Mr. Speaker, I yield back the balance of my time.

Mr. FRANKS of New Jersey. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. MILLER of Florida). The question is on the motion offered by the gentleman from New Jersey (Mr. FRANKS) that the House suspend the rules and agree to the concurrent resolution, House Concurrent Resolution 167.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. FRANKS of New Jersey. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on House Concurrent Resolution 167, the measure just considered by the House.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

AMERICAN INVENTORS PROTECTION ACT OF 1999

Mr. COBLE. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1907) to amend title 35, United States Code, to provide enhanced protection for inventors and innovators, protect patent terms, reduce patent litigation, and for other purposes, as amended.

The Clerk read as follows:

H.R. 1907

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''American Inventors Protection Act of 1999''.

SEC. 2. TABLE OF CONTENTS.

The table of contents is as follows:

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

TITLE I—INVENTORS' RIGHTS

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

TITLE II—FIRST INVENTOR DEFENSE

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

TITLE III—PATENT TERM GUARANTEE

Sec. 301. Short title.
Sec. 302. Patent term guarantee authority.
Sec. 303. Continued examination of patent applications.
Sec. 304. Technical clarification.
Sec. 305. Effective date.

TITLE IV—UNITED STATES PUBLICATION OF PATENT APPLICATIONS PUBLISHED ABROAD

Sec. 401. Short title.
Sec. 402. Publication.
Sec. 403. Time for claiming benefit of earlier filing date.
Sec. 404. Provisional rights.
Sec. 405. Prior art effect of published applications.
Sec. 406. Cost recovery for publication.
Sec. 407. Conforming amendments.
Sec. 408. Effective date.

TITLE V—OPTIONAL INTER PARTES REEXAMINATION PROCEDURE

Sec. 501. Short title.
Sec. 502. Ex parte reexamination of patents.
Sec. 503. Definitions.
Sec. 504. Optional inter partes reexamination procedures.
Sec. 505. Conforming amendments.
Sec. 506. Report to Congress.
Sec. 507. Estoppel effect of reexamination.
Sec. 508. Effective date.

TITLE VI—PATENT AND TRADEMARK OFFICE

Sec. 601. Short title.

Subtitle A—United States Patent and Trademark Office

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

Subtitle B—Effective Date; Technical Amendments

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

Subtitle C—Miscellaneous Provisions

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

TITLE VII—MISCELLANEOUS PATENT PROVISIONS

Sec. 701. Provisional applications.
Sec. 702. International applications.
Sec. 703. Certain limitations on damages for patent infringement not applicable.
Sec. 704. Electronic filing and publications.
Sec. 705. Study and report on biological deposits in support of biotechnology patents.
Sec. 706. Prior invention.
Sec. 707. Prior art exclusion for certain commonly assigned patents.

TITLE I—INVENTORS' RIGHTS

SEC. 101. SHORT TITLE.

This title may be cited as the ''Inventors' Rights Act''.

SEC. 102. INVENTION PROMOTION SERVICES.

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

''CHAPTER 5—INVENTION PROMOTION SERVICES

''Sec.
''51. Definitions.
''52. Contracting requirements.
''53. Standard provisions for cover notice.
''54. Reports to customer required.
''55. Mandatory contract terms.
''56. Remedies.
''57. Records of complaints.
''58. Fraudulent representation by an invention promoter.
''59. Rule of construction.

''§ 51. Definitions

''For purposes of this chapter—

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

''(2) the term 'customer' means any person, firm, partnership, corporation, or other entity who enters into a financial relationship or a contract with an invention promoter for invention promotion services;

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

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

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

''(C) any person duly registered with, and in good standing before, the United States Patent and Trademark Office acting within the scope of that person's registration to practice before the Patent and Trademark Office, except when that person performs any act described in subparagraph (B) or (C) of paragraph (4); or

''(D) any person or entity involved in the evaluation to determine commercial potential of, or offering to license or sell, a utility patent or a previously filed nonprovisional utility patent application; and

''(4) the term 'invention promotion services' means, with respect to an invention by a customer, any act involved in—

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

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

''(C) marketing, brokering, offering to license or sell, or promoting the invention or a product or service in which the invention is incorporated or used, except that the display only of an invention at a trade show or exhibit shall not be considered to be invention promotion services.

''§ 52. Contracting requirements

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

''(2) If a contract is entered into for the benefit of a third party, the identity and address of such party shall be disclosed by such party's agent and such party shall be considered a customer for purposes of this chapter.

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

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

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

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

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

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

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

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

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

''§ 53. Standard provisions for cover notice

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

'YOU HAVE THE RIGHT TO TERMINATE THIS CONTRACT. TO TERMINATE THIS CONTRACT, YOU MUST SEND A WRITTEN LETTER TO THE COMPANY STATING YOUR INTENT TO CANCEL THIS CONTRACT.

'THE LETTER OF TERMINATION MUST BE DEPOSITED WITH THE UNITED STATES POSTAL SERVICE ON OR BEFORE FIVE (5) BUSINESS DAYS AFTER THE DATE ON WHICH YOU OR THE COMPANY EXECUTE THE CONTRACT, WHICHEVER IS LATER.

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

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

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

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

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

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

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

''§ 54. Reports to customer required

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

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

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

''§ 55. Mandatory contract terms

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

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

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

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

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

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

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

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

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

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

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

''§ 56. Remedies

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

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

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

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

''(b) CIVIL ACTION.—(1) Any customer who is injured by a violation of this chapter by an invention promoter or by any material false or fraudulent statement or representation, or any omission of material fact, by an

invention promoter (or any agent, employee, director, officer, partner, or independent contractor of such invention promoter) or by failure of an invention promoter to make all the disclosures required under this chapter, may recover in a civil action against the invention promoter (or the officers, directors, or partners of such invention promoter) in addition to reasonable costs and attorneys' fees, the greater of—

''(A) $5,000; or

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

''(2) Notwithstanding paragraph (1), the court may increase damages to not more than 3 times the amount awarded, taking into account past complaints made against the invention promoter that resulted in regulatory sanctions or other corrective actions based on those record compiled by the Director under section 57.

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

''§ 57. Records of complaints

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

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

''§ 58. Fraudulent representation by an invention promoter

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

''§ 59. Rule of construction

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

SEC. 103. EFFECTIVE DATE.

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

TITLE II—FIRST INVENTOR DEFENSE

SEC. 201. SHORT TITLE.

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

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

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

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

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

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

''(2) in the case of activities performed by a nonprofit research laboratory, or nonprofit entity such as a university, research center, or hospital, a use for which the public is the intended beneficiary shall be considered to be a use described in paragraph (1), except that the use—

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

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

''(3) the term 'method' means a method of doing or conducting business ; and

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

''(b) DEFENSE TO INFRINGEMENT.—.

''(1) IN GENERAL.—It shall be a defense to an action for infringement under section 271 of this title with respect to any subject matter that would otherwise infringe one or more claims asserting a method in the patent being asserted against a person, if such person had, acting in good faith, actually reduced the subject matter to practice at least one year before the effective filing date of such patent, and commercially used the subject matter before the effective filing date of such patent.

''(2) EXHAUSTION OF RIGHT.—The sale or other disposition, of a useful end result produced by a patented method, by a person entitled to assert a defense under this section with respect to that useful end result shall exhaust the patent owner's rights under the patent to the extent such rights would have been exhausted had such sale or other disposition been made by the patent owner.

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

''(A) PATENT.—A person may not assert the defense under this section unless the invention for which the defense is asserted is for a method.

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

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

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

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

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

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

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

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

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

''273. Defense to infringement based on earlier inventor.''.

SEC. 203. EFFECTIVE DATE AND APPLICABILITY.

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

TITLE III—PATENT TERM GUARANTEE

SEC. 301. SHORT TITLE.

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

SEC. 302. PATENT TERM GUARANTEE AUTHORITY.

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

''(b) ADJUSTMENT OF PATENT TERM.—

''(1) PATENT TERM GUARANTEES.—

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

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

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

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

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

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

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

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

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

''(iii) any delay in the processing of the application by the Patent and Trademark Office requested by the applicant except as permitted by paragraph (3)(C),

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

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

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

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

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

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

''(2) LIMITATIONS.—

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

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

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

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

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

''(iii) The Director shall prescribe regulations establishing the circumstances that constitute a failure of an applicant to engage in reasonable efforts to conclude processing or examination of an application.

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

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

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

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

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

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

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

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

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

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

(b) CONFORMING AMENDMENTS.—

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

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

SEC. 303. CONTINUED EXAMINATION OF PATENT APPLICATIONS.

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

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

(2) by adding at the end the following:

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

SEC. 304. TECHNICAL CLARIFICATION.

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

SEC. 305. EFFECTIVE DATE.

(a) SECTIONS 302 AND 304.—The amendments made by sections 302 and 304 shall take effect on the date of the enactment of this Act and, except for a design patent application filed under chapter 16 of title 35, United States Code, shall apply to any application filed on or after the date of the enactment of this Act.

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

TITLE IV—UNITED STATES PUBLICATION OF PATENT APPLICATIONS PUBLISHED ABROAD

SEC. 401. SHORT TITLE.

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

SEC. 402. PUBLICATION.

(a) PUBLICATION.—Section 122 of title 35, United States Code, is amended to read as follows:

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

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

''(b) UNITED STATES PUBLICATION OF APPLICATIONS PUBLISHED ABROAD.—

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

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

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

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

''(B) An application that is subject to a secrecy order under section 181 shall not be published.

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

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

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

is shown to the satisfaction of the Director that the delay in submitting the notice was unintentional.

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

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

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

(b) STUDY BY GAO.—

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

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

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

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

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

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

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

SEC. 403. TIME FOR CLAIMING BENEFIT OF EARLIER FILING DATE.

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

''(b)(1) No application for patent shall be entitled to this right of priority unless a claim, identifying the foreign application by specifying its application number, country, and the day, month, and year of its filing, is filed in the Patent and Trademark Office at such time during the pendency of the application as required by the Director.

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

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

(b) IN THE UNITED STATES.—Section 120 of title 35, United States Code, is amended by adding at the end the following: ''The Director may determine the time period during the pendency of the application within which an amendment containing the specific reference to the earlier filed application is submitted. The Director may consider the failure to submit such an amendment within that time period as a waiver of any benefit under this section. The Director may establish procedures, including the payment of a surcharge, to accept unintentionally late submissions of amendments under this section.''.

SEC. 404. PROVISIONAL RIGHTS.

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

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

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

''(d) PROVISIONAL RIGHTS.—-

''(1) IN GENERAL.—In addition to other rights provided by this section, a patent shall include the right to obtain a reasonable royalty from any person who, during the period beginning on the date of publication of the application for such patent pursuant to section 122(b), or in the case of an international application filed under the treaty defined in section 351(a) designating the United States under Article 21(2)(a) of such treaty, the date of publication of the application, and ending on the date the patent is issued—

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

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

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

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

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

''(4) REQUIREMENTS FOR INTERNATIONAL APPLICATIONS.—

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

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

SEC. 405. PRIOR ART EFFECT OF PUBLISHED APPLICATIONS.

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

''(e) the invention was described in—

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

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

SEC. 406. COST RECOVERY FOR PUBLICATION.

The Director of the United States Patent and Trademark Office shall recover the cost of early publication required by the amendment made by section 402 by charging a separate publication fee after notice of allowance is given pursuant to section 151 of title 35, United States Code.

SEC. 407. CONFORMING AMENDMENTS.

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

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

(2) Section 12 is amended—

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

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

(3) Section 13 is amended—

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

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

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

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

(6) Section 181 is amended—

(A) in the first undesignated paragraph—

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

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

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

(C) in the third undesignated paragraph—

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

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

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

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

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

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

''§ 374. Publication of international application: effect

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

SEC. 408. EFFECTIVE DATE.

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

TITLE V—OPTIONAL INTER PARTES REEXAMINATION PROCEDURE

SEC. 501. SHORT TITLE.

This title may be cited as the ''Optional Inter Partes Reexamination Procedure Act''.

SEC. 502. EX PARTE REEXAMINATION OF PATENTS.

Chapter 30 of title 35, United States Code, is amended in the title by inserting ''**EX PARTE**'' before ''**REEXAMINATION OF PATENTS**''.

SEC. 503. DEFINITIONS.

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

''(e) The term 'third-party requester' means a person requesting ex parte reexamination under section 302 or inter partes reexaminaiton under section 311 who is not the patent owner.''.

SEC. 504. OPTIONAL INTER PARTES REEXAMINATION PROCEDURES.

(a) IN GENERAL.—Part 3 of title 35, United Stats Code, is amended by adding after chapter 30 the following new chapter:

''CHAPTER 31—OPTIONAL INTER PARTES REEXAMINATION PROCEDURES

''Sec.
''311. Request for inter partes reexamination.
''312. Determination of issue by Director.
''313. Inter partes reexamination order by Director.
''314. Conduct of inter partes reexamination proceedings.
''315. Appeal.
''316. Certificate of patentability, unpatentability, and claim cancellation.
''317. Inter partes reexamination prohibited.
''318. Stay of litigation.

''§ 311. Request for inter partes reexamination

''(a) IN GENERAL.—Any person at any time may file a request for inter partes reexamination by the Office of a patent on the basis of any prior art cited under the provisions of section 301.

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

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

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

''(c) COPY.—Unless the requesting person is the owner of the patent, the Director promptly shall send a copy of the request to the owner of record of the patent.

''§ 312. Determination of issue by Director

''(a) REEXAMINATION.—Not later than 3 months after the filing of a request for inter partes reexamination under section 311, the Director shall determine whether a substantial new question of patentability affecting any claim of the patent concerned is raised by the request, with or without consideration of other patents or printed publications. On the Director's initiative, and any time, the Director may determine whether a substantial new question of patentability is raised by patents and publications.

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

''(c) FINAL DECISION.—A determination by the Director pursuant to subsection (a) shall be final and nonappealable. Upon a determination that no substantial new question of patentability has been raised, the Director may refund a portion of the inter partes reexamination fee required under section 311.

''§ 313. Inter partes reexamination order by Director

''If, in a determination made under section 312(a), the Director finds that a substantial new question of patentability affecting a claim of a patent is raised, the determination shall include an order for inter partes reexamination of the patent for resolution of the question. The order may be accompanied by the initial action of the Patent and Trademark Office on the merits of the inter partes reexamination conducted in accordance with section 314.

''§ 314. Conduct of inter partes reexamination proceedings

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

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

''(2) With the exception of the inter partes reexamination request, any document filed by either the patent owner or the third-party requester shall be served on the other party. In addition, the third-party requester shall receive a copy of any communication sent by the Office to the patent owner concerning the patent subject to the inter partes reexamination proceeding.

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

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

''§ 315. Appeal

''(a) PATENT OWNER.—The patent owner involved in an inter partes reexamination proceeding under this chapter—

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

''(2) may be a party to any appeal taken by a third-party requester under subsection (b).

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

''(1) appeal under the provisions of section 134 with respect to any final decision favorable to the patentability of any original or proposed amended or new claim of the patent; or

''(2) be a party to any appeal taken by the patent owner under the provisions of section 134, subject to subsection (c).

''(c) CIVIL ACTION.—A third-party requester whose request for an inter partes reexamination results in an order under section 313 is estopped from asserting at a later time, in any civil action arising in whole or in part under section 1338 of title 28, the invalidity of any claim finally determined to be valid and patentable on any ground which the third-party requester raised or could have raised during the inter partes reexamination proceedings. This subsection does not prevent the assertion of invalidity based on newly discovered prior art unavailable to the third-party requester and the Patent and Trademark Office at the time of the inter partes reexamination proceedings.

''§ 316. Certificate of patentability, unpatentability, and claim cancellation

''(a) IN GENERAL.—In an inter partes reexamination proceeding under this chapter, when the time for appeal has expired or any appeal proceeding has terminated, the Director shall issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable, confirming any claim of the patent determined to be patentable, and incorporating in the patent any proposed amended or new claim determined to be patentable.

''(b) AMENDED OR NEW CLAIM.—Any proposed amended or new claim determined to be patentable and incorporated into a patent following an inter partes reexamination proceeding shall have the same effect as that specified in section 252 of this title for reissued patents on the right of any person who made, purchased, or used within the

United States, or imported into the United States, anything patented by such proposed amended or new claim, or who made substantial preparation for the same, prior to issuance of a certificate under the provisions of subsection (a) of this section.

"§ 317. Inter partes reexamination prohibited

''(a) ORDER FOR REEXAMINATION.—Notwithstanding any provision of this chapter, once an order for inter partes reexamination of a patent has been issued under section 313, neither the patent owner nor the third-party requester, if any, nor privies of either, may file a subsequent request for inter partes reexamination of the patent until an inter partes reexamination certificate is issued and published under section 316, unless authorized by the Director.

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

"§ 318. Stay of litigation

''Once an order for inter partes reexamination of a patent has been issued under section 313, the patent owner may obtain a stay of any pending litigation which involves an issue of patentability of any claims of the patent which are the subject of the inter partes reexamination order, unless the court before which such litigation is pending determines that a stay would not serve the interests of justice.''.

(b) CONFORMING AMENDMENTS.—The table of chapters for part III of title 35, United States Code, is amended by striking the item relating to chapter 30 and inserting the following:

''**30. Prior Art Citations to Office and Ex Parte Reexamination of Patents** 301
''**31. Optional Inter Partes Reexamination of Patents** ..... 311''.

SEC. 505. CONFORMING AMENDMENTS.

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

''(7) On filing each petition for the revival of an unintentionally abandoned application for a patent, for the unintentionally delayed payment of the fee for issuing each patent, or for an unintentionally delayed response by the patent owner in a reexamination proceeding, $1,210, unless the petition is filed under section 133 or 151 of this title, in which case the fee shall be $110.''.

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

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

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

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

''(c) THIRD-PARTY.—A third-party requester in an inter partes proceeding may appeal to the Board of Patent Appeals and Interferences from the final decision of the primary examiner favorable to the patentability of any original or proposed amended or new claim of a patent, having once paid the fee for such appeal. The third-party requester may not appeal the decision of the Board of Patent Appeals and Interferences.''.

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

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

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

SEC. 506. REPORT TO CONGRESS.

Not later than 5 years after the effective date of this title, the Director of the United States Patent and Trademark Office shall submit to the Congress a report evaluating whether the inter partes reexamination proceedings established under the amendments made by this title are inequitable to any of the parties in interest and, if so, the report shall contain recommendations for changes to the amendments made by this title to remove such inequity.

SEC. 507. ESTOPPEL EFFECT OF REEXAMINATION.

Any party who requests an inter partes reexamination under section 311 of title 35, United States Code, is estopped from challenging at a later time, in any civil action, any fact determined during the process of such reexamination, except with respect to a fact determination later proved to be erroneous based on information unavailable at the time of the inter partes reexamination decision. If this section is held to be unenforceable, the enforceability of the rest of this title or of this Act shall not be denied as a result.

SEC. 508. EFFECTIVE DATE.

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

TITLE VI—PATENT AND TRADEMARK OFFICE

SEC. 601. SHORT TITLE.

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

Subtitle A—United States Patent and Trademark Office

SEC. 611. ESTABLISHMENT OF PATENT AND TRADEMARK OFFICE.

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

"§ 1. Establishment

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

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

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

SEC. 612. POWERS AND DUTIES.

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

"§ 2. Powers and duties

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

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

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

''(b) SPECIFIC POWERS.—The Office—

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

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

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

''(B) shall be made in accordance with section 553 of title 5;

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

''(D) may govern the recognition and conduct of agents, attorneys, or other persons representing applicants or other parties before the Office, and may require them, before being recognized as representatives of applicants or other persons, to show that they are of good moral character and reputation and are possessed of the necessary qualifications to render to applicants or other persons valuable service, advice, and assistance in the presentation or prosecution of their applications or other business before the Office;

''(E) shall recognize the public interest in continuing to safeguard broad access to the

United States patent system through the reduced fee structure for small entities under section 41(h)(1) of this title; and

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

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

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

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

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

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

''(7) may retain and use all of its revenues and receipts, including revenues from the sale, lease, or disposal of any real, personal, or mixed property, or any interest therein, of the Office;

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

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

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

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

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

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

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

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

''(c) CLARIFICATION OF SPECIFIC POWERS.—(1) The special payments under subsection (b)(13)(B) shall be in addition to any other payments or contributions to international organizations described in subsection (b)(13)(B) and shall not be subject to any limitations imposed by law on the amounts of such other payments or contributions by the United States Government.

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

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

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

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

SEC. 613. ORGANIZATION AND MANAGEMENT.

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

''§ 3. Officers and employees

''(a) UNDER SECRETARY AND DIRECTOR.—

''(1) IN GENERAL.—The powers and duties of the United States Patent and Trademark Office shall be vested in an Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office (in this title referred to as the 'Director'), who shall be a citizen of the United States and who shall be appointed by the President, by and with the advice and consent of the Senate. The Director shall be a person who has a professional background and experience in patent or trademark law.

''(2) DUTIES.—

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

''(B) CONSULTING WITH THE PUBLIC ADVISORY COMMITTEES.—The Director shall consult with the Patent Public Advisory Committee established in section 5 on a regular basis on matters relating to the patent operations of the Office, shall consult with the Trademark Public Advisory Committee established in section 5 on a regular basis on matters relating to the trademark operations of the Office, and shall consult with the respective Public Advisory Committee before submitting budgetary proposals to the Office of Management and Budget or changing or proposing to change patent or trademark user fees or patent or trademark regulations which are subject to the requirement to provide notice and opportunity for public comment pursuant to section 553 of title 5, as the case may be.

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

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

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

''(1) DEPUTY UNDER SECRETARY AND DEPUTY DIRECTOR.—The Secretary of Commerce, upon nomination by the Director, shall appoint a Deputy Under Secretary of Commerce for Intellectual Property and Deputy Director of the United States Patent and Trademark Office who shall be vested with the authority to act in the capacity of the Director in the event of the absence or incapacity of the Director. The Deputy Director shall be a citizen of the United States who has a professional background and experience in patent or trademark law.

''(2) COMMISSIONERS.—

''(A) APPOINTMENT AND DUTIES.—The Secretary of Commerce shall appoint a Commissioner for Patents and a Commissioner for Trademarks, without regard to chapter 33, 51, or 53 of title 5. The Commissioner for Patents shall be a citizen of the United States with demonstrated management ability and professional background and experience in patent law and serve for a term of 5 years. The Commissioner for Trademarks shall be a citizen of the United States with demonstrated management ability and professional background and experience in trademark law and serve for a term of 5 years. The Commissioner for Patents and the Commissioner for Trademarks shall serve as the chief operating officers for the operations of the Office relating to patents and trademarks, respectively, and shall be responsible for the management and direction of all aspects of the activities of the Office that affect the administration of patent and trademark operations, respectively. The Secretary may reappoint a Commissioner to subsequent terms of 5 years as long as the performance of the Commissioner as set forth in the performance agreement in subparagraph (B) is satisfactory.

''(B) SALARY AND PERFORMANCE AGREEMENT.—The Commissioners shall be paid an annual rate of basic pay not to exceed the maximum rate of basic pay for the Senior Executive Service established under section 5382 of title 5, including any applicable locality-based comparability payment that may be authorized under section 5304(h)(2)(C) of title 5. The compensation of the Commissioners shall be considered, for purposes of section 207(c)(2)(A) of title 18, to be the equivalent of that described under clause (ii) of section 207(c)(2)(A) of title 18. In addition, the Commissioners may receive a bonus in an amount of up to, but not in excess of, 50 percent of the Commissioner's annual rate of basic pay, based upon an evaluation by the Secretary of Commerce, acting through the Director, of the Commissioners' performance as defined in an annual performance agreement between the Commissioners and the Secretary. The annual performance agreements shall incorporate measurable organization and individual goals in key operational areas as delineated in an annual performance plan agreed to by the Commissioners and the Secretary. Payment of a bonus under this subparagraph may be made to the Commissioners only to the extent that such payment does not cause the Commissioners' total aggregate compensation in a calendar year to equal or exceed the amount of the salary of the Vice President under section 104 of title 3.

''(C) REMOVAL.—The Commissioners may be removed from office by the Secretary for misconduct or nonsatisfactory performance

under the performance agreement described in subparagraph (B), without regard to the provisions of title 5. The Secretary shall provide notification of any such removal to both Houses of Congress.

''(3) OTHER OFFICERS AND EMPLOYEES.—The Director shall—

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

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

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

''(4) TRAINING OF EXAMINERS.—The Office shall submit to the Congress a proposal to provide an incentive program to retain as employees patent and trademark examiners of the primary examiner grade or higher who are eligible for retirement, for the sole purpose of training patent and trademark examiners.

''(c) CONTINUED APPLICABILITY OF TITLE 5.—Officers and employees of the Office shall be subject to the provisions of title 5 relating to Federal employees.

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

''(e) CARRYOVER OF PERSONNEL.—

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

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

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

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

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

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

''(f) TRANSITION PROVISIONS.—

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

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

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

SEC. 614. PUBLIC ADVISORY COMMITTEES.

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

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

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

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

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

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

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

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

''(2) shall include members who represent small and large entity applicants located in the United States in proportion to the number of applications filed by such applicants, but in no case shall members who represent small entity patent applicants, including small business concerns, independent inventors, and nonprofit organizations, constitute less than 25 percent of the members of the Patent Public Advisory Committee, and such members shall include at least 1 independent inventor; and

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

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

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

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

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

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

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

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

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

''(e) COMPENSATION.—Each member of each Advisory Committee shall be compensated for each day (including travel time) during which such member is attending meetings or conferences of that Advisory Committee or otherwise engaged in the business of that Advisory Committee, at the rate which is the daily equivalent of the annual rate of basic pay in effect for level III of the Executive Schedule under section 5314 of title 5. While away from such member's home or regular place of business such member shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5.

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

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

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

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

SEC. 615. PATENT AND TRADEMARK OFFICE FUNDING.

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

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

(2) by striking ''may'' and inserting ''shall''.

SEC. 616. CONFORMING AMENDMENTS.

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

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

(c) SUSPENSION OR EXCLUSION FROM PRACTICE.—Section 32 of title 35, United States Code, is amended by striking ''31'' and inserting ''2(b)(2)(D)''.

SEC. 617. TRADEMARK TRIAL AND APPEAL BOARD.

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

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

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

SEC. 618. BOARD OF PATENT APPEALS AND INTERFERENCES.

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

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

(2) by inserting after section 5 the following:

''§ 6. Board of Patent Appeals and Interferences

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

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

SEC. 619. ANNUAL REPORT OF DIRECTOR.

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

''§ 13. Annual report to Congress

''The Director shall report to the Congress, not later than 180 days after the end of each fiscal year, the moneys received and expended by the Office, the purposes for which the moneys were spent, the quality and quantity of the work of the Office, the nature of training provided to examiners, the evaluation of the Commissioner of Patents and the Commissioner of Trademarks by the Secretary of Commerce, the compensation of the Commissioners, and other information relating to the Office.''.

SEC. 620. SUSPENSION OR EXCLUSION FROM PRACTICE.

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

SEC. 621. PAY OF DIRECTOR AND DEPUTY DIRECTOR.

(a) PAY OF DIRECTOR.—Section 5314 of title 5, United States Code, is amended by striking 22 ''Assistant Secretary of Commerce and Commissioner of Patents and Trademarks.''

and inserting

''Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.''.

(b) PAY OF DEPUTY DIRECTOR.—Section 5315 of title 5, United States Code, is amended by adding at the end the following:

''Deputy Under Secretary of Commerce for Intellectual Property and Deputy Director of the United States Patent and Trademark Office.''.

SEC. 622. STUDY ON ALTERNATIVE FEE STRUCTURES.

The Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office shall conduct a study of alternative fee structures that could be adopted by the United States Patent and Trademark Office to encourage maximum participation by the inventor community in the United States. The Director shall submit to the Committees on the Judiciary of the House of Representatives and the Senate a report on the study not later than 1 year after the date of the enactment of this Act.

Subtitle B—Effective Date; Technical Amendments

SEC. 631. EFFECTIVE DATE.

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

SEC. 632. TECHNICAL AND CONFORMING AMENDMENTS.

(a) AMENDMENTS TO TITLE 35.—

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

''I. United States Patent and Trademark Office ..... 1''.

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

''PART I—UNITED STATES PATENT AND TRADEMARK OFFICE''.

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

''1. Establishment, Officers and Employees, Functions ..... 1''.

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

''CHAPTER 1—ESTABLISHMENT, OFFICERS AND EMPLOYEES, FUNCTIONS

''Sec.
''1. Establishment.
''2. Powers and duties.
''3. Officers and employees.
''4. Restrictions on officers and employees as to interest in patents.
''5. Patent and Trademark Office Public Advisory Committees.
''6. Board of Patent Appeals and Interferences.
''7. Library.
''8. Classification of patents.
''9. Certified copies of records.
''10. Publications.
''11. Exchange of copies of patents and applications with foreign countries.
''12. Copies of patents and applications for public libraries.
''13. Annual report to Congress.''.

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

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

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

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

(9) Section 303(b) of title 35, United States Code, is amended by striking ''Commissioner's'' and inserting ''Director's''.

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

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

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

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

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

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

(b) OTHER PROVISIONS OF LAW.—

(1)(A) Section 45 of the Act of July 5, 1946 (commonly referred to as the ''Trademark Act of 1946''; 15 U.S.C. 1127), is amended by striking ''The term 'Commissioner'' means the Commissioner of Patents and Trademarks.' and inserting ''The term 'Director' means the Director of the United States Patent and Trademark Office.''.

(B) The Act of July 5, 1946 (commonly referred to as the ''Trademark Act of 1946''; 15 U.S.C. 1051 and following), except for section 17, as amended by section 617 of this Act, is amended by striking ''Commissioner'' each place it appears and inserting ''Director''.

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

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

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

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

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

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

(6) Section 12 of the Act of February 14, 1903 (15 U.S.C. 1511) is amended—

(A) by striking ''(d) Patent and Trademark Office;'' and inserting

''(4) United States Patent and Trademark Office; and

(B) by redesignating subsections (a), (b), (c), (e), (f), and (g) as paragraphs (1), (2), (3), (5), (6), and (7), respectively and indenting the paragraphs as so redesignated 2 ems to the right.

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

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

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

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

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

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

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

''United States Patent and Trademark Office''.

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

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

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

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

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

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

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

(B) in section 1744—

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

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

(C) by striking ''Commissioner'' and inserting ''Director''.

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

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

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

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

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

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

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

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

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

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

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

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

(26) Section 10(i) of the Trading with the enemy Act (50 U.S.C. App. 10(i)) is amended by striking ''Commissioner of Patents'' and inserting ''Director of the United States Patent and Trademark Office''.

Subtitle C—Miscellaneous Provisions

SEC. 641. REFERENCES.

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

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

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

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

(1) to the Commissioner of Patents and Trademarks is deemed to refer to the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office;

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

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

SEC. 642. EXERCISE OF AUTHORITIES.

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

SEC. 643. SAVINGS PROVISIONS.

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

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

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

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

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

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

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

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

SEC. 644. TRANSFER OF ASSETS.

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

SEC. 645. DELEGATION AND ASSIGNMENT.

Except as otherwise expressly prohibited by law or otherwise provided in this title, an official to whom functions are transferred under this title (including the head of any office to which functions are transferred under this title) may delegate any of the functions so transferred to such officers and employees of the office of the official as the official may designate, and may authorize successive redelegations of such functions as may be necessary or appropriate. No delegation of functions under this section or under any other provision of this title shall relieve the official to whom a function is transferred under this title of responsibility for the administration of the function.

SEC. 646. AUTHORITY OF DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET WITH RESPECT TO FUNCTIONS TRANSFERRED.

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

(b) INCIDENTAL TRANSFERS.—The Director of the Office of Management and Budget, at such time or times as the Director shall provide, may make such determinations as may be necessary with regard to the functions transferred by this title, and to make such additional incidental dispositions of personnel, assets, liabilities, grants, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising

from, available to, or to be made available in connection with such functions, as may be necessary to carry out the provisions of this title. The Director shall provide for the termination of the affairs of all entities terminated by this title and for such further measures and dispositions as may be necessary to effectuate the purposes of this title.

SEC. 647. CERTAIN VESTING OF FUNCTIONS CONSIDERED TRANSFERS.

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

SEC. 648. AVAILABILITY OF EXISTING FUNDS.

Existing appropriations and funds available for the performance of functions, programs, and activities terminated pursuant to this title shall remain available, for the duration of their period of availability, for necessary expenses in connection with the termination and resolution of such functions, programs, and activities, subject to the submission of a plan to the Committees on Appropriations of the House and Senate in accordance with the procedures set forth in section 605 of the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1999, as contained in Public Law 105–277.

SEC. 649. DEFINITIONS.

For purposes of this title—

(1) the term ''function'' includes any duty, obligation, power, authority, responsibility, right, privilege, activity, or program; and

(2) the term ''office'' includes any office, administration, agency, bureau, institute, council, unit, organizational entity, or component thereof.

TITLE VII—MISCELLANEOUS PATENT PROVISIONS

SEC. 701. PROVISIONAL APPLICATIONS.

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

''(5) ABANDONMENT.—Notwithstanding the absence of a claim, upon timely request and as prescribed by the Commissioner, a provisional application may be treated as an application filed under subsection (a). Subject to section 119(e)(3) of this title, if no such request is made, the provisional application shall be regarded as abandoned 12 months after the filing date of such application and shall not be subject to revival thereafter.''.

(b) TECHNICAL AMENDMENT RELATING TO WEEKENDS AND HOLIDAYS.—Section 119(e) of title 35, United States code, is amended by adding at the end the following:

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

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

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

SEC. 702. INTERNATIONAL APPLICATIONS.

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

(1) in subsection (a)—

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

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

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

(3) by adding at the end the following:

''(f) Applications for plant breeder's rights filed in a WTO member country (or in a foreign UPOV Contracting Party) shall have the same effect for the purpose of the right of priority under subsections (a) through (c) of this section as applications for patent, subject to the same conditions and requirements of this section as apply to applications for patents.

''(g) As used in this section—

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

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

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

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

SEC. 704. ELECTRONIC FILING AND PUBLICATIONS.

(a) PRINTING OF PAPERS FILED.—Section 22 of title 35, United States Code, is amended by striking ''printed or typewritten'' and inserting ''printed, typewritten, or on an electronic medium''.

(b) PUBLICATIONS.—Section 11(a) of title 35, United States Code, is amended by amending the matter preceding paragraph 1 to read as follows:

''(a) The Director may publish in printed, typewritten, or electronic form, the following:''.

(c) COPIES OF PATENTS FOR PUBLIC LIBRARIES.—Section 13 of title 35, United States Code, is amended by striking ''The Commissioner may supply printed copies of specifications and drawings of patents'' and inserting ''The Director may supply copies of specifications and drawings of patents in printed or electronic form''.

(d) MAINTENANCE OF COLLECTIONS.—Section 41(i)(1) of title 35, United States Code, is amended by striking ''The Commissioner shall maintain, for use by the public, paper or microform'' and inserting ''The Director shall maintain, for use by the public, paper, microform, or electronic''.

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

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

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

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

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

(3) any related recommendations.

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

SEC. 706. PRIOR INVENTION.

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

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

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

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

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

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from North Carolina (Mr. COBLE) and the gentlewoman from California (Ms. LOFGREN) each will control 20 minutes.

Ms. KAPTUR. Mr. Speaker, I would like to ask if the gentlewoman from California is opposed to the resolution that will be under consideration.

The SPEAKER pro tempore. Is the gentlewoman from California opposed to the bill?

Ms. LOFGREN. Mr. Speaker, if necessary to claim the time representing the Democratic part of the aisle, but I think, pursuant to the rule, I have been designated as the member of the minority on the committee to represent our side. But I will certainly yield time to the gentlewoman from Ohio to express her opinion.

The SPEAKER pro tempore. Is the gentlewoman from Ohio challenging the gentlewoman from California for the right to control the time?

Ms. KAPTUR. I would like to claim time in opposition, and I would like to know if the gentlewoman is opposed to the measure before us.

The SPEAKER pro tempore. Is the gentlewoman from Ohio opposed to the bill?

Ms. KAPTUR. The gentlewoman from Ohio is opposed.

The SPEAKER pro tempore. Is the gentlewoman from California opposed to the bill?

Ms. LOFGREN. Mr. Speaker, the gentlewoman from Ohio is not a member of the committee of jurisdiction and is not, therefore, eligible to manage our time. I would ask for a ruling.

The SPEAKER pro tempore. The gentlewoman from Ohio is eligible if the gentlewoman from California is not opposed.

Ms. LOFGREN. Then I will claim opposition.

The SPEAKER pro tempore. The gentlewoman from California is opposed?

Ms. LOFGREN. I will claim opposition and the time.

The SPEAKER pro tempore. Then the gentlewoman from California qualifies since the gentlewoman is opposed to the bill.

The gentlewoman from California will then be recognized for 20 minutes.

POINT OF ORDER

Mr. ROHRABACHER. Point of order, Mr. Speaker. With all fairness here, claiming opposition is not what the question is. If the gentlewoman from Ohio is indeed opposed to the bill, she deserves to have this time as compared to someone who is unwilling to say that they are opposed to the bill.

Ms. LOFGREN. Mr. Speaker, if I may, I have reservations about the changes made today. I hope that I can be convinced that they are adequately made by the time the debate is over.

The SPEAKER pro tempore. At this point, the Chair does not question the motives of the Member. The Member has stated she is in opposition to the bill.

The Chair recognizes the gentleman from North Carolina (Mr. COBLE).

Mr. ROHRABACHER. Continuing my point of order, Mr. Speaker, does the Member not just claiming opposition, does she oppose the bill?

Ms. LOFGREN. I believe the Chair has ruled.

Mr. ROHRABACHER. If not, if she cannot state this, I would state as a point of order, the gentlewoman from Ohio (Ms. KAPTUR), who does say she is opposed to the bill, this is not in my interest to do this, this is in the interest of fairness, we should make sure the time is allotted to someone who opposes the bill.

The SPEAKER pro tempore. The gentlewoman from California has stated that she is in opposition to the bill; is that correct?

Is the gentlewoman from California in opposition to the bill?

Ms. LOFGREN. Until convinced about the changes made, yes.

The SPEAKER pro tempore. At this point the gentlewoman from California is in opposition to the bill. The gentlewoman qualifies.

POINT OF ORDER

Ms. KAPTUR. Point of order, Mr. Speaker.

Mr. Speaker, do I take it, then, that under your ruling, I, as someone who is opposed to this measure, will not be allowed my own time during debate this evening?

The SPEAKER pro tempore. Under a motion to suspend the rules, only two Members may control the time. The gentlewoman from California has qualified to claim the time in opposition. She will, of course, be able to yield time if she is so inclined.

Ms. LOFGREN. Mr. Chairman, if I may, I plan to expansively yield time to the gentlewoman from Ohio.

Ms. KAPTUR. I wanted to ask, Mr. Speaker, how much time would that be of the total time allotted, then?

The SPEAKER pro tempore. Each side has 20 minutes. The gentlewoman from California will control 20 minutes.

PARLIAMENTARY INQUIRY

Mr. HOYER. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. HOYER. Am I correct that under the rules as they now exist, that if in fact the gentlewoman from Ohio (Ms. KAPTUR) were recognized in opposition, she would receive half of the time allotted to the minority side of 20 minutes? Is that correct?

The SPEAKER pro tempore. Only one Member may control time in opposition. The gentlewoman from California, a member of the committee, controls the time because she is opposed.

Mr. HOYER. So if she were in opposition, she would receive the entire 20 minutes?

The SPEAKER pro tempore. If the gentlewoman from California were not in opposition, someone else could seek that time.

Mr. HOYER. Further parliamentary inquiry. If that in fact occurred, could the gentlewoman from Ohio (Ms. KAPTUR) yield to the gentlewoman from California (Ms. LOFGREN) 10 minutes?

The SPEAKER pro tempore. Any Member in control of time can yield time to anyone else.

Mr. HOYER. In other words, there would be nothing to preclude her from doing so?

The SPEAKER pro tempore. Repeat your question, please.

Mr. HOYER. The Speaker's response was, as I take it, if the gentlewoman from Ohio (Ms. KAPTUR) were recognized as an opponent to the legislation, she could yield such time as she desired to the gentlewoman from California (Ms. LOFGREN) who obviously has been asked by the committee to represent the minority side of the committee in this action.

The SPEAKER pro tempore. That would be possible. But the gentlewoman from California, a member of the committee, has claimed the time because in opposition and will have the 20 minutes and will be able to yield that time as she so desires.

Mr. HOYER. I understand.

Ms. KAPTUR. Mr. Speaker, could I ask unanimous consent to control my own 10 minutes?

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Ohio?

Ms. LOFGREN. Mr. Speaker, I object.

The SPEAKER pro tempore. Objection is heard.

The gentlewoman from California (Ms. LOFGREN) controls the time.

POINT OF ORDER

Mr. ROHRABACHER. Mr. Speaker, I have a point of order.

The SPEAKER pro tempore. The gentleman will state his point of order.

Mr. ROHRABACHER. Mr. Speaker, the point of order is such that it seems to me that by being a little heavy-handed here, we are undermining this process.

Ms. LOFGREN. Will the gentleman yield?

The CHAIRMAN. The gentleman will state his point of order first.

Mr. ROHRABACHER. I withdraw my point of order.

Ms. LOFGREN. Mr. Speaker, I ask unanimous consent to make a 10-second statement that will save us all a lot of time.

After I make my opening statement, it is my intention to yield 10 minutes to the gentlewoman from Ohio.

The SPEAKER pro tempore. The gentlewoman may take 10 seconds of her time and solve the problem.

Ms. LOFGREN. I think we just solved it, Mr. Speaker.

The SPEAKER pro tempore. Very well.

The Chair recognizes the gentleman from North Carolina (Mr. COBLE).

GENERAL LEAVE

Mr. COBLE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to revise and extend their remarks and include extraneous material on the bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. COBLE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I want to say to my friend from California and to my friend from Ohio, the gentlewoman from California's comments, I think, make it clear that no one is trying to roll anyone. I think that has been made clear by the gentlewoman from California's comment subsequent to the beginning of the debate.

I rise tonight, Mr. Speaker, in support of H.R. 1907, the American Inventors Protection Act, and urge the House to adopt the measure.

Mr. Speaker, a coalition of Members, staff, administration officials and other contributors have negotiated in good faith into the early evening to clarify what few outstanding issues remain in this 100-plus-page bill. I now anticipate overwhelming support for this complex, important and often misunderstood measure which will bring our patent and trademark system into the 21st century to the benefit of American inventors and American consumers.

Mr. Speaker, H.R. 1907 is a product of compromise and negotiation. It is comprised of several provisions that have been suggested by the gentleman from California (Mr. ROHRABACHER), the gentleman from California (Mr. CAMPBELL), each of whom opposed this the last session, the gentleman from Illinois (Mr. MANZULLO) and the gentleman from Indiana (Mr. BURTON), in addition to other administration and industry officials.

The gentlewoman from California (Ms. LOFGREN), the gentleman from California (Mr. BERMAN), the ranking member of the subcommittee, among others, have been very helpful in this process. I want to thank all the participants and others too numerous to name for their patience and insight as we have labored to bring this bill finally to the floor.

Mr. Speaker, with a bill this complex and lengthy, no one who participates in its construction can get everything he or she wants. I think we have all done a good job, however, of addressing those legitimate concerns registered by independent inventors while retaining the core protections of the legislation. There is no doubt in my mind that H.R. 1907 will make our patent and trademark system, already the world's best, even better in the new millennium.

Mr. Speaker, I place an exchange of letters in the RECORD concerning committee jurisdiction on the bill H.R. 1907 between Chairman BURTON and Chairman HYDE.

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON GOVERNMENT REFORM,
Washington, DC, August 3, 1999.

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

DEAR MR. CHAIRMAN: I am writing with regard to H.R. 1907, the American Inventors Protection Act of 1999.

As you know, under House Rule X of the Committee on Government Reform and Oversight has jurisdiction over the federal civil service and the overall economy, efficiency, and management of government operations and activities. Sections 612, 613, 614, and 621 of the amended bill address matters that are within the jurisdiction of this Committee.

In the interest of expediting floor consideration for this measure, the Committee on Government Reform will agree not to exercise its jurisdiction over those sections on the understanding that you have agreed to amend the bill as follows:

1. Section 613 will be revised to provide that the total compensation of the Commissioner for Patents and the Commissioner for Trademarks may not exceed the salary of the Vice President. (It is our understanding that the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office and the Deputy Under Secretary of Commerce for Intellectual Property and Deputy Director of the United States Patent and Trademark Office will not be eligible for bonuses under a revised version of the bill that your committee has already agreed to.)

2. Section 614 will be further revised to require the Patent and Trademark Office to submit to Congress a legislative proposal to retain patent and trademark examiners for the purpose of training other patent and trademark examiners rather than allow the Office to develop and implement such program without congressional intervention.

Our decision not to exercise our jurisdiction over this measure is not intended or designed to waive or limit our jurisdiction over any future consideration of related matters.

Sincerely,

DAN BURTON,
Chairman.

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE JUDICIARY,
Washington, DC, August 3, 1999.

Hon. DAN BURTON,
Chairman, Committee on Government Reform, Washington, DC.

DEAR MR. CHAIRMAN: Thank you for your letter regarding H.R. 1907, the ''American Inventors Protection Act.'' This letter will serve to acknowledge your jurisdiction over sections 612, 613, 614, and 621 of the amended bill, and to confirm our understanding that we have agreed to amend the bill as follows:

1. Section 613 will be revised to provide that the total compensation of the Commissioner for Patents and the Commissioner for Trademarks may not exceed the salary of the Vice President. (You are correct in your understanding that the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office, and the Deputy Under Secretary of Commerce for Intellectual Property and Deputy Director of the United States Patent and Trademark Office will not be eligible for bonuses under the amendment.)

2. Section 614 will be further revised to require the Patent and Trademark Office to submit to Congress a legislative proposal to retain certain patent and trademark examiners for the purpose of training other patent and trademark examiners rather than allow the Office to develop and implement such a program without congressional intervention.

I understand that your decision not to conduct a markup over the provisions over which you have jurisdiction does not serve to waive your jurisdiction over these provisions or over any future consideration of related matters.

Sincerely,

HENRY HYDE,
Chairman.

Mr. Speaker, I reserve the balance of my time.

Ms. LOFGREN. Mr. Speaker, I yield myself such time as I may consume.

I would like to inquire of the chairman of the committee, rising in opposition to the bill, I need to explore the changes that have been made to this bill to understand why it is worthy of my support.

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In title II there is a first inventor defense that is limited to methods of doing or conducting business, and I need to understand why, what the impact of that would be and why it merits our support.

Mr. COBLE. Mr. Speaker, will the gentlewoman yield?

Ms. LOFGREN. I yield to the gentleman from North Carolina.

Mr. COBLE. Mr. Speaker, it is limited, I say to the gentlewoman from California, to the State Street Bank case. There was some discussion early on that. Perhaps the first inventive defense should apply to processes as well as methods. But we finally concluded that we would restrict it to methods only, and that, by having done that, we were able to satisfy some folks who were opposed to the bill otherwise.

Ms. LOFGREN. All right. So that is an accommodation that we have done, given that legislation is sausage making, to move this whole process forward.

On title IV there is a provision permitting applicants to request the issuance of a patent as soon as one claim was allowed with the remaining claims to be added later, and that was deleted. I am concerned that this would change the bill as passed by the Committee on the Judiciary, but there may be some good reason that I am not aware of for the change that is proposed.

Can the gentleman convince me as to why this should be supported?

Mr. COBLE. Mr. Speaker, will the gentlewoman yield?

Ms. LOFGREN. I yield to the gentleman from North Carolina.

Mr. COBLE. This deletion was done at the request of the Patent and Trademark Office, and the reason given by PTO was that it considered it a constitution of an additional administrative burden, and for that reason that change was made.

Ms. LOFGREN. On title V, and this is something of actual considerable concern to me, the bill was amended to retain existing law for ex parte reexaminations. For inter parte's reexamination the basic framework in the bill was retained under title V but with the limitation that a third party requestor cannot appeal an adverse decision to the court of appeals for the Federal circuit court.

I am wondering if the gentleman can convince us why this change made after the bill was reported from the committee was necessary and why it should compel our support.

Mr. COBLE. If the gentlewoman from California would continue to yield?

Ms. LOFGREN. I yield to the gentleman from North Carolina.

Mr. COBLE. Primarily this was done for the benefit of the independent inventors to balance the interest of a third party with those of a patent need, patentee, by allowing a third party to pursue reexamination under the existing system or opting for a strictly limited ex parte reexamination while assuring that a patentee would not be subject to harassment in such proceedings.

Ms. LOFGREN. Mr. Speaker, under title VI the Public Advisory Committee for Patents has been altered to provide a quarter of the representation to independents, so-called independent inventors. There is concern that institutional inventors, including universities, might be disadvantaged by this change. Can the gentleman advise us as to the wisdom of this proposal?

Mr. COBLE. If the gentlewoman would yield?

Ms. LOFGREN. I yield to the gentleman from North Carolina.

Mr. COBLE. This title VI, as the gentlewoman knows, came in for much discussion. It was part of the cause for the delay. The distinguished gentleman from Indiana (Mr. BURTON) chairs a committee that has jurisdiction over this title. He asserted that jurisdiction, and we were in exchange with him since May, to be specific, for the desired language that he preferred; and we finally were able to get that language handed to us late today, and the

purpose for his insisting upon that, and probably a good idea, was to ensure that independent inventors are not without a voice in the oversight of the operation of the PTO as far as sitting on one of the boards is concerned.

Ms. LOFGREN. Finally at this point, Mr. Speaker, I note that one change that I think I support but I have some concerns about is that the Patent and Trademark Office would be authorized to publish documents electronically. That makes sense, but because of the lack of vigorous encryption involved in the world and in government offices, I do have concerns as to the security of such publication. I do not know whether that can be addressed in the bill, but I do want to raise the issue, and my 5 minutes is expired. I want to reserve the time for the gentlewoman from Ohio (Ms. KAPTUR), so I will leave that out for a later answer.

Mr. COBLE. We will get to that substantively.

Mr. Speaker, I yield 5 minutes to the gentleman from California (Mr. ROHRABACHER).

Mr. ROHRABACHER. Mr. Speaker, I rise in strong support of H.R. 1907, as amended. This bill is the culmination of a long process of negotiations that followed floor battles in the last Congress between the leadership of the Committee on the Judiciary and a group of Members led by myself. It was far more than sausage making because we have people with honest beliefs on both sides, and I certainly can see where people can have honest differences on something as complicated as patent law.

I began this fight in 1994 when I fought against provisions that were inserted into the GATT trade agreement implementation bill to eliminate our Nation's traditional guarantee of a 17-year patent term in an attempt to harmonize our patent law with those of other nations with a 20-year-from-filing limit that was imposed through that legislation, thus taking away a guaranteed patent term that had been the right of every American inventor. This change, by the way, would have resulted in decreasing the patent term of every application held in the Patent Office for more than 3 years, which is a common occurrence with breakthrough technologies.

I was further energized in this fight when additional changes in our patent system were proposed, including the publishing of all patent applications 18 months after filing, even when no patent had been issued, and establishing prior user rights for all inventions, opening up new opportunities to challenge already-granted patents through reexamination and the turning of the Patent Office into a government corporation. These things caused me great pain and concern.

The battles we had ultimately resulted in a standoff in the Senate in which no patent legislation was adopted, and I am pleased to note that the negotiations I referred to earlier have resulted in a bill that is very much different than the patent bills that went through the Committee on the Judiciary last year and the fights we have had in the last 4 years.

Instead of making minor, tenuous extensions in the patent term, H.R. 1907 goes most of the way in reversing the 1994 patent term reduction by extending patent term completely to compensate for delays in the processing of the Patent and Trademark Office or any other delay resulting from actions taken by anyone else other than the patent applicant. Instead of publishing all patent applications after 18 months, 1907 publishes only, only the pending applications that have been published abroad, and thus they are already published and already known to the people and only to the extent that they are published abroad.

Instead of a prior user defense that applies to all inventions which we just heard a question about a moment ago, H.R. 1907 contains a very limited prior user defense that applies only to those business methods which have only been considered patentable in the last few years, and this, of course, flows from an adverse case before the court that changed patent law.

We want to have our say in what is going on here, and we are correcting it in this legislation; and instead of corporatizing the Patent Office and removing civil service protection from patent examiners, H.R. 1907 leaves the PTO as an agency within the Department of Commerce while including valuable provisions keeping patent revenue within the Patent Office and providing for enhanced training and professional development for patent examiners and retaining their civil service status.

Mr. Speaker, although as in all compromises both sides have to give up something, maybe a little, I would say that my Committee on the Judiciary colleagues will not mind that I am stating for the RECORD that I believe that H.R. 1907 represents a major victory for the independent inventor whose interests I have vigorously defended these past 5 years.

I ask my colleagues to give H.R. 1907 their overwhelming support and to join me in urging the other body to take up this compromise as is and send it to the President for his signature without change.

Mr. Speaker, I have some more detailed comments, and I will be inserting them at this point in the RECORD, but I would not want to let this moment go by without thanking the gentleman from North Carolina (Mr. COBLE) who has, as my colleagues know, stepped forward in a spirit of compromise, and we have worked really hard on this; the gentleman from Illinois (Mr. HYDE) who also played an important role in this. Their spirit of goodwill and the negotiations we have had have resulted in a superior bill that is going to do great things for America and to keep us technologically ahead.

I also thank the gentleman from Illinois (Mr. MANZULLO). In his late-breaking contributions to this fight he has greatly improved this legislation, and he can be justly proud he has done a good job for America in doing so. Finally, I would like to thank the gentleman from California (Mr. CAMPBELL) and the gentlewoman from Ohio (Ms. KAPTUR), and Ms. KAPTUR has been deeply involved in these negotiations from the beginning.

Ms. KAPTUR has been very deeply involved in this whole fight from the very beginning, and over the last 4 years she stood firm with us, and in fact in the last month we have had meetings in her office trying to negotiate these details out. We have been working with her staff, and I do not know, it sounds like we have not satisfied all of her concerns, but she has certainly played an important role in this process, and the gentleman from Ohio (Mr. KUCINICH) and the gentleman from California (Mr. HUNTER).

All of these people played such a significant role along with, of course, the gentleman from North Carolina (Mr. COBLE) and the gentleman from Illinois (Mr. HYDE) in giving us this incredible piece of legislation that I believe is going to do great things for America. Also, my staff members Rick Dykema and Wayne Paugh and other science fellows who worked with me, Paul Crilly, John Morgan, Biff Kramer, Dick Backe and Richard Cowan, for all the hard work they have put in on this piece of legislation.

I urge my colleagues to support it.

Mr. Speaker, for the last several years, this is a day I had hoped would come. I have fought long and hard to protect the products of our nation's independent inventors. I have fought diligently to strengthen our patent system and to prevent changes in the name of harmonization. Now, after the continued competition and polarization of the past, this was finally a time for cooperation. Chairman COBLE and I have both spent many hours of individual effort pursuing our respective goals for patent reform the past several years, and indeed the time was ripe to work together toward a unified effort. It was time to have an open-ended process in which everyone had an opportunity to come to the table.

With that, I am proud to say that after a long and successful negotiation period with my friend from North Carolina, Chairman COBLE, and with the invaluable help of my fellow colleague from California, Mr. CAMPBELL and with late-breaking help from my friend from Illinois, Mr. MANZULLO, we were finally able to reach agreement on the issues. As was always the case, the devil has been in the details. Therefore, this has been a carefully crafted effort, but has resulted in a resounding victory for the United States patent system and the American inventor.

TITLE II—FIRST TO INVENT DEFENSE ACT

With regard to Title II, the First Inventor Defense, I have always held that we simply cannot champion trade secret protection over patent protection for clearly patentable subject matter. We cannot betray our Founding Fathers by abandoning the foundation upon which our patent system is based. We cannot

openly advocate secrecy when our patent system calls for us to vigorously promote the progress of science through the sharing of critical technology.

In the patent bill that passed the House last year, all patents were subjected to prior user rights. This Congress, we were initially able to limit this title to processes and methods only. More recently, however, we were able to even further limit this section to business methods only. This is an important limitation in scope to take note of because now Title II will not affect the vast majority of independent inventors and small businesses.

A first inventor defense that is strictly limited to business methods will severely reduce its applicability. Furthermore, the defense applies only to business methods that have been reduced to practice at least one year prior to the effective filing date of the patent in question. Even further, to successfully use this defense a litigant must satisfy a clear and convincing evidentiary standard and risk being subjected to paying reasonable attorney fees to the prevailing party. Bottom line, the best defense to a charge of patent infringement will remain the successful assertion of invalidity, and not a first inventor defense.

TITLE III—PATENT TERM GUARANTEE ACT

My goal all along has been to assure a minimum patent term of 17 years from the date a patent is granted. Failing that, I have insisted on a guarantee that the PTO will extend the patent term as necessary to assure a term of 17 years from filing for non-dilatory applicants. The language of this bill clearly codifies this approach.

As everyone is aware, the current law governing patent term is 20 years from the date of file. Since June 8, 1995, when the 17-years-from-grant was changed, patents have been losing precious time under the current law. Inventors can no longer rely on a guaranteed term of protection. In some cases, several years of effective post-grant protection is lost due to Patent and Trademark Office (PTO) administrative delay. This title represents an opportunity to recapture some of the reliance of pre-GATT standards.

By codifying what constitutes PTO delay, this title can compensate the patent applicant for lost time on a day-for-day basis without time limitation. Furthermore, if the PTO does not issue a patent within 3 years from the date of original file, the patent term will be compensated day-for-day until the patent issues, minus any time the applicant has delayed prosecution by engaging in dilatory behavior.

This approach effectively eliminates the claimed submarine patent dilemma while providing a specific framework from which the Patent and Trademark Office must monitor and compensate the loss of any patent term due to delay for which the applicant has no responsibility.

This approach essentially gives back to the non-dilatory patent holder what I have fought so hard for—a guaranteed 17 year patent term. The patentee once again will have the right to exclude the public from using his invention for a limited time—a time that is guaranteed and clearly defined. This Title essentially regains what GATT gave away. It has been my core initiative and now I am proud to say that it is my most significant success in this bill.

TITLE IV—PUBLICATION OF FOREIGN APPLICATIONS ACT

As I supported last year, this bill includes a provision similar in spirit to the amendment successfully offered last year to H.R. 400 by my friend from Ohio, MARCY KAPTUR. Essentially, this year's effort only permits early publication of U.S. patent applications that are filed abroad in a country that also publishes early. Additionally, the U.S. application will not be published before the foreign application, and in no greater content.

Curiously, this title has generated an abundance of controversy, although its provisions are of a positive nature. There are over 170 patent systems that currently exist globally. Our nation cannot control foreign policies on early publication. A majority of foreign nations choose to publish patent applications prior to granting a patent. The published patent application is also normally printed in the home language of each respective foreign patent system.

Generally, this title will affect large corporations, because they are more likely to file abroad than the independent inventor community. Since American patent applications filed abroad are indeed published early and are in a foreign language, foreign nations have a chance to view them at their leisure. This is the reality and the argument from the other side in the last Congress that was the hardest to counter.

Thus we have agreed to permit the PTO to publish after 18 months only those applications that are filed internationally. If an applicant files an application only domestically, he will have the unqualified right to maintain confidentiality of his patent application. If an applicant files abroad and domestically, he will have the right to limit the content of early domestic publication to that content which the foreign entity has published. In no event will America publish prior to the actual publication date in a foreign patent system. It's that simple.

Also included, for those applications published early, is a provisional right which allows the patent holder to recover royalties for infringement activity during the pre-issuance period. There will also be no pre-issuance 3rd party opposition to the patent application permitted. Finally, the costs derived from early publication will be applied only to those applicants who are actually subjected to publication.

Essentially, this title is reactive to circumstances beyond our control already present in many foreign patent systems, while going to lengths to protect the American inventor community.

TITLE V—PATENT LITIGATION REDUCTION ACT

Considering both the patent holder and third party, reexamination is a seldom used process in proportion to the number of patent applications filed each year. Yet, when Congress originally enacted the reexamination statute it had an important public purpose in mind: to restore confidence in the validity of patents issued by the PTO.

Specifically, three principal benefits were noted: 1. Resolve patent validity disputes more quickly and less expensively than litigation; 2. Permit courts to defer issues of patent validity to the expertise of the PTO; and 3. Reinforce investor confidence in the certainty of patents.

Reexamination was enacted as an important step to permitting the PTO to better serve the public interest. As the Supreme Court stated in Graham v. Deere, ''it must be remembered that the primary responsibility for sifting out unpatentable material lies in the Patent Office. To await litigation is—for all practical purposes—to debilitate the patent system.''

The current statute permits any patent holder or third party to submit prior art in the form of prior patents and printed publications throughout the term of the patent for the PTO to determine whether a substantial new question of patentability exists. Reexam procedures currently limit a third party's participation to arguing why there is a substantial new question of patentability.

This title was an attempt to provide an alternative to existing law and to further encourage potential litigants to use the PTO as a avenue to resolve patentability issues without expanding the process into one resembling courtroom proceedings. Fundamentally, in addition to the reexam process in law today, this title creates an additional reexam option that permits a 3rd party requestor to file additional written briefs. The price paid by those who would challenge a patent, however, is that the 3rd party requestor is barred from any appeals outside of the PTO and from subsequently litigating the same issues in a district court or making a second reexam request. This estoppel is the insulation that effectively protects patent holders.

Ultimately, the expanded reexam option does not subject the patent to any greater challenge in scope than currently exists today. It merely allows a reexam requestor the option to further explain why a particular patent should not have been granted.

Mr. Speaker, this bill does not create new opportunities to pursue litigation and does not create additional ways to invalidate patents. In fact, the bill seeks to provide even further ways to reduce the incentive for litigation in the courts and to protect against the needless wasting of dollars independent inventors don't have.

CONCLUSION

Certainly, last year's bill was an exercise in harmonization brought about by the interests of large corporations. In contrast, this year's bill, H.R. 1907, is designed to protect the products of our nation's inventors and to help sustain our unprecedented technological leadership. I saw to that through many intense negotiations with my colleagues. Unfortunately, there are still those who cannot recognize victory even when it stares them in the face.

I assure you, Mr. Speaker, that if H.R. 1907 was similar to either H.R. 400 or S. 507 last Congress, my views would not have changed this Congress. But that is not the case. H.R. 1907 is a brand new effort reached through an open-ended and fair debate, and it is a bill I am unequivocally supporting today. It is also a bill that I will stand firmly behind as it moves through the Senate.

I know it is up to Congress to carry on the tradition of Thomas Jefferson, Benjamin Franklin, and the will of our Founding Fathers. It was they who provided our newly formed nation with a foundation for freedom and the power to protect the achievements of our inventors.

I have been intimately involved in these issues because I want to ensure that our patent system continues to respect the fundamentals of our Founding Fathers while at the same time enhancing its operability in modern society. We have a chance this Congress to enhance a system that better provides a stronger protection for our nation's inventors.

Our patent system always has—and always will—stimulate the creation of jobs, advance our technological leadership, and help sustain our standard of living. It has helped to fortify our economic success, strengthen our national defense, and reinforce our global leadership.

I look forward to passing this bill with the resounding support of my colleagues on the House side and I look forward to the unshakeable support for its text when it is reported in the Senate.

I want to make sure that we will firmly stand behind the text of this bill in the event of contrary action by the Senate. But I am confident that the other noble body of this Congress will accept the House's efforts in patent reform and will move our version of the bill forward without delay.

Mr. Speaker, I applaud my colleagues who have endured a labor-intensive process to reach the final accord we have today. I know it was not an easy thing to do and that it was a long time coming, but it is the American people who will ultimately benefit.

This body can rest assured knowing we faithfully served American technology. Mr. Speaker, although I know there is much work left to do by way of vigilance and continued involvement, I am pleased looking back and realizing all the good work that has been accomplished so far.

Ms. LOFGREN. Mr. Speaker, I yield 10 minutes to the gentlewoman from Ohio (Ms. KAPTUR), and I ask unanimous consent that she be permitted to further yield time.

The SPEAKER pro tempore (Mr. MILLER of Florida). Is there objection to the request of the gentlewoman from California?

There was no objection.

The SPEAKER pro tempore. The gentlewoman from Ohio (Ms. KAPTUR) will now control 10 minutes of time.

Ms. KAPTUR. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I must say I find it very interesting here close to 10 p.m. Washington time that we have had walked to the floor less than a half an hour ago the bill that we are going to be asked to vote on tomorrow. This is likely to be the last item of business tonight. This bill is 105 pages long, and I must say I am extremely disappointed that I could not even get 20 minutes to talk about a measure that has been worked on in this Congress for several years, and now under the unusual, unusual procedure of bringing up a major bill like this with constitutional implications it is brought up under suspension, and I, as the only person in opposition here with perhaps the exception of one other are allowed 10 minutes. Mr. Speaker, I will not yield time at this point, having so few minutes myself.

Mr. Speaker, any reasonable person would ask why the silence. Why are we being silenced and not allowed to explore some of the questions that have troubled us over several years?

I listened very carefully to those that have been involved in these negotiations: the gentleman from Indiana (Mr. BURTON), the gentleman from Illinois (Mr. MANZULLO), the gentleman from California (Mr. ROHRABACHER), the gentleman from California (Mr. CAMPBELL).

Frankly I was not involved in the negotiations that have been occurring here over the last several weeks. There were two meetings I think in my office where we tried to gain clarification of language that never came back, and I would like to ask the chairman of the full committee, if I might, my good friend, the gentleman from North Carolina (Mr. COBLE), if this bill before us, H.R. 1907, is the same bill that was voted out of the Committee on the Judiciary on May 24 of this year, 1999.

Is this the same bill?

Mr. COBLE. Mr. Speaker, will the gentlewoman yield?

Ms. KAPTUR. I yield to the gentleman from North Carolina.

Mr. COBLE. It has been amended many times for the benefit of independent inventors, many of the people the gentlewoman from Ohio (Ms. KAPTUR) represents, and that is one of the reasons why it has taken awhile for it to get here, because there have been countless hours that have been put into this.

Ms. KAPTUR. Excuse me, on that point where the gentleman says it has been amended, in what formal process on the record has it been amended?

Mr. COBLE. There is a manager's amendment now.

Ms. KAPTUR. There is a manager's amendment now which was walked to the floor at 9:17 p.m., which I could only get up to Page 54 reading very quickly here this evening. There are 105 pages in the bill.

So the manager's amendment is the bill that was walked to the floor tonight, so it has not come through any subcommittee; it has not come through any full committee. It is going to be offered here and then voted on tomorrow; is that correct?

Mr. COBLE. That is correct, and if the gentlewoman would yield, for the people, for the very people she represents, we have done this for them.

Ms. KAPTUR. I would say to the gentleman I have many fewer minutes than he does here this evening, and I hate to reclaim my time, but I am going to do that and say to the gentleman that for me, and again I have not had to study this bill every single word as the gentleman has over the last several weeks, but the reason for my objection is this:

□ 2200

The Constitution of the United States sets up a very precious right of property. I am going to read it. It is only 32 words. It says in article I, section 8, ''The Congress shall have power to promote the progress of science and useful arts by securing for limited times to authors and inventors the exclusive right''—exclusive right—''to their respective writings and discoveries.''

Now, this is not some little amendment that is part of a manager's effort. This is the Constitution of the United States. Therefore, when a 105-page bill comes before us on suspension, those of us who value this document and devote much of our lives to preserving it under the oath that we take are very suspicious of any bill of such consequence that comes before us on suspension when we are allowed only 10 minutes to debate.

I also would say that with all due respect to the excellent minds that were involved in crafting this manager's amendment, it is only a handful of Members of this institution. This bill is not up on the web. I cannot ask the inventors I represent back home to go to any site to look at it so I can be advised on how to vote tomorrow morning.

I know a fast ball when I see one. I have been here long enough to know that. I am offended by this, simply because I think the constitutional issues are so very important. I am not afraid of sunshine on this issue or any other issue, and I would say to my good friends from California, some of whom are on the floor tonight, I understand a little bit about industry differences, and I know that there are some industries that will benefit more than others from the publication in foreign locales of some of these patents.

I would say, and I have only marked one paragraph that I will read here, because the public will know nothing of this bill before it is voted on tomorrow, but on page 33 there is this section that is called ''United States publications of applications published abroad.'' It says, ''Subject to paragraph (2), each application for patent except applications for design patents filed under chapter 16 and provisional applications filed under section 111(b) shall be filed in accordance with procedures determined by the Director, promptly upon the expiration of a period of 18 months after the earliest filing date for which a benefit is sought under this title.''

Now, that is an interesting set of words there, but I guess I would want to take sections like that and let the sun shine in, let those back home whose livelihoods and futures, and, frankly, the future of this country depend on, have an opportunity to think and comment before this particular vote.

I agree with the chairman; this is complex, it is very important, and it is often misunderstood. I would have to say as a Member, I take some offense that some professor from MIT, and I attended MIT, had more influence with the committee and more ability to review these sections than Members like myself. You must understand this frustration.

So I do really feel that we are being closed out. That means that some interests are being looped in, and it means that we are not to be given the chance to review this extremely important measure with constitutional consequences before we are asked to vote on it tomorrow.

Mr. Speaker, I yield 2 minutes to my good friend, the gentleman from Maryland (Mr. HOYER), who has fought so hard trying to get reform that is fair to all concerned.

Mr. HOYER. Mr. Speaker, I thank the gentlewoman for yielding, and I want to join her in her expressions of concern about the process.

The gentleman from California, myself, and others as well as the gentlewoman from Ohio (Ms. KAPTUR) throughout the process of consideration of legislation, the history of which Mr. ROHRABACHER gave a little earlier, have raised very significant concerns. Those concerns were raised not for those who can lobby this House very effectively, but for those small inventors whose lifeblood relies on the integrity of their patent application.

Because of that concern we have raised repeatedly the reservations, I do not even want to say opposition, but reservations to this bill that were expressed to us by hundreds of small inventors, perhaps thousands of small inventors, represented by them around this country.

My concern tonight is that the gentleman from California (Mr. ROHRABACHER), for whom I have a great deal of respect, the gentleman from Illinois (Mr. MANZULLO), for whom I have a great deal of respect, who signed a letter with me, with the gentlewoman from Ohio (Ms. KAPTUR) and the gentleman from California (Mr. HUNTER) with reference to the bill in its previous form, we did not want it to move quickly.

We have now had changes in the bill which the gentlewoman from Ohio (Ms. KAPTUR) has referred to which, frankly, I have not had the opportunity to review fully, and I have a sense that maybe I am with the 430 people in this House. There perhaps have been four or five who have reviewed this legislation. But I am very concerned that we are moving this tonight on suspension. We are not going to vote until tomorrow, I understand that, without having the opportunity to fully review, debate, the provisions of this bill.

The gentleman from California made a very good statement, I thought, going through various provisions in the bill about which we had concerns. I regret I do not have more time to speak.

Ms. KAPTUR. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I regret the gentleman does not have more time as well. I wish to say to the gentleman, thank you very much for being here this evening, and to say thanks to our colleagues who have also labored on this bill.

There is regular order here. We should have regular order, especially on a bill of constitutional magnitude. We all recognize it is.

Let me say for those of us who may question why do we need to change anything about this patent system which protects the seed corn of our country, the lifeblood of our ideas, what is so bad about the current system we have today, when we are the leading industrial-military-arts-power in the world? Everyone else wants to file their patents here because of the very successful system that we have. If we do it wrong, we jeopardize our own leadership.

So why are we so afraid to take the time to let Members read these provisions? If the bill is so good, then it will go through on its own merits, but not through clamping down on regular order in the debate that should precede on a measure with constitutional consequences.

Frankly, if it is a bad bill, it is going to end up in the courts and it is not going to go anywhere. So we owe it to the American people to do it right the first time.

Mr. Speaker, I thank the gentlewoman for yielding me the 10 minutes, but I truly wish at a minimum 20 minutes for a constitutional question, is that really asking too much?

Ms. LOFGREN. Mr. Speaker, I yield 1 minute to the gentlewoman from California (Ms. SANCHEZ).

Ms. SANCHEZ. Mr. Speaker, I thank my colleague from California for generously yielding me time tonight on this subject.

Mr. Speaker, I rise today in support of H.R. 2654, the American Inventors Protection Act. The bill improves current patent law and it is in our national interests. The United States is currently the only industrial nation without a first invention defense, and this bill will close that gap.

The first invention defense allows a company who is using a manufacturing process, if someone patents that process after the company has been using it, to continue to use it. This is in the best interests of competitive growth and our industrial technology. The bill also makes the Patent and Trademark Office better equipped to deal with the flood of patent applications that come in every day.

Clearly this is a bill that is good for American business, and it therefore will also be good for the American consumer. I urge my colleagues to vote for H.R. 2654.

Mr. COBLE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the gentlewoman from Ohio said she was offended. Well, I am becoming offended too, when I think of all the time that we have put in listening to every person who wanted to be heard. The gentlewoman from Ohio (Ms. KAPTUR) submitted a PTO fees for study for small businesses. It is in the bill. Her own study is in the bill, section 622.

The Alliance for American Innovation, a group known to the gentlewoman from Ohio (Ms. KAPTUR) and adamantly opposed to our bill, I invited them not once, but twice to send a witness to a public hearing. On each occasion, Mr. Speaker, my invitation was declined. So, yes, I am becoming a little bit impatient as well, because I think we have indeed turned the other cheek, and I am proud of it.

My friend the gentlewoman from Ohio (Ms. KAPTUR), when she was reading earlier the provision that she read, of course, it is subject to paragraph 2, exceptions for independent inventors who file only in the United States. That is covered.

I apologize, Mr. Speaker, if I am becoming a little wrought, but I am a little wrought, and I am normally an easy dog with which to hunt. But when I think about all we have done, and then I see the gentleman from California.

Mr. ROHRABACHER. Mr. Speaker, will the gentleman yield?

Mr. COBLE. I yield to the gentleman from California.

Mr. ROHRABACHER. Mr. Speaker, let me just note that the section of the bill that the gentlewoman from Ohio (Ms. KAPTUR) read and said, my gosh, we need to look at this more, and why just foist it on us, the gentlewoman from Ohio (Ms. KAPTUR), that portion of the bill has not been changed and has been available for 3 or 4 months now.

This is not something that somebody is moving through, trying to slide through the system. The gentlewoman is complaining about the section of the bill dealing with the 18-month publication. That has not changed. The gentlewoman has had that in her possession ever since it went through committee a couple months ago.

Let me make one or two more points. We have in the last few days, most of what has been talked about, the gentlewoman did not get this 100-something page bill and never had a chance to read it. Most of that bill is exactly the same, and the changes that have taken place are small changes that were done in order, as the gentleman from North Carolina (Chairman COBLE) said, to accommodate the very people that we have been trying to protect. Those changes are not so dramatic that it takes very long to digest them. It is not a 118 page bill that is shoved in your lap that is totally new. Almost all of that has been in your possession all of this time.

Mr. COBLE. Mr. Speaker, reclaiming my time, I want to address a question that the gentlewoman from California (Ms. LOFGREN) asked earlier, and I want to do it before I forget it. When the gentlewoman talked about the PTO authorizing the publishing of documents electronically, it was done to ensure that the users of the Patent and Trademark Office may have a more expeditious and thorough access to patent-related information. I think I know from where the gentlewoman from California (Ms. LOFGREN) is coming from, and I will be happy to discuss the security aspect with her at a subsequent time.

Ms. LOFGREN. Mr. Speaker, will the gentleman yield?

Mr. COBLE. I yield to the gentlewoman from California.

Ms. LOFGREN. Mr. Speaker, I do not believe we need to specify the security issues in this bill, but I accept the

chairman's commitment to work with me, and I am sure with the gentleman from Virginia (Mr. GOODLATTE), to ensure the encrypted security of these measures.

Mr. COBLE. I thank the gentlewoman.

Mr. Speaker, I yield 5 minutes to the gentleman from Illinois (Mr. MANZULLO).

Mr. MANZULLO. Mr. Speaker, these past 2 days have been perhaps the most challenging in my life as a United States Congressman. I, first of all, want to thank the gentleman from North Carolina (Chairman COBLE) for his patience, his understanding, his wisdom, and his knowledge of this subject. I come to this gentleman's defense not only because of the scholarship and the reputation he has for honesty in this country, but also for the fact that many people have attacked the gentleman from North Carolina (Mr. COBLE) personally because of this bill. I believe that if there is any attack, it should be to the legislative language, and not to an individual's integrity.

These have been challenging days. In addition to the gentleman from North Carolina (Mr. COBLE), I want to thank the gentleman from California (Mr. ROHRABACHER), the gentleman from Indiana (Mr. BURTON) and the gentleman from Illinois (Mr. HYDE), the chairman of the Committee on the Judiciary.

We have labored endlessly in these past 2 days to come up with a bill that protects the integrity of the patent system of this country, while giving fair and open access to it by large corporations and by individual inventors.

The bill is not a compromise in that parties give up or gain any rights. Rather, it is a coming together of all interests in forging a bill that represents openly and fairly the interests of everybody, especially and including the American people.

I worked in two areas of the bill, first with regard to title II of the first inventor defense. Before the State Street Bank and Trust case as to which in 1998 the U.S. Supreme Court upheld the Court of Appeals for the Federal court, it was universally thought that methods of doing or conducting business were not patentable items.

□ 2215

Before that case, everybody would keep that secret and never tried to patent it. In recognition of this pioneer clarification in the law by that case, we felt that those who kept their business practices secret had an equitable cause not to be stopped by someone who subsequently reinvented the method of doing or conducting the business or obtaining a patent. We, therefore, limited the first inventor defense solely to that class of rights dealing with methods of doing or conducting business.

It is succinctly to be understood that we do not intend to create by legislative fiat the first inventor defense or any prior user rights for any other process, method, or product or other statutorily recognized class of patentable rights.

Second, with regard to title V, Optional Inter Partes Reexamination Procedure, what we did in that was, in addition to keeping the present law of ex parte reexamination procedure, which gave certain rights to the inventor and to the challenger, we came up with an additional section, the inter partes reexamination which, if selected by the third party requester, would entitle that person to participate further by filing written documents within the Patent Office.

In exchange for that, there would be a complete estoppel or prohibition to contest the decision. The purposes of our making those changes was to stop any additional litigation that may come as a result of this law.

This means fairness for everybody. For the inventor who has a request for reexamination filed against him, in the present ex parte reexamination process, he still has the same rights he does under the present law; that is, the third party has to rely on his initial written documents. The third party has no right to appeal in the event that he loses a challenge. If the inventor loses, he still may obtain his right to appeal to the Court of Appeals.

To the third party, he may proceed under the present law or the option to file the inter partes reexamination.

So it is a matter of fairness to everybody in maintaining the integrity of the Patent Office. Sure, we have had a lot of people help us on this in addition to the Members and Bob Rines who founded the Franklin Pierce Law Center at MIT, founder of the Academy of Applied Science, an inductee of the Investors' Hall of Fame, an inductee of the Army Signal Corps Wall of Fame, a Lecturer at the MIT since 1933, a former lecturer of patent law at Harvard, the inventor of the sonogram, a person who has practiced patent law for 55 years and has no interest other than to maintain the rule of law and the integrity of the patent system. He came and helped everybody out.

But, Mr. Speaker, this bill is a good bill because it protects everybody. But most of all, it protects the integrity of the patent system. I would ask that when the Senate takes it up that the bill would be unchanged in its present form.

Mr. Speaker, these past two days have been two of the most challenging I have had as a Member of Congress. I have had the opportunity to work with my good friends and colleagues, Congressmen HENRY HYDE, chairman of the Judiciary Committee, HOWARD COBLE, chairman of the Judiciary Subcommittee on Intellectual Property, and DANA ROHRABACHER. We have labored endlessly these past 2 days to come up with a bill that protects the integrity of the patent system in the country, while giving fair and open access to it by large corporations and individual inventors. The bill is not a compromise in that parties "give up" or "gain" any rights; rather, it is a coming together of all interests in forging a bill that represents openly and fairly the interests of everybody—including and especially the American people.

I have had a hand in working in the following areas of the bills.

First, with regard to title II—First Inventor Defense: Before the State Street Bank and Trust case, as to which in 1998 the U.S. Supreme Court denied certiorari and thereby upheld the Court of Appeals for the Federal Circuit, it was universally thought that methods of doing or conducting business were not among the statutory items that could be patented. Before that case, everybody would keep their methods of doing or conducting business as secret as they could and never tried to patent them. In recognition of this pioneer clarification in the law, we felt that those who kept their business practices secret had an equitable cause not to be stopped by someone who subsequently reinvented the method of doing or conducting business and obtained a patent. We, therefore, limited the first inventor defense solely to that class of rights dealing with "methods of doing or conducting business." It is distinctly to be understood that we do not intend to create first inventor defense or prior user rights for any other process, method, or product, or other statutorily recognized class of patentable rights, which in fact had been included in the original draft of this legislation, but which was stricken upon agreement of all the parties on this legislation.

Second, with regard to title V—Optional Inter Partes Reexamination Procedure: We clearly retain the present existing ex parte reexamination rules without change, Chapter 30 of title 35, United States Code. In addition we added an optional inter partes reexamination procedure, which, if selected by a third party requestor, would entitle that requestor to participate by filing written documents within the Patent Office only, and would bar the requestor from appealing to the Federal Court of Appeals of the Federal Circuit if the Patent Office decided the patent reexamination in favor of the inventor. In selecting this optional inter partes procedure, however, the requestor would be bound by the decision of the Patent Office and estopped (or prohibited) to contest the decision in any other civil action outside the Patent Office.

This means fairness for everybody. For the inventor who has a request for reexamination filed against him in the present ex parte reexamination process, he still has the same rights as he does under the present law: (a) the third party has to rely on his initial written documents and cannot participate in the discussion between the inventor and the patent office; (b) the third party has no right to appeal in the event he loses his challenge; and (c) if the inventor loses, he still maintains his right to appeal to the Court of Appeals.

For the third party, he may either proceed under the present law, as outlined above, or have the option to filed under the inter partes reexamination procedure, and file further documents (as opposed to just the initial document) and thus participate in the proceedings in the patent office, but with no right to a court appeal if the Patent Office decides against him, and with an estoppel (prohibition) against his challenging the Patent Office decision in any forum.

With regard to title VI—Patent and Trademark Office, we are proud to say that the sole

mission of the Patent Office is to protect intellectual property of the inventor and to that end, the title lets the Patent Office retain and use for its purposes all the revenues and receipts. This means the Patent Office will have additional funds to retain professional staff, provide increase training and facilities, and make the patent system as affordable as possible to the inventors.

Ms. LOFGREN. Mr. Speaker, how much time is remaining?

The SPEAKER pro tempore (Mr. MILLER of Florida). The gentlewoman from California (Ms. LOFGREN) has 4 minutes remaining. The gentleman from North Carolina (Mr. COBLE) has 3 minutes remaining.

Ms. LOFGREN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the American Inventors Protection Act of 1999 revamps our patent system so it is ready to meet the challenge of our Nation's high-tech industry and the global economy.

We had a spirited debate in the last Congress on our predecessor bill, H.R. 400. While H.R. 400 did pass the House, it died in the Senate. This year I believe we made the changes that meet the concerns raised during the floor debate in committee.

The bill was first published as a committee print so everyone could make known their objections and so final details could be carefully considered before the bill's formal introduction.

Now that the Subcommittee on Courts and Intellectual Property has favorably reported the result of all that effort, as has the full committee, I encourage support of the bill.

It requires early publication of our foreign competitors' technology, it protects American investors from unscrupulous invention promotors, it protects domestic manufacturers and jobs from late-filed and issuing patents, half of which are foreign owned, it provides an inexpensive and efficient system for challenging improvidently granted patents, and it gives the Patent and Trademark Office operational flexibility that it needs.

Under this bill, no U.S. inventor who seeks patent protection only in the United States will have to publish their patent application, that is, if they wish to maintain their invention's secrecy.

But a U.S. inventor will get to see what foreign competitors are seeking to patent here more than a full year earlier than is the case under current law.

While the administrative procedure for testing patents in the PTO by expert examiners will be made fairer, thus enhancing its utility, a number of safeguards have been added to ensure that patentees, especially those of limited financial means, will not be harassed or otherwise subject to predatory tactics.

In addition to the PTO's being reorganized into a performance-based organization, the creation of the statutory advisory committee will be of value both to the Congress, the President, and the public.

This Act will strengthen our Nation's technological leadership, protect American workers, and reduce the cost of obtaining and enforcing patents in the United States.

When I stood earlier this evening, I expressed reservations about the changes that were made in the bill between reporting, I would say unanimously by the full committee, and receipt of the bill today.

As I mentioned, legislating is like making sausage. There are many aspects that are not delightful. But I would note that the changes that have been made as explained by the chairman are really discrete ones.

As the gentleman from California (Mr. ROHRABACHER) pointed out, the bulk of this bill is exactly what was reported by the committee. It has been available to every Member of the public and this House for many months.

The five changes that have been made, although not what I necessarily would have crafted, are those that I can tolerate, that I think American inventors can tolerate. I understand that they are necessary in order to garner the kind of broad consensus that is required in order to move this bill forward.

We know that the intellectual property is the coin of the realm in an information-based economy that ours has become. Without strong protection of intellectual property, including patent law, we put at risk the tremendous prosperity that we have created here in America, our wonderful country.

This bill will go a long ways towards enhancing the protection that we need for our intellectual property. Therefore, I can now, understanding the five discrete changes, support the bill. I urge that my colleagues would support the bill. I hope that the Senate will act swiftly to get this long overdue measure enacted into law.

Mr. COBLE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I say to the gentlewoman from Ohio (Ms. KAPTUR) I did not yield to her earlier because I did not have the time; and the gentlewoman from California (Ms. LOFGREN) did yield 10 minutes, so I do not think anybody was cutting anybody off.

Much has been said about coming here tonight. Last night, this bill was on the calendar. But in an effort to make yet more changes for the independent inventors, we are here tonight, almost at the bewitching hour. Fifty-five cosponsors, Mr. Speaker, nine hearings have been conducted, 90 witnesses have been before three sessions of the Congress.

No, this is not a Johnny-come-lately. This is not a guy who came to the party at midnight. We know this visitor. This visitor is well known to all of us.

Let me tell my colleagues, Mr. Speaker, who sponsors it, who supports the bill: Inventors Digest and independent inventor Robert Rines. I mentioned the gentleman from California (Mr. ROHRABACHER), the gentleman from California (Mr. CAMPBELL), the gentleman from Illinois (Mr. MANZULLO), and the gentleman from Indiana (Mr. BURTON) because they opposed this last year.

The gentlewoman from Ohio (Ms. KAPTUR) said, well, there is only four or five. Well, this is representative government. We cannot have 435 out here. This is representative. If we get a sampling of a dozen people, we have gotten a good input.

The gentleman from Missouri (Mr. GEPHARDT), the minority leader. Both parties, Republican and Democrat, have high-tech agendas, and this matter is on both those agendas. Patent Coalition, major associations involved in intellectual property. Bipartisan and unanimous support of members of the Subcommittee on Courts and Intellectual Property and the Committee on the Judiciary.

I think the significant feature here, Mr. Speaker, is that intellectual property is so obviously important to the well-being of our economy, and it should not be casually dismissed.

I want to thank the gentlewoman from California (Ms. LOFGREN) for her effort tonight. I want to thank the gentleman from Illinois (Chairman HYDE), the gentleman from Michigan (Mr. CONYERS), the ranking member, the Democrats and Republicans alike who sat on our subcommittee.

I am proud of what we have done. I am happy to have our converts over from last year who opposed us. We embrace one another now. I think we are on our way. Even the Whip appears to be smiling as if he is in our corner.

I want to echo what the gentlewoman from California (Ms. LOFGREN) said. Let us send this to the Senate. Let the Senate, the other body, act with dispatch, and let us get this into law for the benefit of America generally and the inventing community specifically.

Mr. ROHRABACHER. Mr. Speaker, will the gentleman yield?

Mr. COBLE. I yield to the gentleman from California.

Mr. ROHRABACHER. Mr. Speaker, I think we should pay tribute also to the gentlewoman from Ohio (Ms. KAPTUR) who has put a lot work in on this. When she reads all of this, she is going to be so happy with this bill.

The gentleman from North Carolina (Chairman COBLE) has done a great job, and the gentlewoman from Ohio (Ms. KAPTUR) is going to be happy with it.

Mr. COBLE. Mr. Speaker, I say to the gentleman, I hope she will be happy because her study report is in the bill. Most of what the gentlewoman wanted is in here, so I would be amazed if she was not happy.

Mrs. KELLY. Mr. Speaker, I rise in strong support of H.R. 1907, the American Inventors Protection Act, legislation which might be more aptly titled the "Keep America Competitive Act."

H.R. 1907 comes before us as a consensus bill. In the last Congress we had a battle on the floor when we debated this issue. Now we

have a bill before us that, while, as we have heard, there is very limited opposition, I believe almost all of us can support. A manager's amendment contains the core provisions of H.R. 1907 which enjoys 56 cosponsors nearly equally represented by both sides of the aisle.

H.R. 1907 makes a number of commonsense improvements to our patent system. It is the culmination of over 4 years of extensive hearings and debate among Members of differing views on patent reform who have had many opportunities to refine the legislation to what we will be voting upon today.

Members have agreed upon these provisions because they recognize that we in Congress cannot continue to postpone action on this critical topic of how our patent system works. Those of you who are businessmen and women know that to be successful, you must constantly refine how your organizations operate in order to remain competitive in the face of a changing environment. The same is true to our patent system.

We are facing an economic environment that is changing more rapidly than ever, and we must give our inventors, entrepreneurs, and patent system the tools they need to address these changes.

H.R. 1907 provides significant benefits and additional protection for all those with the inventive and entrepreneurial spirit, while addressing some of the abuses in the patent system, that we have witnessed in the past. Among the attractions of H.R. 1907 are:

The opportunity for inventors to collect royalties from the time a patent application is published;

Assurance that diligent inventors will get a minimum patent term of 17 years;

Protection for small businesses who are first to invent and use processes, so that they do not have to pay others who later usurp their technology and patent it;

Publication of U.S. patent applications which are also filed abroad, thus eliminating an advantage our patent system gives to foreign companies;

Reducing costly patent litigation by improving the Patent Trademark Office reexamination process for patents which may have been issued inappropriately.

We are all working hard to make sure that U.S. inventors and entrepreneurs are positioned to take advantage of the significant transformations underway in our economy, transformations that are unsurpassed in increasing new jobs. These transformations, many of which can rightly be labeled electronic commerce, are generating significant innovations. However, not all innovations are patented. We must make sure that true innovators have the incentives and protection they need to continue the process of invention, whether or not they elect to patent their inventions. However, nothing in H.R. 1907 eliminates a patentee's exclusive right to collect royalties on his or her invention. At the same time, we must continue to provide new incentives for our patentees, and to make sure that a U.S. letter patent remains a thing of quality and value.

H.R. 1907 does all these things, and I urge its passage by this Body and its enactment at the earliest opportunity. In short, I hope my colleagues will join me in supporting this important legislation to keep America competitive in the 21st century. I thank you, Mr. COBLE, Chairman HYDE and all others in making this bill a reality.

Mr. GOODLATTE. Mr. Speaker, I rise today in strong support of this important legislation, and I want to congratulate those who worked so hard to reach this agreement. This is a very good bill and a very, very important bill to protect the competitiveness of American business and American inventors, large and small.

I commend the gentleman from North Carolina, my good conservative friend, and the gentleman from California, Mr. ROHRABACHER, for pushing this legislation forward. Both gentlemen know how important this legislation is for the American people.

Mr. Speaker, we are currently dealing with a situation where we have got to act and act now to protect American inventors from a situation where that technology is being stolen under current law.

Under current law, every single patent that is filed in the other major industrial countries around the world is published after 18-months, in Japanese, in German, in French, for those inventors and those countries to see. Forty-five percent of all the patents filed with the U.S. Patent Office are filed by foreign inventors, and U.S. inventors do not get to see that technology filed here in the United States.

This bill provides greater protection for the small inventor by improving the patent pending provisions of the law. This bill protects the small inventor in this country by giving them the opportunity to get capital behind those inventions much sooner than they get under current law.

Mr. Speaker, this is a good bill. It is a good bill for the little guy, and we should vote for the bill and get this major improvement to competitiveness in the United States against our foreign competition done.

Mr. BERMAN. Mr. Speaker, I rise in strong support of H.R. 1907. As ranking member of the Subcommittee on Courts and Intellectual Property, I can attest to the longstanding efforts of my colleagues and predecessors on the Subcommittee, Carlos Moorehead, Pat Schroeder, and BARNEY FRANK, on behalf of this legislation. Now thanks to the very hard work of the gentleman from North Carolina and his staff, with the assistance of the gentlelady from California, we now move one step closer to enactment of reforms that will more effectively protect the creativity and investments of American inventors, entrepreneurs, and businesses.

A voluminous record has been complied by our subcommittee in support of this legislation, comprising many days of hearings over several Congresses. As a result of that record, I am convinced that this bill is unquestionably in the national interest. I embrace the conclusions of the 21st Century Patent Coalition that the bill will improve the quality of patents, reduce the costs of resolving patent disputes, put an end to rules favoring foreign applicants over American companies, protect American businesses and jobs, and not least of all, strengthen the rights of inventors who now suffer from delays at PTO that are not their fault.

In view of the strong support of a wide range of associations and interests, including a very large number of Fortune 500 companies, the Biotechnology Industry Association, the Computer and Communications Industry Association, the Pharmaceutical Research and Manufacturers Association, the Business Software Alliance, the National Association of Manufacturers—why even the Indiana Manufacturers Association—the obstacles that have been thrown up to our efforts to get this bill scheduled for consideration are very hard to understand.

While I supported earlier versions of this legislation, including H.R. 400 as approved by our Committee last year, I am always loathe to make the best enemy of the good. Today's legislation has won broader support than previous versions of this legislation, and I salute my colleague from North Carolina and his staff for their patience and persistence in bringing us a giant step closer today to our mutual goal of patent reform.

I strongly support this bill, and urge my colleagues to do so as well.

Mr. DOOLEY of California. Mr. Speaker, I rise today in support of H.R. 1907, the American Inventors Protection Act. The bill, introduced by Representatives COBLE and BERMAN, and now cosponsored by a bipartisan coalition, will provide much needed patent protection to American inventors. This bill also makes the Patent and Trademark Office (PTO) more accountable to its customers, and allows customers to recoup patent term lost during the patent process at the PTO. Without a doubt, H.R. 1907 is a pro-growth bill that would foster technological advancements without leaving the small businessperson behind.

The United States is by far the world's largest producer of intellectual property. Many other nations have learned from our success, and have enacted laws targeted to protecting intellectual property developed by small businesses, inventors and industries. Major changes are needed in U.S. patent law to ensure that American inventors and businesses that are largely dependent on the development of intellectual property have the opportunity to compete and win in the global marketplace.

Enactment of this legislation is crucial to promoting growth in the New Economy and to ensuring that the competitiveness of the U.S. high-tech sector, including biotechnology will be enhanced by this bill.

The bill would require the publication of patent applications at eighteen months—a requirement that would make U.S. patent law consistent with the laws of our leading foreign competitors. Under the current two-tiered system almost 80 percent of all patent applications pending in the United States are also filed and published in other countries and printed in the language of the host country. This publication requirement means that foreign competitors may review the U.S. patent application. But because the U.S. system does not require patent publication prior to issuance, foreign competitors are not required to reveal the subject of their applications until after a U.S. patent is issued.

Patent reform legislation also targets a practice known as ''submarine patenting,'' in which a patent applicant deliberately files a very broad application and then delays the issuance of a patent for several years until someone else, who is unaware of the hidden patent application, invests in research and technology to develop a new consumer product. When the product is developed, the holder of the ''submarine patent'' rises above the surface to sue those who have developed the technology.

Submarine patent filings have risen sharply since the early 1980's. One of these submarine patents cost one company more than

$500 million, not including court costs, taking R&D dollars out of the system. Reform is needed to prevent individuals from manipulating the system at great costs to others who are investing in research and innovation.

The U.S. should promote industries and sectors of our economy that provide the U.S. with the greatest relative competitive advantage in the global marketplace. The U.S. is a leader in research, innovation, and the development of intellectual property, but this advantage could be jeopardized if U.S. patent law is not reformed to create a level playing field with our competitors. U.S. patent law should be reformed to ensure that our businesses and researchers are well positioned to compete in the global economy today and into the future.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from North Carolina (Mr. COBLE) that the House suspend the rules and pass the bill, H.R. 1907, as amended.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. COBLE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceeding on this motion will be postponed.

ANNOUNCEMENT OF INTENTION TO OFFER MOTION TO INSTRUCT ON H.R. 1905, LEGISLATIVE BRANCH APPROPRIATIONS ACT, 2000

Mr. TOOMEY. Mr. Speaker, pursuant to section 7(c) of House rule XX, I hereby notify the House of my intention tomorrow to offer the following motion to instruct House conferees on H.R. 1905, making appropriations for the Legislative Branch for the fiscal year ending September 30, 2000, and for other purposes.

The SPEAKER pro tempore. The Clerk will report the motion.

The Clerk read as follows:

Mr. TOOMEY moves that the managers on the part of the House at the conference on the disagreeing votes of the two Houses on the Senate amendments to the bill H.R. 1905 be instructed to insist upon—

(1) the House provisions for the funding of the House of Representatives under title I of the bill;

(2) the Senate amendment for the funding of the Senate under title I of the bill, including funding provided under the heading ''JOINT ITEMS—ARCHITECT OF THE CAPITOL—Capitol Buildings and Grounds—senate office buildings'';

(3) the House provisions for the funding of Joint Items under title I of the bill, other than the funding provided under the heading ''JOINT ITEMS—ARCHITECT OF THE CAPITOL—Capitol Buildings and Grounds—senate office buildings''; and

(4) the House version of title II of the bill.

SPECIAL ORDERS

The SPEAKER pro tempore (Ms. NORTHUP). Under the Speaker's announced policy of January 6, 1999, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York (Ms. WOOLSEY) is recognized for 5 minutes.

(Ms. WOOLSEY addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. BURTON) is recognized for 5 minutes.

(Mr. BURTON of Indiana addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

VACATION OF SPECIAL ORDER AND GRANTING OF SPECIAL ORDER

Mr. DELAY. Madam Speaker, I ask unanimous consent to vacate the time allotted to the gentleman from Indiana (Mr. BURTON) and take it myself.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

PRESIDENT IS REWRITING HISTORY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. DELay) is recognized for 5 minutes.

Mr. DELAY. Madam Speaker, I rise today to set the record straight. The President of the United States was in Chicago today taking all kinds of credit for the successes of the Welfare Reform Act that was passed by this Congress and signed by the President.

This President has taken a lot of credit for a lot of things over the last few years, particularly over the years that the Republicans had maintained a majority of this Congress. Frankly, Madam Speaker, I have had just enough.

This President, Madam Speaker, has not initiated one thing, one piece of legislation that he takes credit for.

□ 2230

I will grant him that he finally signed many of the pieces of the legislation, but he has not lifted one finger to pass any of this legislation that he takes credit for through this Congress.

There should be no mistake about it, the well-documented success of welfare reform is the work of the Republican majority in this Congress. Back in 1994, Republicans campaigned on a plan that included comprehensive welfare reform. The Contract With America put Republicans in control of Congress, and we delivered on our agenda.

History should not be rewritten. The President and the Democrats in Congress fought Republicans tooth and nail on welfare reform. And, frankly, Madam Speaker, the debate was not very civil. My colleagues on the other side of the aisle charged that Republicans wanted to kick desperate people out on the street to fend for themselves. Our opponents on welfare reform screamed that the Republicans would be responsible for countless starving people in this country. Our opponents maintained that reforming welfare would create an unmitigated social disaster.

Well, it is time to set the record straight. Americans are not starving due to the Republican insistence for welfare reform. Americans are not sleeping on park benches due to Republican insistence on welfare reform. And without question, there have been no social upheavals of any kind as a result of the Republicans' insistence to reform welfare.

In fact, quite the opposite is true. The results of Republican welfare reform have been so incredible that President Clinton has typically been taking credit for the success, despite the fact that he vetoed welfare reform twice before reluctantly signing it into law. That is right, President Clinton vetoed welfare reform not once but twice, and now he is trumpeting the success on his own and traveling around the country claiming all this success as being his success, his idea, his initiative.

Well, this tactic is nothing new. We are used to it. We have been used to it for 4½ years now. Republicans are accustomed to working hard to initiate commonsense reforms that the Democrats oppose only to watch Democrats adopt these ideas after they succeed. Democrats even tried to take credit for the budget surplus, even though everyone knows that it was the Republicans in Congress who rammed the balanced budget agreement through 2 years ago.

But the American people know better. The American people understand what separates the Republican philosophy from the Democrat philosophy. The Republican philosophy wants the government to do more with less. The Republican philosophy seeks to empower communities with more local control by freeing them from the restraints of big government spending in Washington. And the Republican philosophy places ultimate trust in the individual, who, in most cases, will succeed if he is cut free from the chain of dependence.

This stands in stark contrast to the big government philosophy of the liberal Democrats. They do not trust the strength and dedication of the average American. The Democrats do not think that individuals can succeed without the government holding their hands all throughout their life.

Well, the record speaks for itself, Madam Speaker. In the 3 years since welfare reform was passed, over 12 million Americans have moved from welfare to work. That is 12 million Americans who have moved from dependency