21 *of this section as apply to applications for patents.*

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

23 *“(1) the term ‘WTO member country’ has the*
24 *same meaning as the term is defined in section*
25 *104(b)(2) of this title; and*

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

4 **SEC. 603. PLANT PATENTS.**

5 (a) *TUBER PROPAGATED PLANTS.*—Section 161 of
6 title 35, United States Code, is amended by striking “a
7 tuber propagated plant or”.

8 (b) *RIGHTS IN PLANT PATENTS.*—The text of section
9 163 of title 35, United States Code, is amended to read as
10 follows: “In the case of a plant patent, the grant shall in-
11 clude the right to exclude others from asexually reproducing
12 the plant, and from using, offering for sale, or selling the
13 plant so reproduced, or any of its parts, throughout the
14 United States, or from importing the plant so reproduced,
15 or any parts thereof, into the United States.”.

16 (c) *EFFECTIVE DATE.*—The amendment made by sub-
17 section (a) shall apply on the date of the enactment of this
18 Act. The amendment made by subsection (b) shall apply
19 to any plant patent issued on or after the date of the enact-
20 ment of this Act.

21 **SEC. 604. ELECTRONIC FILING.**

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

1 **SEC. 605. DIVISIONAL APPLICATIONS.**

2 *Section 121 of title 35, United States Code, is amend-*
3 *ed—*

4 *(1) in the first sentence by striking “If” and in-*
5 *serting “(a) If”; and*

6 *(2) by adding at the end the following new sub-*
7 *sections:*

8 *“(b) In a case in which restriction is required on the*
9 *ground that two or more independent and distinct inven-*
10 *tions are claimed in an application, the applicant shall be*
11 *entitled to submit an examination fee and request examina-*
12 *tion for each independent and distinct invention in excess*
13 *of one. The examination fee shall be equal to the filing fee,*
14 *including excess claims fees, that would have applied had*
15 *the claims corresponding to the asserted independent and*
16 *distinct inventions been presented in a separate application*
17 *for patent. For each of the independent and distinct inven-*
18 *tions in excess of one for which the applicant pays an exam-*
19 *ination fee within two months after the requirement for re-*
20 *striction, the Director shall cause an examination to be*
21 *made and a notification of rejection or written notice of*
22 *allowance provided to the applicant within the time period*
23 *specified in section 154(b)(1)(B)(i) of this title for the origi-*
24 *nal application. Failure to meet this or any other time*
25 *limit set forth in section 154(b)(1)(B) of this title shall be*

1 *treated as an unusual administrative delay under section*
2 *154(b)(1)(A)(iv) of this title.*

3 “(c) *An applicant who requests reconsideration of a*
4 *requirement for restriction under this section and submits*
5 *examination fees pursuant to such requirement shall, if the*
6 *requirement is determined to be improper, be entitled to a*
7 *refund of any examination fees determined to have been*
8 *paid pursuant to the requirement.*”.