

Calendar No. 33

105TH CONGRESS
2^D SESSION

H. R. 400

AN ACT

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

MARCH 23, 1998

Reported with an amendment in the nature of a substitute

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IN THE SENATE OF THE UNITED STATES

APRIL 24, 1997

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

MARCH 23, 1998

Reported by Mr. HATCH, with an amendment in the nature of a substitute

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

AN ACT

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

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

3 **SECTION 1. SHORT TITLE.**

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

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

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

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

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

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

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

13 **“§ 1. Establishment**

14 **“(a) ESTABLISHMENT.—**The United States Patent
15 **and Trademark Office is established as a wholly owned**

1 Government corporation subject to chapter 91 of title 31,
2 separate from any department of the United States, and
3 shall be an agency of the United States under the policy
4 direction of the Secretary of Commerce. For purposes of
5 internal management, the United States Patent and
6 Trademark Office shall be a corporate body not subject
7 to direction or supervision by any department of the
8 United States, except as otherwise provided in this title.

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

21 “(c) REFERENCE.—(1) For purposes of this title, the
22 United States Patent and Trademark Office shall also be
23 referred to as the ‘Office’ and the ‘Patent and Trademark
24 Office’.

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

4 **SEC. 112. POWERS AND DUTIES.**

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

7 **“§ 2. Powers and duties**

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

11 “(1) shall be responsible for the granting and
12 issuing of patents and the registration of trade-
13 marks;

14 “(2) may, in support of the Under Secretary,
15 assist with studies, programs, or exchanges of items
16 or services regarding domestic and international law
17 of patents, trademarks, and other matters;

18 “(3)(A) may, in support of the Under Sec-
19 retary, assist with studies and programs conducted
20 cooperatively with foreign patent and trademark of-
21 fices and international organizations, in connection
22 with patents, trademarks, and other matters; and

23 “(B) with the concurrence of the Secretary of
24 State, may authorize the transfer of not to exceed
25 \$100,000 in any year to the Department of State

1 for the purpose of making special payments to inter-
2 national intergovernmental organizations for studies
3 and programs for advancing international coopera-
4 tion concerning patents, trademarks, and other mat-
5 ters; and

6 “(4) shall be responsible for disseminating to
7 the public information with respect to patents and
8 trademarks.

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

15 “(b) SPECIFIC POWERS.—The Office—

16 “(1) shall have perpetual succession;

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

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

1 ~~“(4) may indemnify the Director, and other of-~~
2 ~~ficers, attorneys, agents, and employees (including~~
3 ~~members of the Management Advisory Board estab-~~
4 ~~lished in section 5) of the Office for liabilities and~~
5 ~~expenses incurred within the scope of their employ-~~
6 ~~ment;~~

7 ~~“(5) may establish regulations, not inconsistent~~
8 ~~with law, which—~~

9 ~~“(A) shall govern the conduct of proceed-~~
10 ~~ings in the Office;~~

11 ~~“(B) shall be made after notice and oppor-~~
12 ~~tunity for full participation by interested public~~
13 ~~and private parties;~~

14 ~~“(C) shall facilitate and expedite the proe-~~
15 ~~cessing of patent applications, particularly those~~
16 ~~which can be filed, stored, processed, searched,~~
17 ~~and retrieved electronically, subject to the provi-~~
18 ~~sions of section 122 relating to the confidential~~
19 ~~status of applications;~~

20 ~~“(D) may govern the recognition and con-~~
21 ~~duct of agents, attorneys, or other persons rep-~~
22 ~~resenting applicants or other parties before the~~
23 ~~Office, and may require them, before being rec-~~
24 ~~ognized as representatives of applicants or~~
25 ~~other persons, to show that they are of good~~

1 moral character and reputation and are pos-
2 sessed of the necessary qualifications to render
3 to applicants or other persons valuable service,
4 advice, and assistance in the presentation or
5 prosecution of their applications or other busi-
6 ness before the Office; and

7 “(E) shall recognize the public interest in
8 continuing to safeguard broad access to the
9 United States patent system through the re-
10 duced fee structure for small entities under sec-
11 tion 41(h)(1) of this title;

12 “(F) provide for the development of a per-
13 formance-based process that includes quan-
14 titative and qualitative measures and standards
15 for evaluating cost-effectiveness and is consist-
16 ent with the principles of impartiality and com-
17 petitiveness;

18 “(G) may acquire, construct, purchase, lease,
19 hold, manage, operate, improve, alter, and renovate
20 any real, personal, or mixed property, or any interest
21 therein, as it considers necessary to carry out its
22 functions;

23 “(7)(A) may make such purchases, contracts
24 for the construction, maintenance, or management
25 and operation of facilities, and contracts for supplies

1 or services, without regard to the provisions of the
2 Federal Property and Administrative Services Act of
3 1949 (40 U.S.C. 471 and following); the Public
4 Buildings Act (40 U.S.C. 601 and following); and
5 the Stewart B. McKinney Homeless Assistance Act
6 (42 U.S.C. 11301 and following); and

7 “(B) may enter into and perform such pur-
8 chases and contracts for printing services, including
9 the process of composition, platemaking, presswork,
10 silk screen processes, binding, microform, and the
11 products of such processes, as it considers necessary
12 to carry out the functions of the Office, without re-
13 gard to sections 501 through 517 and 1101 through
14 1123 of title 44;

15 “(8) may use, with their consent, services,
16 equipment, personnel, and facilities of other depart-
17 ments, agencies, and instrumentalities of the Fed-
18 eral Government, on a reimbursable basis, and co-
19 operate with such other departments, agencies, and
20 instrumentalities in the establishment and use of
21 services, equipment, and facilities of the Office;

22 “(9) may obtain from the Administrator of
23 General Services such services as the Administrator
24 is authorized to provide to other agencies of the

1 United States, on the same basis as those services
2 are provided to other agencies of the United States;

3 “(10) may, when the Director determines that
4 it is practicable, efficient, and cost-effective to do so,
5 use, with the consent of the United States and the
6 agency, government, or international organization
7 concerned, the services, records, facilities, or person-
8 nel of any State or local government agency or in-
9 strumentality or foreign government or international
10 organization to perform functions on its behalf;

11 “(11) may determine the character of and the
12 necessity for its obligations and expenditures and
13 the manner in which they shall be incurred, allowed,
14 and paid, subject to the provisions of this title and
15 the Act of July 5, 1946 (commonly referred to as
16 the ‘Trademark Act of 1946’);

17 “(12) may retain and use all of its revenues
18 and receipts, including revenues from the sale, lease,
19 or disposal of any real, personal, or mixed property,
20 or any interest therein, of the Office, including for
21 research and development and capital investment,
22 subject to the provisions of section 10101 of the
23 Omnibus Budget Reconciliation Act of 1990 (35
24 U.S.C. 41 note);

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

4 “(14) may execute, in accordance with its by-
5 laws, rules, and regulations, all instruments nec-
6 essary and appropriate in the exercise of any of its
7 powers; and

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

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

16 “(e) CONSTRUCTION.—Nothing in this section shall
17 be construed to nullify, void, cancel, or interrupt any pend-
18 ing request-for-proposal let or contract issued by the Gen-
19 eral Services Administration for the specific purpose of re-
20 locating or leasing space to the United States Patent and
21 Trademark Office.”.

22 **SEC. 113. ORGANIZATION AND MANAGEMENT.**

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

1 **“§ 3. Officers and employees**

2 “(a) DIRECTOR.—

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

14 “(2) DUTIES.—

15 “(A) IN GENERAL.—The Director shall be
16 responsible for the management and direction
17 of the Office, including the issuance of patents
18 and the registration of trademarks, and shall
19 perform these duties in a fair, impartial, and
20 equitable manner.

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

1 fore submitting budgetary proposals to the Of-
2 fice of Management and Budget or changing or
3 proposing to change patent or trademark user
4 fees or patent or trademark regulations.

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

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

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

19 “(5) COMPENSATION.—The Director shall be
20 paid an annual rate of basic pay not to exceed the
21 maximum rate of basic pay of the Senior Executive
22 Service established under section 5382 of title 5, in-
23 cluding any applicable locality-based comparability
24 payment that may be authorized under section
25 5304(h)(2)(C) of title 5. In addition, the Director

1 may receive a bonus in an amount up to, but not in
2 excess of, 50 percent of such annual rate of basic
3 pay, based upon an evaluation by the Secretary of
4 Commerce of the Director's performance as defined
5 in an annual performance agreement between the
6 Director and the Secretary. The annual performance
7 agreement shall incorporate measurable organization
8 and individual goals in key operational areas as de-
9 lined in an annual performance plan agreed to by
10 the Director and the Secretary. Payment of a bonus
11 under this paragraph may be made to the Director
12 only to the extent that such payment does not cause
13 the Director's total aggregate compensation in a cal-
14 endar year to equal or exceed the amount of the sal-
15 ary of the President under section 102 of title 3.

16 “(6) REMOVAL.—The Director may be removed
17 from office by the President. The President shall
18 provide notification of any such removal to both
19 Houses of Congress.

20 “(7) DESIGNEE OF DIRECTOR.—The Director
21 shall designate an officer of the Office who shall be
22 vested with the authority to act in the capacity of
23 the Director in the event of the absence or incapae-
24 ity of the Director.

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

1 “(1) COMMISSIONERS.—The Director shall ap-
2 point a Commissioner for Patents and a Commis-
3 sioner for Trademarks for terms that shall expire on
4 the date on which the Director’s term expires. The
5 Commissioner for Patents shall be a person with
6 demonstrated experience in patent law and the Com-
7 missioner for Trademarks shall be a person with
8 demonstrated experience in trademark law. The
9 Commissioner for Patents and the Commissioner for
10 Trademarks shall be the principal management ad-
11 visers to the Director on all aspects of the activities
12 of the Office that affect the administration of patent
13 and trademark operations, respectively.

14 “(2) OTHER OFFICERS AND EMPLOYEES.—The
15 Director shall—

16 “(A) appoint such officers, employees (in-
17 cluding attorneys), and agents of the Office as
18 the Director considers necessary to carry out
19 the functions of the Office; and

20 “(B) define the authority and duties of
21 such officers and employees and delegate to
22 them such of the powers vested in the Office as
23 the Director may determine.

24 The Office shall not be subject to any administra-
25 tively or statutorily imposed limitation on positions

1 or personnel, and no positions or personnel of the
2 Office shall be taken into account for purposes of
3 applying any such limitation.

4 “(3) TRAINING OF EXAMINERS.—The Patent
5 and Trademark Office shall develop an incentive
6 program to retain as employees patent and trade-
7 mark examiners of the primary examiner grade or
8 higher who are eligible for retirement, for the sole
9 purpose of training patent and trademark examiners.
10 ers.

11 “(e) CONTINUED APPLICABILITY OF TITLE 5.—Offi-
12 cers and employees of the Office shall be subject to the
13 provisions of title 5 relating to Federal employees. Section
14 2302 of title 5 applies to the Office, notwithstanding sub-
15 section (a)(2)(C) of such section.

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

21 “(e) CARRYOVER OF PERSONNEL.—

22 “(1) FROM PTO.—Effective as of the effective
23 date of the Patent and Trademark Office Mod-
24 ernization Act, all officers and employees of the Pat-
25 ent and Trademark Office on the day before such ef-

1 fective date shall become officers and employees of
2 the Office, without a break in service.

3 ~~“(2) OTHER PERSONNEL.—~~Any individual who,
4 on the day before the effective date of the Patent
5 and Trademark Office Modernization Act, is an offi-
6 cer or employee of the Department of Commerce
7 (other than an officer or employee under paragraph
8 ~~(1)~~) shall be transferred to the Office if—

9 ~~“(A) such individual serves in a position~~
10 for which a major function is the performance
11 of work reimbursed by the Patent and Trade-
12 mark Office, as determined by the Secretary of
13 Commerce;

14 ~~“(B) such individual serves in a position~~
15 that performed work in support of the Patent
16 and Trademark Office during at least half of
17 the incumbent’s work time, as determined by
18 the Secretary of Commerce; or

19 ~~“(C) such transfer would be in the interest~~
20 of the Office, as determined by the Secretary of
21 Commerce in consultation with the Director.

22 Any transfer under this paragraph shall be effective
23 as of the same effective date as referred to in para-
24 graph ~~(1)~~, and shall be made without a break in
25 service.

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

7 “(f) TRANSITION PROVISIONS.—

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

15 “(2) CONTINUATION IN OFFICE OF CERTAIN
16 OFFICERS.—(A) The individual serving as the As-
17 sistant Commissioner for Patents on the day before
18 the effective date of the Patent and Trademark Of-
19 fice Modernization Act may serve as the Commis-
20 sioner for Patents until the date on which a Com-
21 missioner for Patents is appointed under subsection
22 (b).

23 “(B) The individual serving as the Assistant
24 Commissioner for Trademarks on the day before the
25 effective date of the Patent and Trademark Office

1 Modernization Act may serve as the Commissioner
 2 for Trademarks until the date on which a Commis-
 3 sioner for Trademarks is appointed under subsection
 4 (b).”.

5 **SEC. 114. MANAGEMENT ADVISORY BOARD.**

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

8 **“§ 5. Patent and Trademark Office Management Advi-
 9 sory Board**

10 **“(a) ESTABLISHMENT OF MANAGEMENT ADVISORY
 11 BOARD.—**

12 **“(1) APPOINTMENT.—**The United States Pat-
 13 ent and Trademark Office shall have a Management
 14 Advisory Board (hereafter in this title referred to as
 15 the ‘Advisory Board’) of 12 members, 4 of whom
 16 shall be appointed by the President, 4 of whom shall
 17 be appointed by the Speaker of the House of Rep-
 18 resentatives, and 4 of whom shall be appointed by
 19 the majority leader of the Senate. Not more than 3
 20 of the 4 members appointed by each appointing au-
 21 thority shall be members of the same political party.

22 **“(2) TERMS.—**Members of the Advisory Board
 23 shall be appointed for a term of 4 years each, except
 24 that of the members first appointed by each appoint-
 25 ing authority, 1 shall be for a term of 1 year, 1 shall

1 be for a term of 2 years, and 1 shall be for a term
2 of 3 years. No member may serve more than 1 term.

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

6 “(4) TIMING OF APPOINTMENTS.—Initial ap-
7 pointments to the Advisory Board shall be made
8 within 3 months after the effective date of the Pat-
9 ent and Trademark Office Modernization Act, and
10 vacancies shall be filled within 3 months after they
11 occur.

12 “(5) VACANCIES.—Vacancies shall be filled in
13 the manner in which the original appointment was
14 made under this subsection. Members appointed to
15 fill a vacancy occurring before the expiration of the
16 term for which the member’s predecessor was ap-
17 pointed shall be appointed only for the remainder of
18 that term. A member may serve after the expiration
19 of that member’s term until a successor is ap-
20 pointed.

21 “(6) COMMITTEES.—The Chair shall designate
22 members of the Advisory Board to serve on a com-
23 mittee on patent operations and on a committee on
24 trademark operations to perform the duties set forth
25 in subsection (e) as they relate specifically to the Of-

1 fice’s patent operations, and the Office’s trademark
2 operations, respectively.

3 “(b) BASIS FOR APPOINTMENTS.—Members of the
4 Advisory Board shall be citizens of the United States who
5 shall be chosen so as to represent the interests of diverse
6 users of the United States Patent and Trademark Office,
7 including inventors, and shall include individuals with sub-
8 stantial background and achievement in corporate finance
9 and management.

10 “(c) APPLICABILITY OF CERTAIN ETHICS LAWS.—
11 Members of the Advisory Board shall be special Govern-
12 ment employees within the meaning of section 202 of title
13 18.

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

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

18 “(1) review the policies, goals, performance,
19 budget, and user fees of the United States Patent
20 and Trademark Office, and advise the Director on
21 these matters; and

22 “(2) within 60 days after the end of each fiscal
23 year, prepare an annual report on the matters re-
24 ferred to in paragraph (1), transmit the report to
25 the President and the Committees on the Judiciary

1 of the Senate and the House of Representatives, and
2 publish the report in the Patent and Trademark Of-
3 fice Official Gazette.

4 “(f) COMPENSATION.—Members of the Advisory
5 Board shall be compensated for each day (including travel
6 time) during which they are attending meetings or con-
7 ferences of the Advisory Board or otherwise engaged in
8 the business of the Advisory Board, at the rate which is
9 the daily equivalent of the annual rate of basic pay in ef-
10 fect for level III of the Executive Schedule under section
11 5314 of title 5, and while away from their homes or regu-
12 lar places of business they may be allowed travel expenses,
13 including per diem in lieu of subsistence, as authorized
14 by section 5703 of title 5.

15 “(g) ACCESS TO INFORMATION.—Members of the Ad-
16 visory Board shall be provided access to records and infor-
17 mation in the United States Patent and Trademark Of-
18 fice, except for personnel or other privileged information
19 and information concerning patent applications required
20 to be kept in confidence by section 122.”

21 **SEC. 115. CONFORMING AMENDMENTS.**

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

24 (b) REGULATIONS FOR AGENTS AND ATTORNEYS.—
25 Section 31 of title 35, United States Code, and the item

1 relating to such section in the table of sections for chapter
2 3 of title 35, United States Code, are repealed.

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

4 Section 17 of the Act of July 5, 1946 (commonly re-
5 ferred to as the “Trademark Act of 1946”) (15 U.S.C.
6 1067) is amended to read as follows:

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

13 “(b) The Trademark Trial and Appeal Board shall
14 include the Director, the Commissioner for Patents, the
15 Commissioner for Trademarks, and administrative trade-
16 mark judges who are appointed by the Director.”.

17 **SEC. 117. BOARD OF PATENT APPEALS AND INTER-**
18 **FERENCES.**

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

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

23 “(a) ESTABLISHMENT AND COMPOSITION.—There
24 shall be in the United States Patent and Trademark Of-
25 fice a Board of Patent Appeals and Interferences. The Di-

1 rector, the Commissioner for Patents, the Commissioner
2 for Trademarks, and the administrative patent judges
3 shall constitute the Board. The administrative patent
4 judges shall be persons of competent legal knowledge and
5 scientific ability who are appointed by the Director.

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

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

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

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

20 “(a) ACTIONS UNDER UNITED STATES LAW.—Any
21 civil action or proceeding to which the United States Pat-
22 ent and Trademark Office is a party is deemed to arise
23 under the laws of the United States. The Federal courts
24 shall have exclusive jurisdiction over all civil actions by
25 or against the Office.

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

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

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

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

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

13 “The Director shall report to the Congress, not later
14 than 180 days after the end of each fiscal year, the mon-
15 eys received and expended by the Office, the purposes for
16 which the moneys were spent, the quality and quantity of
17 the work of the Office, and other information relating to
18 the Office. The report under this section shall also meet
19 the requirements of section 9106 of title 31, to the extent
20 that such requirements are not inconsistent with the pre-
21 ceding sentence. The report required under this section
22 shall not be deemed to be the report of the United States
23 Patent and Trademark Office under section 9106 of title
24 31, and the Director shall file a separate report under
25 such section.”.

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

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

8 **SEC. 121. FUNDING.**

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

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

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

16 **“(b) USE OF MONEYS.—**Moneys from fees shall be
17 available to the United States Patent and Trademark Of-
18 fice to carry out, to the extent provided in appropriations
19 Acts, the functions of the Office. Moneys of the Office not
20 otherwise used to carry out the functions of the Office
21 shall be kept in cash on hand or on deposit, or invested
22 in obligations of the United States or guaranteed by the
23 United States, or in obligations or other instruments
24 which are lawful investments for fiduciary, trust, or public
25 funds. Fees available to the Office under this title shall
26 be used for the processing of patent applications and for

1 other services and materials relating to patents. Fees
 2 available to the Office under section 31 of the Act of July
 3 5, 1946 (commonly referred to as the ‘Trademark Act of
 4 1946’; 15 U.S.C. 1113), shall be used only for the process-
 5 ing of trademark registrations and for other services and
 6 materials relating to trademarks.”.

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

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

11 **“SEC. 10101. PATENT AND TRADEMARK OFFICE USER**
 12 **FEES.**

13 “(a) SURCHARGES.—There shall be a surcharge on
 14 all fees authorized by subsections (a) and (b) of section
 15 41 of title 35, United States Code, in order to ensure that
 16 the amounts specified in subsection (c) are collected.

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

20 “(1) shall be credited to a separate account es-
 21 tablished in the Treasury and ascribed to the activi-
 22 ties of the United States Patent and Trademark Of-
 23 fice as offsetting collections;

24 “(2) shall be collected by and available to the
 25 United States Patent and Trademark Office for all

1 authorized activities and operations of the Office, in-
2 cluding all direct and indirect costs of services pro-
3 vided by the office, and

4 “(3) shall remain available until expended.

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

12 “(d) APPROPRIATIONS ACT REQUIRED.—Notwith-
13 standing subsections (a) through (c), no fee established
14 by subsection (a) shall be collected nor shall be available
15 for spending without prior authorization in appropriations
16 Acts.”

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

19 **SEC. 123. TRANSFERS.**

20 (a) TRANSFER OF FUNCTIONS.—Except to the extent
21 that such functions, powers, and duties relate to the direc-
22 tion of patent or trademark policy, there are transferred
23 to, and vested in, the United States Patent and Trade-
24 mark Office all functions, powers, and duties vested by
25 law in the Secretary of Commerce or the Department of

1 Commerce or in the officers or components in the Depart-
2 ment of Commerce with respect to the authority to grant
3 patents and register trademarks, and in the Patent and
4 Trademark Office, as in effect on the day before the effec-
5 tive date of this title, and in the officers and components
6 of such Office.

7 (b) **TRANSFER OF FUNDS AND PROPERTY.**—The
8 Secretary of Commerce shall transfer to the United States
9 Patent and Trademark Office, on the effective date of this
10 title, so much of the assets, liabilities, contracts, property,
11 records, and unexpended and unobligated balances of ap-
12 propriations, authorizations, allocations, and other funds
13 employed, held, used, arising from, available to, or to be
14 made available to the Department of Commerce, including
15 funds set aside for accounts receivable, which are related
16 to functions, powers, and duties which are vested in the
17 Patent and Trademark Office by this title.

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

19 The Comptroller General shall conduct a study of
20 and, not later than the date that is 2 years after the effec-
21 tive date of this title, submit to the Committee on the Ju-
22 diciary of the House of Representatives and the Commit-
23 tee on the Judiciary of the Senate a report on—

24 (1) the operations of the Patent and Trademark
25 Office as a Government corporation; and

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

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

6 **SEC. 131. EFFECTIVE DATE.**

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

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

11 (a) AMENDMENTS TO TITLE 35.—

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

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

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

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

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

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

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

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

“Sec.

“1. Establishment.

“2. Powers and duties.

“3. Officers and employees.

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

“5. Patent and Trademark Office Management Advisory Board.

“6. Board of Patent Appeals and Interferences.

“7. Suits by and against the Office.

“8. Library.

“9. Classification of patents.

“10. Certified copies of records.

“11. Publications.

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

“13. Copies of patents for public libraries.

“14. Annual report to Congress.”.

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

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

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

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

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

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

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

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

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

14 (13) Section 181 of title 35, United States
15 Code, is amended in the third paragraph by striking
16 “Secretary of Commerce under rules prescribed by
17 him” and inserting “Director under rules prescribed
18 by the Patent and Trademark Office”.

19 (14) Section 188 of title 35, United States
20 Code, is amended by striking “Secretary of Com-
21 merce” and inserting “Patent and Trademark Of-
22 fice”.

23 (15) Section 202(a) of title 35, United States
24 Code, is amended by striking “iv)” and inserting
25 “(iv)”.

1 (b) OTHER PROVISIONS OF LAW.—

2 (1)(A) Section 45 of the Act of July 5, 1946
3 (commonly referred to as the “Trademark Act of
4 1946”; 15 U.S.C. 1127), is amended by striking
5 “The term ‘Commissioner’ means the Commissioner
6 of Patents and Trademarks.” and inserting “The
7 term ‘Director’ means the Director of the United
8 States Patent and Trademark Office.”.

9 (B) The Act of July 5, 1946 (commonly re-
10 ferred to as the “Trademark Act of 1946”; 15
11 U.S.C. 1051 and following), except for section 17, as
12 amended by section 116 of this Act, is amended by
13 striking “Commissioner” each place it appears and
14 inserting “Director”.

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

18 “(R) the United States Patent and Trade-
19 mark Office.”.

20 (3) Section 500(e) of title 5, United States
21 Code, is amended by striking “Patent Office” and
22 inserting “United States Patent and Trademark Of-
23 fice”.

24 (4) Section 5102(e)(23) of title 5, United
25 States Code, is amended to read as follows:

1 ~~“(23) administrative patent judges and des-~~
2 ~~ignated administrative patent judges in the United~~
3 ~~States Patent and Trademark Office;”.~~

4 (5) Section 5316 of title 5, United States Code
5 (5 U.S.C. 5316) is amended by striking “Commis-

6 sioner of Patents, Department of Commerce.”,
7 “Deputy Commissioner of Patents and Trade-

8 marks.”, “Assistant Commissioner for Patents.”,
9 and “Assistant Commissioner for Trademarks.”.

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

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

15 (7) Section 12 of the Act of February 14, 1903
16 (15 U.S.C. 1511) is amended by striking “(d) Pat-

17 ent and Trademark Office;” and redesignating sub-

18 sections (a) through (g) as paragraphs (1) through
19 (6), respectively.

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

22 (A) by striking “Patent Office of the
23 United States” and inserting “United States
24 Patent and Trademark Office”; and

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

4 (9) Section 182(b)(2)(A) of the Trade Act of
5 1974 (19 U.S.C. 2242(b)(2)(A)) is amended by
6 striking “Commissioner of Patents and Trade-
7 marks” and inserting “Director of the United States
8 Patent and Trademark Office”.

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

14 (11) The Act of April 12, 1892 (27 Stat. 395;
15 20 U.S.C. 91) is amended by striking “Patent Of-
16 fice” and inserting “United States Patent and
17 Trademark Office”.

18 (12) Sections 505(m) and 512(o) of the Federal
19 Food, Drug, and Cosmetic Act (21 U.S.C. 355(m)
20 and 360b(o)) are each amended by striking “Patent
21 and Trademark Office of the Department of Com-
22 merce” and inserting “United States Patent and
23 Trademark Office”.

24 (13) Section 702(d) of the Federal Food, Drug,
25 and Cosmetic Act (21 U.S.C. 372(d)) is amended by

1 striking “Commissioner of Patents” and inserting
2 “Director of the United States Patent and Trade-
3 mark Office”.

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

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

10 (A) in subparagraph (A) by inserting
11 “United States” before “Patent and Trade-
12 mark”; and

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

17 (16) Section 1744 of title 28, United States
18 Code is amended—

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

23 (B) by striking “Commissioner of Patents”
24 and inserting “Director of the United States
25 Patent and Trademark Office”; and

1 (C) by striking “Commissioner” and in-
2 serting “Director”.

3 (17) Section 1745 of title 28, United States
4 Code, is amended by striking “United States Patent
5 Office” and inserting “United States Patent and
6 Trademark Office”.

7 (18) Section 1928 of title 28, United States
8 Code, is amended by striking “Patent Office” and
9 inserting “United States Patent and Trademark Of-
10 fice”.

11 (19) Section 151 of the Atomic Energy Act of
12 1954 (42 U.S.C. 2181) is amended in subsections e.
13 and d. by striking “Commissioner of Patents” and
14 inserting “Director of the United States Patent and
15 Trademark Office”.

16 (20) Section 152 of the Atomic Energy Act of
17 1954 (42 U.S.C. 2182) is amended by striking
18 “Commissioner of Patents” each place it appears
19 and inserting “Director of the United States Patent
20 and Trademark Office”.

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

24 (A) in subsection (e) by striking “Commis-
25 sioner of Patents” and inserting “Director of

1 the United States Patent and Trademark Office
2 (hereafter in this section referred to as the ‘Di-
3 rector’); and

4 (B) by striking “Commissioner” each sub-
5 sequent place it appears and inserting “Direc-
6 tor”.

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

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

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

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

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

24 (27) Section 10(i) of the Trading With the
25 Enemy Act (50 U.S.C. App. 10(i)) is amended by

1 striking “Commissioner of Patents” and inserting
2 “Director of the United States Patent and Trade-
3 mark Office”.

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

6 (A) in paragraph (1)—

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

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

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

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

19 (B) in paragraph (2)—

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

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

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

3 **SEC. 141. REFERENCES.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8 Existing appropriations and funds available for the
9 performance of functions, programs, and activities termi-
10 nated pursuant to this title shall remain available, for the
11 duration of their period of availability, for necessary ex-
12 penses in connection with the termination and resolution
13 of such functions, programs, and activities, subject to the
14 submission of a plan to the Committees on Appropriations
15 of the House and Senate in accordance with the proce-
16 dures set forth in section 605 of the Departments of Com-
17 merce, Justice, and State, the Judiciary, and Related
18 Agencies Appropriations Act 1997.

19 **SEC. 149. DEFINITIONS.**

20 For purposes of this title—

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

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

1 **Subtitle D—Under Secretary of**
2 **Commerce for Intellectual Prop-**
3 **erty Policy**

4 **SEC. 151. UNDER SECRETARY OF COMMERCE FOR INTEL-**
5 **LECTUAL PROPERTY POLICY.**

6 (a) APPOINTMENT.—There shall be within the De-
7 partment of Commerce an Under Secretary of Commerce
8 for Intellectual Property Policy, who shall be appointed
9 by the President, by and with the advice and consent of
10 the Senate. On or after the effective date of this title, the
11 President may appoint an individual to serve as the Under
12 Secretary until the date on which an Under Secretary
13 qualifies under this subsection. The President shall not
14 make more than 1 appointment under the preceding sen-
15 tence.

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

20 (1) In coordination with the Under Secretary of
21 Commerce for International Trade, promote exports
22 of goods and services of the United States industries
23 that rely on intellectual property.

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

4 (3) Advise Federal departments and agencies
5 on matters of intellectual property protection in
6 other countries.

7 (4) Provide guidance, as appropriate, with re-
8 spect to proposals by agencies to assist foreign gov-
9 ernments and international intergovernmental orga-
10 nizations on matters of intellectual property protec-
11 tion.

12 (5) Conduct programs and studies related to
13 the effectiveness of intellectual property protection
14 throughout the world.

15 (6) Advise the Secretary of Commerce on pro-
16 grams and studies relating to intellectual property
17 policy that are conducted, or authorized to be con-
18 ducted, cooperatively with foreign patent and trade-
19 mark offices and international intergovernmental or-
20 ganizations.

21 (7) In coordination with the Department of
22 State, conduct programs and studies cooperatively
23 with foreign intellectual property offices and inter-
24 national intergovernmental organizations.

1 (e) DEPUTY UNDER SECRETARIES.—To assist the
2 Under Secretary of Commerce for Intellectual Property
3 Policy, the Secretary of Commerce shall appoint a Deputy
4 Under Secretary for Patent Policy and a Deputy Under
5 Secretary for Trademark Policy as members of the Senior
6 Executive Service in accordance with the provisions of title
7 5, United States Code. The Deputy Under Secretaries
8 shall perform such duties and functions as the Under Sec-
9 retary for Intellectual Property Policy shall prescribe.

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

13 “Under Secretary of Commerce for Intellectual
14 Property Policy.”.

15 (e) FUNDING.—Funds available to the United States
16 Patent and Trademark Office shall be made available for
17 all expenses of the office of the Under Secretary for Intel-
18 lectual Property Policy, subject to prior approval in appro-
19 priations Acts. Amounts made available under this sub-
20 section shall not exceed 2 percent of the projected annual
21 revenues of the Patent and Trademark Office from fees
22 for services and goods of that Office. The Secretary of
23 Commerce shall determine the budget requirements of the
24 office of the Under Secretary for Intellectual Property Pol-
25 icy.

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

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

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

11 **SEC. 201. SHORT TITLE.**

12 This title may be cited as the “Examining Procedure
13 Improvements Act”.

14 **SEC. 202. PUBLICATION.**

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

17 **“§ 122. Confidential status of applications; publica-**
18 **tion of patent applications**

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

1 “(b) PUBLICATION.—

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

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

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

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

22 “(B) An application that is in the process of
23 being reviewed by the Atomic Energy Commission,
24 the Department of Defense, or a defense agency
25 pursuant to section 181 of this title shall not be

1 published until the Director has been notified by the
2 Atomic Energy Commission, the Secretary of De-
3 fense, or the chief officer of the defense agency, as
4 the case may be, that in the opinion of the Atomic
5 Energy Commission, the Secretary of Defense, or
6 such chief officer, as the case may be, publication or
7 disclosure of the invention by the granting of a pat-
8 ent would not be detrimental to the national security
9 of the United States.

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

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

23 “(i) In the case of an application under
24 section 111(a) for a patent for an invention for
25 which the applicant intends to file or has filed

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

13 “(ii) If the Commissioner determines that
14 a patent application which is filed after the date
15 of the enactment of this paragraph—

16 “(I) has been pending more than 5
17 years from the effective filing date of the
18 application,

19 “(II) has not been previously pub-
20 lished by the Patent and Trademark Of-
21 fice,

22 “(III) is not under any appellate re-
23 view by the Board of Patent Appeals and
24 Interferences,

1 “~~(IV)~~ is not under interference pro-
2 ceedings in accordance with section 135(a);

3 “~~(V)~~ is not under any secrecy order
4 pursuant to section 181;

5 “~~(VI)~~ is not being diligently pursued
6 by the applicant in accordance with this
7 title; and

8 “~~(VII)~~ is not in abandonment,
9 the Commissioner shall notify the applicant of
10 such determination.

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

24 “~~(iv)~~ If after the date of the enactment of
25 this paragraph a continuing application has

1 been filed more than 6 months after the date of
2 the initial filing of an application, the Commis-
3 sioner shall notify the applicant under such ap-
4 plication. The Commissioner shall establish a
5 procedure for an applicant which receives such
6 a notice to demonstrate that the purpose of the
7 continuing application was for reasons other
8 than to achieve a delay in the time of publica-
9 tion of the application. If the Commissioner
10 agrees with such a demonstration by the appli-
11 cant, the Commissioner shall not publish the
12 applicant's application. If the Commissioner
13 does not agree with such a demonstration by
14 the applicant or if the applicant does not make
15 an attempt at such a demonstration within a
16 reasonable period of time as determined by the
17 Commissioner, the Commissioner shall publish
18 the applicant's application.

19 “(E)(i) Upon the request at the time of filing
20 by an applicant that is a small business concern or
21 an independent inventor entitled to reduced fees
22 under section 41(h)(1) of this title, the application
23 shall not be published in accordance with paragraph
24 (1) until 3 months after the Director makes a sec-
25 ond notification to such applicant on the merits of

1 the application under section 132 of this title. The
2 Director may require applicants that no longer have
3 the status of a small business concern or an inde-
4 pendent inventor to so notify the Director not later
5 than 15 months after the earliest filing date for
6 which a benefit is sought under this title.

7 “(ii) Applications filed pursuant to section 363
8 of this title, applications asserting priority under
9 section 119 or 365(a) of this title, and applications
10 asserting the benefit of an earlier application under
11 section 120 or 365(e) of this title shall not be eligi-
12 ble for a request pursuant to this subparagraph.

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

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

1 “(v) The Director may establish appropriate
2 procedures and nominal fees for making a request
3 under this subparagraph.

4 “(F)(i) In a case in which an applicant, after
5 making a request under subparagraph (E)(i), deter-
6 mines to file an application in a foreign country, the
7 applicant shall notify the Director promptly. The ap-
8 plication shall then be published in accordance with
9 the provisions of paragraph (1).

10 “(ii) The Director may establish appropriate
11 fees to cover the costs of processing notifications
12 under clause (i), including the costs of any special
13 handling of applications resulting from the initial re-
14 quest under subparagraph (E)(i).

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

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

1 **SEC. 203. TIME FOR CLAIMING BENEFIT OF EARLIER FIL-**
2 **ING DATE.**

3 (a) **IN A FOREIGN COUNTRY.**—Section 119(b) of title
4 35, United States Code, is amended to read as follows:

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

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

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

1 (b) IN THE UNITED STATES.—Section 120 of title
 2 35, United States Code, is amended by adding at the end
 3 the following: “No application shall be entitled to the bene-
 4 fit of an earlier filed application under this section unless
 5 an amendment containing the specific reference to the ear-
 6 lier filed application is submitted at such time during the
 7 pendency of the application as is required by the Commis-
 8 sioner. The Director may consider the failure to submit
 9 such an amendment within that time period as a waiver
 10 of any benefit under this section. The Director may estab-
 11 lish procedures, including the payment of a surcharge, to
 12 accept unavoidably late submissions of amendments under
 13 this section.”.

14 **SEC. 204. PROVISIONAL RIGHTS.**

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

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

19 (2) by adding at the end the following new sub-
 20 section:

21 “(d) **PROVISIONAL RIGHTS.**—

22 “(1) **IN GENERAL.**—In addition to other rights
 23 provided by this section, a patent shall include the
 24 right to obtain a reasonable royalty from any person
 25 who, during the period beginning on the date of pub-

1 lication of the application for such patent pursuant
2 to section 122(b) of this title, or in the case of an
3 international application filed under the treaty de-
4 fined in section 351(a) of this title designating the
5 United States under Article 21(2)(a) of such treaty,
6 the date of publication of the application, and ending
7 on the date the patent is issued—

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

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

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

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

7 “(3) TIME LIMITATION ON OBTAINING A REA-
8 SONABLE ROYALTY.—The right under paragraph (1)
9 to obtain a reasonable royalty shall be available only
10 in an action brought not later than 6 years after the
11 patent is issued. The right under paragraph (1) to
12 obtain a reasonable royalty shall not be affected by
13 the duration of the period described in paragraph
14 (1).

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

1 Patent and Trademark Office receives a translation
2 of the international application in the English lan-
3 guage. The Director may require the applicant to
4 provide a copy of the international publication of the
5 international application and a translation thereof.”.

6 **SEC. 205. PRIOR ART EFFECT OF PUBLISHED APPLICA-**
7 **TIONS.**

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

10 “(e) the invention was described in—

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

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

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

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

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

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

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

14 (2) Section 12 is amended—

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

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

19 (3) Section 13 is amended—

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

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

24 (4) The items relating to sections 12 and 13 in
25 the table of sections for chapter 1, as amended by

1 section 132(a)(4) of this Act, are each amended by
2 inserting “and applications” after “patents”.

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

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

10 (7) Section 181 is amended—

11 (A) in the first paragraph—

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

14 (ii) by inserting “the publication of
15 the application or” after “withhold”;

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

19 (C) in the third paragraph—

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

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

1 (D) in the fourth paragraph by inserting
2 “the publication of an application or” after
3 “and” in the first sentence.

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

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

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

13 **“§ 374. Publication of international application: Ef-**
14 **fect**

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

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

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

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

3 ~~“(B) the applicant files evidence which dem-~~
4 ~~onstrates that the applicant is prima facie entitled to~~
5 ~~a judgment relative to the patent.~~

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

12 ~~“(i) such a claim is made prior to 1 year after~~
13 ~~the date of publication of the published application;~~
14 ~~and~~

15 ~~“(ii) the applicant of the application filed after~~
16 ~~the date of publication of the published application~~
17 ~~files evidence that demonstrates that the applicant is~~
18 ~~prima facie entitled to a judgment relative to the~~
19 ~~published application.~~

20 ~~“(B) If the applicant of the application filed after the~~
21 ~~date of publication of the published application alleges~~
22 ~~that the invention claimed in the published application was~~
23 ~~derived from that applicant, such a claim may only be~~
24 ~~made if that applicant files evidence which demonstrates~~

1 that the applicant is prima facie entitled to a judgment
2 relative to the published application.”.

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

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

6 “(b) ~~TERM EXTENSION.~~—

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

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

11 “(i) a proceeding under section 135(a)
12 of this title, including any appeal under
13 section 141, or any civil action under sec-
14 tion 146, of this title,

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

17 “(iii) review by the Board of Patent
18 Appeals and Interferences or by a Federal
19 court in a case in which the patent was
20 issued pursuant to a decision in the review
21 reversing an adverse determination of pat-
22 entability, or

23 “(iv) an unusual administrative delay
24 by the Patent and Trademark Office in
25 issuing the patent,

1 the term of the patent shall be extended for the
2 period of delay.

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

7 “(i) make a notification of the rejec-
8 tion of any claim for a patent or any objec-
9 tion or argument under section 132 of this
10 title or give or mail a written notice of al-
11 lowance under section 151 of this title not
12 later than 14 months after the date on
13 which the application was filed;

14 “(ii) respond to a reply under section
15 132 of this title or to an appeal taken
16 under section 134 of this title not later
17 than 4 months after the date on which the
18 reply was filed or the appeal was taken;

19 “(iii) act on an application not later
20 than 4 months after the date of a decision
21 by the Board of Patent Appeals and Inter-
22 ferences under section 134 or 135 of this
23 title or a decision by a Federal court under
24 section 141, 145, or 146 of this title in a

1 case in which allowable claims remain in
2 an application;

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

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

11 “(I) has not obtained further lim-
12 ited examination of the application
13 under section 209 of the Examining
14 Procedure Improvements Act;

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

18 “(III) has not sought or obtained
19 appellate review by the Board of Pat-
20 ent Appeals and Interferences or by a
21 Federal Court other than in a case in
22 which the patent was issued pursuant
23 to a decision in the review reversing
24 an adverse determination of patent-
25 ability; and

1 “~~(IV)~~ has not requested any
2 delay in the processing of the applica-
3 tion by the Patent and Trademark Of-
4 fice.

5 “~~(2)~~ LIMITATIONS.—~~(A)~~ The total duration of
6 any extensions granted pursuant to either clause ~~(iii)~~
7 or ~~(iv)~~ of paragraph ~~(1)(A)~~ or both such clauses
8 shall not exceed 10 years. To the extent that periods
9 of delay attributable to grounds specified in para-
10 graph ~~(1)~~ overlap, the period of any extension grant-
11 ed under this subsection shall not exceed the actual
12 number of days the issuance of the patent was de-
13 layed.

14 “~~(B)~~ The period of extension of the term of a
15 patent under clause ~~(iv)~~ of paragraph ~~(1)(A)~~, which
16 is based on the failure of the Patent and Trademark
17 Office to meet the criteria set forth in clause ~~(v)~~ of
18 paragraph ~~(1)(B)~~, shall be reduced by the cumu-
19 lative total of any periods of time that an applicant
20 takes to respond in excess of 3 months after the
21 date on which the Patent and Trademark Office
22 makes any rejection, objection, argument, or other
23 request.

24 “~~(C)~~ The period of extension of the term of a
25 patent under this subsection shall be reduced by a

1 period equal to the time in which the applicant failed
 2 to engage in reasonable efforts to conclude prosecu-
 3 tion of the application. The Director shall prescribe
 4 regulations establishing the circumstances that con-
 5 stitute a failure of an applicant to engage in reason-
 6 able efforts to conclude processing or examination of
 7 an application in order to ensure that applicants are
 8 appropriately compensated for any delays by the
 9 Patent and Trademark Office in excess of the time
 10 periods specified in paragraph (1)(B).

11 ~~“(D) No patent the term of which has been dis-~~
 12 ~~claimed beyond a specified date may be extended~~
 13 ~~under this section beyond the expiration date speci-~~
 14 ~~fied in the disclaimer.~~

15 ~~“(3) PROCEDURES.—The Director shall pre-~~
 16 ~~scribe regulations establishing procedures for the no-~~
 17 ~~tification of patent term extensions under this sub-~~
 18 ~~section and procedures for contesting patent term~~
 19 ~~extensions under this subsection.”.~~

20 **SEC. 209. FURTHER EXAMINATION OF PATENT APPLICA-**
 21 **TIONS.**

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

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

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

2 “(b) The Director shall prescribe regulations to pro-
3 vide for the further limited examination of applications for
4 patent at the request of the applicant. The Director may
5 establish appropriate fees for such further limited exam-
6 ination and shall be authorized to provide a 50 percent
7 reduction on such fees for small entities that qualify for
8 reduced fees under section 41(h)(1) of this title.

9 **SEC. 210. LAST DAY OF PENDENCY OF PROVISIONAL APPLI-**
10 **CATION.**

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

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

18 **SEC. 211. REPORTING REQUIREMENT.**

19 The Director of the United States Patent and Trade-
20 mark Office shall report to the Congress not later than
21 April 1, 2001, and not later than April 1 of each year
22 thereafter, regarding the impact of publication on the pat-
23 ent applications filed by applicants who are independent
24 inventors entitled to reduced fees under section 41(h)(1)
25 of title 35, United States Code. The report shall include

1 information concerning the frequency and number of ini-
2 tial and continuing patent applications, pendency, inter-
3 ferences, reexaminations, rejection, abandonment rates,
4 fees, other expenses, and other relevant information relat-
5 ed to the prosecution of patent applications.

6 **SEC. 212. EFFECTIVE DATE.**

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

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

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

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

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

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

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

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

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

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

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

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

20 testing, or production in the United States of a

21 product or service which is used in commerce,

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

23 sible to or otherwise known to the public;

24 “(2) in the case of activities performed by a

25 nonprofit research laboratory, or nonprofit entity

1 such as a university, research center, or hospital; a
2 use for which the public is the intended beneficiary
3 shall be considered to be a use described in para-
4 graph (1) if the use is limited to activity that oc-
5 curred within the laboratory or nonprofit entity or
6 by persons in privity with that laboratory or non-
7 profit entity before the effective filing date of the ap-
8 plication for patent at issue, except that the use—

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

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

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

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

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

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

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

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

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

24 “(2) NOT A GENERAL LICENSE.—The defense
25 asserted by a person under this section is not a gen-

1 eral license under all claims of the patent at issue;
2 but extends only to the subject matter claimed in the
3 patent with respect to which the person can assert
4 a defense under this chapter, except that the defense
5 shall also extend to variations in the quantity or vol-
6 ume of use of the claimed subject matter, and to im-
7 provements in the claimed subject matter that do
8 not infringe additional specifically claimed subject
9 matter of the patent.

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

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

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

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

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

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

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

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

1 subject matter on which the defense is based had
 2 been commercially used or actually reduced to prac-
 3 tice more than one year prior to the effective filing
 4 date of the patent by the person asserting the de-
 5 fense or someone in privity with that person.

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

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

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

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

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

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

1 ment, including a consent judgment, has been made before
2 such date of enactment.

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

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

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

8 **SEC. 402. INVENTION PROMOTION SERVICES.**

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

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

“Sec.

“51. Definitions.

“52. Contracting requirements.

“53. Standard provisions for cover notice.

“54. Reports to customer required.

“55. Mandatory contract terms.

“56. Remedies.

“57. Records of complaints.

“58. Fraudulent representation by an invention promoter.

“59. Rule of construction.

13 **“§ 51. Definitions**

14 “For purposes of this chapter—

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

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

1 enters into a financial relationship or a contract with
2 an invention promoter for invention promotion serv-
3 ices;

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

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

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

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

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

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

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

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

16 **“§ 52. Contracting requirements**

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

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

1 “(b) REQUIREMENTS OF INVENTION PROMOTER.—

2 The invention promoter shall—

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

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

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

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

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

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

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

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

1 tract for invention promotion services by sending a written
2 letter to the invention promoter stating the customer's in-
3 tent to cancel the contract. The letter of termination must
4 be deposited with the United States Postal Service on or
5 before 5 business days after the date upon which the cus-
6 tomer or the invention promoter executes the contract,
7 whichever is later.

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

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

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

20 “YOU HAVE THE RIGHT TO TERMI-
21 NATE THIS CONTRACT. TO TERMINATE
22 THIS CONTRACT, YOU MUST SEND A WRIT-
23 TEN LETTER TO THE COMPANY STATING
24 YOUR INTENT TO CANCEL THIS CONTRACT.
25 THE LETTER OF TERMINATION MUST BE

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

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

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

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

1 VIRTUE OF THIS INVENTION PROMOTER'S
2 PERFORMANCE, AN AMOUNT OF MONEY IN
3 EXCESS OF THE AMOUNT PAID BY THE
4 CUSTOMER TO THIS INVENTION PROMOTER
5 IS _____.

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

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

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

7 “(b) OTHER REQUIREMENTS FOR COVER NOTICE.—

8 The cover notice shall contain the items required under
9 subsection (a) and the name, primary office address, and
10 local office address of the invention promoter, and may
11 contain no other matter.

12 “(c) DISCLOSURE OF CERTAIN CUSTOMERS NOT RE-

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

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

23 “With respect to every contract for invention pro-
24 motion services, the invention promoter shall deliver to the
25 customer at the address specified in the contract, at least

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

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

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

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

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

19 “(1) the terms and conditions of payment and
20 contract termination rights required under section
21 52;

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

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

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

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

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

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

1 maintain all records and correspondence relating to
2 performance of the invention promotion services for
3 such customer for a period of not less than 2 years
4 after expiration of the term of such contract; and

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

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

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

20 “§ 56. Remedies

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

1 “(2) Any contract for invention promotion services
2 entered into in reliance upon any material false, fraudu-
3 lent, or misleading information, representation, notice, or
4 advertisement of the invention promoter (or any agent,
5 employee, officer, director, partner, or independent con-
6 tractor of such invention promoter) shall be voidable at
7 the option of the customer.

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

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

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

1 cover in a civil action against the invention promoter (or
2 the officers, directors, or partners of such invention pro-
3 moter) in addition to reasonable costs and attorneys' fees,
4 the greater of—

5 “(A) \$5,000; or

6 “(B) the amount of actual damages sustained
7 by the customer.

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

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

18 **“§ 57. Records of complaints**

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

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

1 services from any Federal or State agency and include
 2 such complaints in the records maintained under sub-
 3 section (a), together with any response of the invention
 4 promoters.

5 **“§ 58. Fraudulent representation by an invention pro-**
 6 **moter**

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

13 **“§ 59. Rule of construction**

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

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

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

“5. Invention Promotion Services 51”.

22 **SEC. 404. EFFECTIVE DATE.**

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

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

3 **SEC. 501. PROVISIONAL APPLICATIONS.**

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

6 “~~(5)~~ **ABANDONMENT.**—Notwithstanding the ab-
7 sence of a claim, upon timely request and as pre-
8 scribed by the Director, a provisional application
9 may be treated as an application filed under sub-
10 section (a). Subject to section 119(e)(3) of this title,
11 if no such request is made, the provisional applica-
12 tion shall be regarded as abandoned 12 months after
13 the filing date of such application and shall not be
14 subject to revival thereafter.”

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 **SEC. 506. PUBLICATIONS.**

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

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

9 **SECTION 1. SHORT TITLE.**

10 *This Act may be cited as the “Omnibus Patent Act*
11 *of 1997”.*

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

Sec. 1. Short title.

Sec. 2. Table of contents.

**TITLE I—UNITED STATES PATENT AND TRADEMARK
ORGANIZATION**

Sec. 101. Short title.

**Subtitle A—Establishment of the United States Patent and Trademark
Organization**

*Sec. 111. Establishment of the United States Patent and Trademark Organiza-
tion as a Government corporation.*

Sec. 112. Powers and duties.

Sec. 113. Organization and management.

Sec. 114. United States Patent Office.

Sec. 115. United States Trademark Office.

Sec. 116. Suits by and against the Organization.

Sec. 117. Funding.

Sec. 118. Transfers.

Sec. 119. Use of Organization name.

Subtitle B—Effective Date; Technical Amendments

Sec. 131. Effective date.

Sec. 132. Technical and conforming amendments.

Subtitle C—Miscellaneous Provisions

Sec. 141. References.

Sec. 142. Exercise of authorities.

- Sec. 143. Savings provisions.*
Sec. 144. Transfer of assets.
Sec. 145. Delegation and assignment.
Sec. 146. Authority of Director of the Office of Management and Budget with respect to functions transferred.
Sec. 147. Certain vesting of functions considered transfers.
Sec. 148. Availability of existing funds.
Sec. 149. Definitions.

TITLE II—EARLY PUBLICATION OF PATENT APPLICATIONS

- Sec. 201. Short title.*
Sec. 202. Early publication.
Sec. 203. Time for claiming benefit of earlier filing date.
Sec. 204. Provisional rights.
Sec. 205. Prior art effect of published applications.
Sec. 206. Cost recovery for publication.
Sec. 207. Conforming changes.
Sec. 208. Last day of pendency of provisional application.
Sec. 209. Effective date.

TITLE III—PATENT TERM RESTORATION

- Sec. 301. Patent term restoration authority.*
Sec. 302. Further examination of patent applications.
Sec. 303. Technical clarification.
Sec. 304. Effective date.

TITLE IV—PRIOR DOMESTIC COMMERCIAL USE

- Sec. 401. Short title.*
Sec. 402. Defense to patent infringement based on prior domestic commercial use.
Sec. 403. Effective date and applicability.

TITLE V—PATENT REEXAMINATION REFORM

- Sec. 501. Short title.*
Sec. 502. Definitions.
Sec. 503. Reexamination procedures.
Sec. 504. Conforming amendments.
Sec. 505. Report to Congress.
Sec. 506. Effective date.

TITLE VI—MISCELLANEOUS PATENT PROVISIONS

- Sec. 601. Provisional applications.*
Sec. 602. International applications.
Sec. 603. Access to electronic patent information.
Sec. 604. Certain limitations on damages for patent infringement not applicable.
Sec. 605. Plant patents.
Sec. 606. Electronic filing.
Sec. 607. Study and report on biological deposits in support of biotechnology patents.

1 **TITLE I—UNITED STATES PAT-**
2 **ENT AND TRADEMARK ORGA-**
3 **NIZATION**

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

5 *This title may be cited as the “United States Patent*
6 *and Trademark Organization Act of 1997”.*

7 **Subtitle A—Establishment of the**
8 **United States Patent and Trade-**
9 **mark Organization**

10 **SEC. 111. ESTABLISHMENT OF THE UNITED STATES PATENT**
11 **AND TRADEMARK ORGANIZATION AS A GOV-**
12 **ERNMENT CORPORATION.**

13 *(a) ESTABLISHMENT.—The United States Patent and*
14 *Trademark Organization is established as a wholly owned*
15 *Government corporation subject to chapter 91 of title 31,*
16 *separate from any department, and shall be an agency of*
17 *the United States under the policy direction of the Sec-*
18 *retary of Commerce.*

19 *(b) OFFICES.—The United States Patent and Trade-*
20 *mark Organization shall maintain its principal office in*
21 *the District of Columbia, or the metropolitan area thereof,*
22 *for the service of process and papers and for the purpose*
23 *of carrying out its powers, duties, and obligations under*
24 *this title. The United States Patent and Trademark Orga-*
25 *nization shall be deemed, for purposes of venue in civil ac-*

1 tions, to be a resident of the district in which its principal
2 office is located except where jurisdiction is otherwise pro-
3 vided by law. The United States Patent and Trademark
4 Organization may establish satellite offices in such places
5 within the United States as it considers necessary and ap-
6 propriate in the conduct of its business.

7 (c) REFERENCE.—For purposes of this title, a ref-
8 erence to the “Organization” shall be a reference to the
9 United States Patent and Trademark Organization, unless
10 the context provides otherwise.

11 **SEC. 112. POWERS AND DUTIES.**

12 (a) IN GENERAL.—The United States Patent and
13 Trademark Organization, under the policy direction of the
14 Secretary of Commerce, shall be responsible for—

15 (1) the granting and issuing of patents and the
16 registration of trademarks;

17 (2) conducting studies, programs, or exchanges of
18 items or services regarding domestic and inter-
19 national patent and trademark law, the administra-
20 tion of the Organization, or any other function vested
21 in the Organization by law, including programs to
22 recognize, identify, assess, and forecast the technology
23 of patented inventions and their utility to industry;

24 (3)(A) authorizing or conducting studies and
25 programs cooperatively with foreign patent and

1 *trademark offices and international organizations, in*
2 *connection with the granting and issuing of patents*
3 *and the registration of trademarks; and*

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

12 *(4) disseminating to the public information with*
13 *respect to patents and trademarks.*

14 *(b) SPECIAL PAYMENTS.—The special payments under*
15 *subsection (a)(3)(B) may be in addition to any other pay-*
16 *ments or contributions to international organizations and*
17 *shall not be subject to any limitations imposed by law on*
18 *the amounts of such other payments or contributions by the*
19 *United States Government.*

20 *(c) SPECIFIC POWERS.—The Organization—*

21 *(1) shall have perpetual succession;*

22 *(2) shall adopt and use a corporate seal, which*
23 *shall be judicially noticed and with which letters pat-*
24 *ent, certificates of trademark registrations, and pa-*

1 *pers issued by the Organization shall be authenti-*
2 *cated;*

3 *(3) may sue and be sued in its corporate name*
4 *and be represented by its own attorneys in all judi-*
5 *cial and administrative proceedings, subject to the*
6 *provisions of section 116;*

7 *(4) may indemnify the Director of the United*
8 *States Patent and Trademark Organization, the Com-*
9 *missioner of Patents, the Commissioner of Trade-*
10 *marks, and other officers, attorneys, agents, and em-*
11 *ployees (including members of the Management Advi-*
12 *sory Boards of the Patent Office and the Trademark*
13 *Office) of the Organization for liabilities and expenses*
14 *incurred within the scope of their employment;*

15 *(5) may adopt, amend, and repeal bylaws, rules,*
16 *regulations, and determinations, which—*

17 *(A) shall govern the manner in which its*
18 *business will be conducted and the powers grant-*
19 *ed to it by law will be exercised; and*

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

23 *(6)(A) may acquire, construct, purchase, lease,*
24 *hold, manage, operate, improve, alter, and renovate*
25 *any real, personal, or mixed property, or any interest*

1 *therein, as it considers necessary to carry out its*
2 *functions; and*

3 *(B) sell, lease, grant, and dispose of such prop-*
4 *erty as it considers necessary to effectuate the pur-*
5 *poses of this Act;*

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

15 *(B) may enter into and perform such purchases*
16 *and contracts for printing services, including the*
17 *process of composition, platemaking, presswork, silk*
18 *screen processes, binding, microform, and the products*
19 *of such processes, as it considers necessary to carry*
20 *out the functions of the Organization, without regard*
21 *to sections 501 through 517 and 1101 through 1123*
22 *of title 44, United States Code;*

23 *(8) may use, with their consent, services, equip-*
24 *ment, personnel, and facilities of other departments,*
25 *agencies, and instrumentalities of the Federal Govern-*

1 *ment, on a reimbursable basis, and cooperate with*
2 *such other departments, agencies, and instrumental-*
3 *ities in the establishment and use of services, equip-*
4 *ment, and facilities of the Organization;*

5 *(9) may obtain from the Administrator of Gen-*
6 *eral Services such services as the Administrator is au-*
7 *thorized to provide to other agencies of the United*
8 *States, on the same basis as those services are pro-*
9 *vided to other agencies of the United States;*

10 *(10) may use, with the consent of the United*
11 *States and the agency, government, or international*
12 *organization concerned, the services, records, facilities,*
13 *or personnel of any State or local government agency*
14 *or instrumentality or foreign government or inter-*
15 *national organization to perform functions on its be-*
16 *half;*

17 *(11) may determine the character of, and the ne-*
18 *cessity for, its obligations and expenditures and the*
19 *manner in which they shall be incurred, allowed, and*
20 *paid, subject to the provisions of title 35, United*
21 *States Code and the Act of July 5, 1946 (commonly*
22 *referred to as the Trademark Act of 1946);*

23 *(12) may retain and use all of its revenues and*
24 *receipts, including revenues from the sale, lease, or*
25 *disposal of any real, personal, or mixed property, or*

1 *any interest therein, of the Organization, including*
2 *for research and development and capital investment,*
3 *subject to the provisions of section 10101 of the Omni-*
4 *bus Budget Reconciliation Act of 1990 (35 U.S.C. 41*
5 *note);*

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

9 *(14) may accept monetary gifts or donations of*
10 *services, or of real, personal, intellectual, or mixed*
11 *property, in order to enhance libraries and museums*
12 *operated by the Organization, support the educational*
13 *programs of the Organization, or otherwise carry out*
14 *the functions of the Organization;*

15 *(15) may execute, in accordance with its bylaws,*
16 *rules, and regulations, all instruments necessary and*
17 *appropriate in the exercise of any of its powers; and*

18 *(16) may provide for liability insurance and in-*
19 *surance against any loss in connection with its prop-*
20 *erty, other assets, or operations either by contract or*
21 *by self-insurance.*

22 *(d) RESTRICTIONS ON GIFTS.—Any acceptance of a*
23 *gift or donation under subsection (c)(14) shall be subject*
24 *to section 201 of title 18, United States Code. The Director*
25 *shall establish regulations for the acceptance of such gifts*

1 *and donations including regulations prohibiting gifts or do-*
2 *nations to the Organization by foreign countries.*

3 (e) *RULE OF CONSTRUCTION.*—*Nothing in this section*
4 *shall be construed to nullify, void, cancel, or interrupt any*
5 *pending request-for-proposal let or contract issued by the*
6 *General Services Administration for the specific purpose of*
7 *relocating or leasing space to the United States Patent and*
8 *Trademark Organization.*

9 **SEC. 113. ORGANIZATION AND MANAGEMENT.**

10 (a) *OFFICES.*—*The United States Patent and Trade-*
11 *mark Organization shall consist of—*

- 12 (1) *the Office of the Director;*
13 (2) *the United States Patent Office; and*
14 (3) *the United States Trademark Office.*

15 (b) *DIRECTOR.*—

16 (1) *IN GENERAL.*—*The management of the*
17 *United States Patent and Trademark Organization*
18 *shall be vested in a Director of the United States Pat-*
19 *ent and Trademark Organization (hereafter in this*
20 *title referred to as the “Director”, unless the context*
21 *provides otherwise), who shall be a citizen of the*
22 *United States and who shall be appointed by the*
23 *President, by and with the advice and consent of the*
24 *Senate. The Director shall be a person who, by reason*
25 *of professional background and experience in patent*

1 *or trademark law, is especially qualified to manage*
2 *the Organization.*

3 (2) *DUTIES.—(A) The Director shall—*

4 (i) *be responsible for the Management and*
5 *direction of the Organization and shall perform*
6 *this duty in a fair, impartial, and equitable*
7 *manner; and*

8 (ii) *strive to meet the goals set forth in the*
9 *performance agreement described under para-*
10 *graph (4).*

11 (B) *The Director shall advise the President,*
12 *through and under the policy direction of the Sec-*
13 *retary of Commerce, of all activities of the Organiza-*
14 *tion undertaken in response to obligations of the*
15 *United States under treaties and executive agree-*
16 *ments, or which relate to cooperative programs with*
17 *those authorities of foreign governments that are re-*
18 *sponsible for granting patents or registering trade-*
19 *marks. The Director shall also recommend to the*
20 *President, through and under the policy direction of*
21 *the Secretary of Commerce, changes in law or policy*
22 *which may improve the ability of United States citi-*
23 *zens to secure and enforce patent and trademark*
24 *rights in the United States or in foreign countries.*

1 (C)(i) *At the direction of the President, the Di-*
2 *rector may represent the United States in inter-*
3 *national negotiations on matters of patents or trade-*
4 *marks, or may designate an officer or officers of the*
5 *Organization to participate in such negotiations.*

6 (ii) *Nothing in this subparagraph shall be con-*
7 *strued to alter any statutory responsibility of the Sec-*
8 *retary of State or the United States Trade Represent-*
9 *ative.*

10 (D) *The Director, in consultation with the Direc-*
11 *tor of the Office of Personnel Management, shall*
12 *maintain a program for identifying national security*
13 *positions and providing for appropriate security*
14 *clearances.*

15 (E) *The Director may perform such personnel,*
16 *procurement, and other functions, with respect to the*
17 *United States Patent Office and the United States*
18 *Trademark Office, where a centralized administration*
19 *of such functions would improve the efficiency of the*
20 *Offices, by continuous unanimous agreement of the*
21 *Director, the Commissioner of Patents, and the Com-*
22 *missioner of Trademarks. The agreement shall be in*
23 *writing and shall indicate the allocation of costs*
24 *among the Office of the Director, the United States*

1 *Patent Office, and the United States Trademark Of-*
2 *fice.*

3 *(F) Except as otherwise provided in this title,*
4 *the Director shall ensure that—*

5 *(i) the United States Patent Office and the*
6 *United States Trademark Office, respectively,*
7 *shall—*

8 *(I) prepare all appropriation requests*
9 *under section 1108 of title 31, United States*
10 *Code, for each office for submission by the*
11 *Director;*

12 *(II) adjust fees to provide sufficient*
13 *revenues to cover the expenses of such office;*
14 *and*

15 *(III) expend funds derived from such*
16 *fees for only the functions of such office; and*

17 *(ii) each such office is not involved in the*
18 *management of any other office.*

19 *(G) The Director shall submit to Congress annu-*
20 *ally such information as is required under chapter 91*
21 *of title 31, United States Code, including—*

22 *(i) the total monies received and expended*
23 *by the Organization;*

24 *(ii) the purpose for which the monies were*
25 *spent;*

1 (iii) *the amount of any surplus revenues re-*
2 *tained by the Organization;*

3 (iv) *the quality and quantity of the work of*
4 *the Organization; and*

5 (v) *other information relating to the Orga-*
6 *nization.*

7 (3) *OATH.—The Director shall, before taking of-*
8 *fice, take an oath to discharge faithfully the duties of*
9 *the Organization.*

10 (4) *COMPENSATION.—The Director shall receive*
11 *compensation at the rate of pay in effect for level III*
12 *of the Executive Schedule under section 5314 of title*
13 *5, United States Code and, in addition, may receive*
14 *as a bonus, an amount which would raise total com-*
15 *penetration to the equivalent of the level of the rate of*
16 *pay in effect for level II of the Executive Schedule*
17 *under section 5313 of title 5, based upon an evalua-*
18 *tion by the Secretary of Commerce of the Director's*
19 *performance as defined in an annual performance*
20 *agreement between the Director and the Secretary.*
21 *The annual performance agreement shall incorporate*
22 *measurable goals as delineated in an annual perform-*
23 *ance plan agreed to by the Director and the Sec-*
24 *retary.*

1 (5) *REMOVAL.*—*The Director shall serve at the*
2 *pleasure of the President.*

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

8 (7) *RELATIONSHIP WITH EXISTING AUTHORI-*
9 *TIES.*—*Nothing in this section shall derogate from the*
10 *duties or functions of the Register of Copyrights.*

11 (c) *OFFICERS AND EMPLOYEES OF THE ORGANIZA-*
12 *TION.*—

13 (1) *COMMISSIONERS OF PATENTS AND TRADE-*
14 *MARKS.*—*The Director shall appoint a Commissioner*
15 *of Patents and a Commissioner of Trademarks under*
16 *section 3 of title 35, United States Code and section*
17 *53 of the Act of July 5, 1946 (commonly referred to*
18 *as the Trademark Act of 1946), respectively, as*
19 *amended by this Act.*

20 (2) *OTHER OFFICERS AND EMPLOYEES.*—*The*
21 *Director shall—*

22 (A) *appoint officers, employees (including*
23 *attorneys), and agents of the Organization, who*
24 *shall be citizens of the United States, as the Di-*

1 *rector considers necessary to carry out its func-*
2 *tions;*

3 *(B) fix the compensation of such officers*
4 *and employees, except as provided in subsection*
5 *(e); and*

6 *(C) define the authority and duties of such*
7 *officers and employees and delegate to them such*
8 *of the powers vested in the Organization as the*
9 *Director may determine.*

10 *(3) PERSONNEL LIMITATIONS.—The Organiza-*
11 *tion shall not be subject to any administratively or*
12 *statutorily imposed limitation on positions or person-*
13 *nel, and no positions or personnel of the Organization*
14 *shall be taken into account for purposes of applying*
15 *any such limitation.*

16 *(d) LIMITS ON COMPENSATION.—Except as otherwise*
17 *provided by law, the annual rate of basic pay of an officer*
18 *or employee of the Organization may not be fixed at a rate*
19 *that exceeds, and total compensation payable to any such*
20 *officer or employee for any year may not exceed, the annual*
21 *rate of basic pay in effect for level II of the Executive Sched-*
22 *ule under section 5313 of title 5, United States Code. The*
23 *Director shall prescribe such regulations as may be nec-*
24 *essary to carry out this subsection.*

1 (e) *INAPPLICABILITY OF TITLE 5, UNITED STATES*
2 *CODE, GENERALLY.*—*Except as otherwise provided in this*
3 *section, officers and employees of the Organization shall not*
4 *be subject to the provisions of title 5, United States Code,*
5 *relating to Federal employees.*

6 (f) *CONTINUED APPLICABILITY OF CERTAIN PROVI-*
7 *SIONS OF TITLE 5, UNITED STATES CODE.*—

8 (1) *IN GENERAL.*—*The following provisions of*
9 *title 5, United States Code, shall apply to the Organi-*
10 *zation and its officers and employees:*

11 (A) *Section 3110 (relating to employment of*
12 *relatives; restrictions).*

13 (B) *Subchapter II of chapter 55 (relating to*
14 *withholding pay).*

15 (C) *Subchapters II and III of chapter 73*
16 *(relating to employment limitations and politi-*
17 *cal activities, respectively).*

18 (D) *Chapter 71 (relating to labor-manage-*
19 *ment relations), subject to paragraph (2) and*
20 *subsection (g).*

21 (E) *Section 3303 (relating to political rec-*
22 *ommendations).*

23 (F) *Subchapter II of chapter 61 (relating to*
24 *flexible and compressed work schedules).*

1 (G) *Section 2302(b)(8) (relating to whistle-*
2 *blower protection) and whistleblower related pro-*
3 *visions of chapter 12 (covering the role of the Of-*
4 *fice of Special Counsel).*

5 (2) *COMPENSATION SUBJECT TO COLLECTIVE*
6 *BARGAINING.—*

7 (A) *IN GENERAL.—Notwithstanding any*
8 *other provision of law, for purposes of applying*
9 *chapter 71 of title 5, United States Code, pursu-*
10 *ant to paragraph (1)(D), basic pay and other*
11 *forms of compensation shall be considered to be*
12 *among the matters as to which the duty to bar-*
13 *gain in good faith extends under such chapter.*

14 (B) *EXCEPTIONS.—The duty to bargain in*
15 *good faith shall not, by reason of subparagraph*
16 *(A), be considered to extend to any benefit under*
17 *title 5, United States Code, which is afforded by*
18 *paragraph (1), (2), (3), or (4) of subsection (g).*

19 (C) *LIMITATIONS APPLY.—Nothing in this*
20 *subsection shall be considered to allow any limi-*
21 *tation under subsection (d) to be exceeded.*

22 (g) *PROVISIONS OF TITLE 5, UNITED STATES CODE,*
23 *THAT CONTINUE TO APPLY, SUBJECT TO CERTAIN RE-*
24 *QUIREMENTS.—*

1 (1) *RETIREMENT.*—(A) *The provisions of sub-*
2 *chapter III of chapter 83 and chapter 84 of title 5,*
3 *United States Code, shall apply to the Organization*
4 *and its officers and employees, subject to subpara-*
5 *graph (B).*

6 (B)(i) *The amount required of the Organization*
7 *under the second sentence of section 8334(a)(1) of title*
8 *5, United States Code, with respect to any particular*
9 *individual shall, instead of the amount which would*
10 *otherwise apply, be equal to the normal-cost percent-*
11 *age (determined with respect to officers and employees*
12 *of the Organization using dynamic assumptions, as*
13 *defined by section 8401(9) of such title) of the indi-*
14 *vidual's basic pay, minus the amount required to be*
15 *withheld from such pay under such section*
16 *8334(a)(1).*

17 (ii) *The amount required of the Organization*
18 *under section 8334(k)(1)(B) of title 5, United States*
19 *Code, with respect to any particular individual shall*
20 *be equal to an amount computed in a manner similar*
21 *to that specified in clause (i), as determined in ac-*
22 *cordance with clause (iii).*

23 (iii) *Any regulations necessary to carry out this*
24 *subparagraph shall be prescribed by the Office of Per-*
25 *sonnel Management.*

1 (C) *The United States Patent and Trademark*
2 *Organization may supplement the benefits provided*
3 *under the preceding provisions of this paragraph.*

4 (2) *HEALTH BENEFITS.—(A) The provisions of*
5 *chapter 89 of title 5, United States Code, shall apply*
6 *to the Organization and its officers and employees,*
7 *subject to subparagraph (B).*

8 (B)(i) *With respect to any individual who be-*
9 *comes an officer or employee of the Organization pur-*
10 *suant to subsection (i), the eligibility of such individ-*
11 *ual to participate in such program as an annuitant*
12 *(or of any other person to participate in such pro-*
13 *gram as an annuitant based on the death of such in-*
14 *dividual) shall be determined disregarding the re-*
15 *quirements of section 8905(b) of title 5, United States*
16 *Code. The preceding sentence shall not apply if the*
17 *individual ceases to be an officer or employee of the*
18 *Organization for any period of time after becoming*
19 *an officer or employee of the Organization pursuant*
20 *to subsection (i) and before separation.*

21 (i) *The Government contributions authorized by*
22 *section 8906 of title 5, United States Code, for health*
23 *benefits for anyone participating in the health bene-*
24 *fits program pursuant to this subparagraph shall be*
25 *made by the Organization in the same manner as*

1 *provided under section 8906(g)(2) of such title with*
2 *respect to the United States Postal Service for indi-*
3 *viduals associated therewith.*

4 *(iii) For purposes of this subparagraph, the term*
5 *“annuitant” has the meaning given such term by sec-*
6 *tion 8901(3) of title 5, United States Code.*

7 *(C) The Organization may supplement the bene-*
8 *fits provided under the preceding provisions of this*
9 *paragraph.*

10 *(3) LIFE INSURANCE.—(A) The provisions of*
11 *chapter 87 of title 5, United States Code, shall apply*
12 *to the Organization and its officers and employees,*
13 *subject to subparagraph (B).*

14 *(B)(i) Eligibility for life insurance coverage after*
15 *retirement or while in receipt of compensation under*
16 *subchapter I of chapter 81 of title 5, United States*
17 *Code, shall be determined, in the case of any individ-*
18 *ual who becomes an officer or employee of the Organi-*
19 *zation pursuant to subsection (i), without regard to*
20 *the requirements of section 8706(b) (1) or (2) of such*
21 *title, but subject to the condition specified in the last*
22 *sentence of paragraph (2)(B)(i) of this subsection.*

23 *(ii) Government contributions under section*
24 *8708(d) of such title on behalf of any such individual*
25 *shall be made by the Organization in the same man-*

1 *ner as provided under paragraph (3) thereof with re-*
2 *spect to the United States Postal Service for individ-*
3 *uals associated therewith.*

4 *(C) The Organization may supplement the bene-*
5 *fits provided under the preceding provisions of this*
6 *paragraph.*

7 *(4) EMPLOYEES' COMPENSATION FUND.—(A) Of-*
8 *ficers and employees of the Organization shall not be-*
9 *come ineligible to participate in the program under*
10 *chapter 81 of title 5, United States Code, relating to*
11 *compensation for work injuries, by reason of sub-*
12 *section (e).*

13 *(B) The Organization shall remain responsible*
14 *for reimbursing the Employees' Compensation Fund,*
15 *pursuant to section 8147 of title 5, United States*
16 *Code, for compensation paid or payable after the ef-*
17 *fective date of this title in accordance with chapter 81*
18 *of title 5, United States Code, with regard to any in-*
19 *jury, disability, or death due to events arising before*
20 *such date, whether or not a claim has been filed or*
21 *is final on such date.*

22 *(h) LABOR-MANAGEMENT RELATIONS.—*

23 *(1) LABOR RELATIONS AND EMPLOYEE RELA-*
24 *TIONS PROGRAMS.—The Organization shall develop*
25 *hiring practices, labor relations and employee rela-*

1 *tions programs with the objective of improving pro-*
2 *ductivity and efficiency, incorporating the following*
3 *principles:*

4 *(A) Such programs shall be consistent with*
5 *the merit principles in section 2301(b) of title 5,*
6 *United States Code.*

7 *(B) Such programs shall provide veterans*
8 *preference protections equivalent to those estab-*
9 *lished by sections 2108, 3308 through 3318,*
10 *3320, 3502, and 3504 of title 5, United States*
11 *Code.*

12 *(C)(i) The right to work shall not be subject*
13 *to undue restraint or coercion. The right to work*
14 *shall not be infringed or restricted in any way*
15 *based on membership in, affiliation with, or fi-*
16 *nancial support of a labor organization.*

17 *(ii) No person shall be required, as a condi-*
18 *tion of employment or continuation of employ-*
19 *ment—*

20 *(I) to resign or refrain from voluntary*
21 *membership in, voluntary affiliation with,*
22 *or voluntary financial support of a labor*
23 *organization;*

24 *(II) to become or remain a member of*
25 *a labor organization;*

1 (III) to pay any dues, fees, assess-
2 ments, or other charges of any kind or
3 amount to a labor organization;

4 (IV) to pay to any charity or other
5 third party, in lieu of such payments, any
6 amount equivalent to or a pro rata portion
7 of dues, fees, assessments, or other charges
8 regularly required of members of a labor or-
9 ganization; or

10 (V) to be recommended, approved, re-
11 ferred, or cleared by or through a labor or-
12 ganization.

13 (iii) This subparagraph shall not apply to
14 a person described in section 7103(a)(2)(v) of
15 title 5, United States Code, or a “supervisor”,
16 “management official”, or “confidential em-
17 ployee” as those terms are defined in 7103(a)
18 (10), (11), and (13) of such title.

19 (iv) Any labor organization recognized by
20 the Organization as the exclusive representative
21 of a unit of employees of the Organization shall
22 represent the interests of all employees in that
23 unit without discrimination and without regard
24 to labor organization membership.

1 (2) *ADOPTION OF EXISTING LABOR AGREE-*
2 *MENTS.—The Organization shall adopt all labor*
3 *agreements which are in effect, as of the day before*
4 *the effective date of this title, with respect to such Or-*
5 *ganization (as then in effect).*

6 (i) *CARRYOVER OF PERSONNEL.—*

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

12 (2) *OTHER PERSONNEL.—(A) Any individual*
13 *who, on the day before the effective date of this title,*
14 *is an officer or employee of the Department of Com-*
15 *merce (other than an officer or employee under para-*
16 *graph (1)) shall be transferred to the Organization*
17 *if—*

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

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

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

3 *(iii) such transfer would be in the interest*
4 *of the Organization, as determined by the Sec-*
5 *retary of Commerce in consultation with the Di-*
6 *rector.*

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

11 *(3) ACCUMULATED LEAVE.—The amount of sick*
12 *and annual leave and compensatory time accumu-*
13 *lated under title 5, United States Code, before the ef-*
14 *fective date described in paragraph (1), by any indi-*
15 *vidual who becomes an officer or employee of the Or-*
16 *ganization under this subsection, are obligations of*
17 *the Organization.*

18 *(4) TERMINATION RIGHTS.—Any employee re-*
19 *ferred to in paragraph (1) or (2) of this subsection*
20 *whose employment with the Organization is termi-*
21 *nated during the 1-year period beginning on the effec-*
22 *tive date of this title shall be entitled to rights and*
23 *benefits, to be afforded by the Organization, similar*
24 *to those such employee would have had under Federal*
25 *law if termination had occurred immediately before*

1 *such date. An employee who would have been entitled*
2 *to appeal any such termination to the Merit Systems*
3 *Protection Board, if such termination had occurred*
4 *immediately before such effective date, may appeal*
5 *any such termination occurring within such 1-year*
6 *period to the Board under such procedures as it may*
7 *prescribe.*

8 (5) *TRANSITION PROVISIONS.—(A)(i) On or after*
9 *the effective date of this title, the President shall ap-*
10 *point a Director of the United States Patent and*
11 *Trademark Organization who shall serve until the*
12 *earlier of—*

13 (I) *the date on which a Director qualifies*
14 *under subsection (b); or*

15 (II) *the date occurring 1 year after the ef-*
16 *fective date of this title.*

17 (ii) *The President shall not make more than 1*
18 *appointment under this subparagraph.*

19 (B) *The individual serving as the Assistant*
20 *Commissioner of Patents on the day before the effec-*
21 *tive date of this title shall serve as the Commissioner*
22 *of Patents until the date on which a Commissioner of*
23 *Patents is appointed under section 3 of title 35,*
24 *United States Code, as amended by this Act.*

1 (C) *The individual serving as the Assistant Com-*
2 *missioner of Trademarks on the day before the effec-*
3 *tive date of this title shall serve as the Commissioner*
4 *of Trademarks until the date on which a Commis-*
5 *sioner of Trademarks is appointed under section 53*
6 *of the Act of July 5, 1946 (commonly referred to as*
7 *the Trademark Act of 1946), as amended by this Act.*

8 (j) *COMPETITIVE STATUS.—For purposes of appoint-*
9 *ment to a position in the competitive service for which an*
10 *officer or employee of the Organization is qualified, such*
11 *officer or employee shall not forfeit any competitive status,*
12 *acquired by such officer or employee before the effective date*
13 *of this title, by reason of becoming an officer or employee*
14 *of the Organization under subsection (i).*

15 (k) *SAVINGS PROVISIONS.—Compensation, benefits,*
16 *and other terms and conditions of employment in effect im-*
17 *mediately before the effective date of this title, whether pro-*
18 *vided by statute or by rules and regulations of the former*
19 *Patent and Trademark Office or the executive branch of the*
20 *Government of the United States, shall continue to apply*
21 *to officers and employees of the Organization, until changed*
22 *in accordance with this section (whether by action of the*
23 *Director or otherwise).*

24 (l) *REMOVAL OF QUASI-JUDICIAL EXAMINERS.—The*
25 *Organization may remove a patent examiner or examiner-*

1 *in-chief, or a trademark examiner or member of a Trade-*
2 *mark Trial and Appeal Board only for such cause as will*
3 *promote the efficiency of the Organization.*

4 **SEC. 114. UNITED STATES PATENT OFFICE.**

5 (a) *ESTABLISHMENT OF THE PATENT OFFICE AS A*
6 *SEPARATE ADMINISTRATIVE UNIT.*—Section 1 of title 35,
7 *United States Code, is amended to read as follows:*

8 **“§ 1. Establishment**

9 “(a) *ESTABLISHMENT.*—*The United States Patent Of-*
10 *fice is established as a separate administrative unit of the*
11 *United States Patent and Trademark Organization, where*
12 *records, books, drawings, specifications, and other papers*
13 *and things pertaining to patents shall be kept and pre-*
14 *served, except as otherwise provided by law.*

15 “(b) *REFERENCE.*—*For purposes of this title, the*
16 *United States Patent Office shall also be referred to as the*
17 *‘Office’ and the ‘Patent Office’.*”.

18 (b) *POWERS AND DUTIES.*—Section 2 of title 35,
19 *United States Code, is amended to read as follows:*

20 **“§ 2. Powers and duties**

21 “*The United States Patent Office, under the policy di-*
22 *rection of the Secretary of Commerce through the Director*
23 *of the United States Patent and Trademark Organization,*
24 *shall be responsible for—*

25 “(1) *granting and issuing patents;*

1 “(2) *conducting studies, programs, or exchanges*
2 *of items or services regarding domestic and inter-*
3 *national patent law, the administration of the Orga-*
4 *nization, or any other function vested in the Organi-*
5 *zation by law, including programs to recognize, iden-*
6 *tify, assess, and forecast the technology of patented in-*
7 *ventions and their utility to industry;*

8 “(3) *authorizing or conducting studies and pro-*
9 *grams cooperatively with foreign patent offices and*
10 *international organizations, in connection with the*
11 *granting and issuing of patents; and*

12 “(4) *disseminating to the public information*
13 *with respect to patents.”.*

14 (c) *ORGANIZATION AND MANAGEMENT.*—Section 3 of
15 *title 35, United States Code, is amended to read as follows:*

16 **“§3. *Officers and employees***

17 “(a) *COMMISSIONER.*—

18 “(1) *IN GENERAL.*—*The management of the*
19 *United States Patent Office shall be vested in a Com-*
20 *missioner of Patents, who shall be a citizen of the*
21 *United States and who shall be appointed by the Di-*
22 *rector of the United States Patent and Trademark*
23 *Organization and shall serve at the pleasure of the*
24 *Director of the United States Patent and Trademark*
25 *Organization. The Commissioner of Patents shall be*

1 *a person who, by reason of professional background*
2 *and experience in patent law, is especially qualified*
3 *to manage the Office.*

4 “(2) *DUTIES.—*

5 “(A) *IN GENERAL.—The Commissioner shall*
6 *be responsible for all aspects of the management,*
7 *administration, and operation of the Office, in-*
8 *cluding the granting and issuing of patents, and*
9 *shall perform these duties in a fair, impartial,*
10 *and equitable manner.*

11 “(B) *ADVISING THE DIRECTOR OF THE*
12 *UNITED STATES PATENT AND TRADEMARK ORGA-*
13 *NIZATION.—The Commissioner of Patents shall*
14 *advise the Director of the United States Patent*
15 *and Trademark Organization of all activities of*
16 *the Office undertaken in response to obligations*
17 *of the United States under treaties and executive*
18 *agreements, or which relate to cooperative pro-*
19 *grams with those authorities of foreign govern-*
20 *ments that are responsible for granting patents.*
21 *The Commissioner of Patents shall advise the Di-*
22 *rector of the United States Patent and Trade-*
23 *mark Organization on matters of patent law and*
24 *shall recommend to the Director of the United*
25 *States Patent and Trademark Organization*

1 *changes in law or policy which may improve the*
2 *ability of United States citizens to secure and*
3 *enforce patent rights in the United States or in*
4 *foreign countries.*

5 “(C) *REGULATIONS.*—*The Commissioner*
6 *may establish regulations, not inconsistent with*
7 *law, for the conduct of proceedings in the Patent*
8 *Office. The Director of the United States Patent*
9 *and Trademark Organization shall determine*
10 *whether such regulations are consistent with the*
11 *policy direction of the Secretary of Commerce.*

12 “(D) *CONSULTATION WITH THE MANAGE-*
13 *MENT ADVISORY BOARD.*—(i) *The Commissioner*
14 *shall consult with the Management Advisory*
15 *Board established in section 5—*

16 “(I) *on a regular basis on matters re-*
17 *lating to the operation of the Office; and*

18 “(II) *before submitting budgetary pro-*
19 *posals to the Director of the United States*
20 *Patent and Trademark Organization for*
21 *submission to the Office of Management and*
22 *Budget or changing or proposing to change*
23 *patent user fees or patent regulations.*

24 “(ii) *The Director of the United States Pat-*
25 *ent and Trademark Organization shall deter-*

1 *mine whether such fees or regulations are con-*
2 *sistent with the policy direction of the Secretary*
3 *of Commerce.*

4 “(3) *OATH.*—*The Commissioner shall, before tak-*
5 *ing office, take an oath to discharge faithfully the du-*
6 *ties of the Office.*

7 “(4) *COMPENSATION.*—

8 “(A) *IN GENERAL.*—*The Commissioner shall*
9 *receive compensation at the rate of pay in effect*
10 *for level IV of the Executive Schedule under sec-*
11 *tion 5315 of title 5.*

12 “(B) *BONUS.*—*In addition to compensation*
13 *under subparagraph (A), the Commissioner may,*
14 *at the discretion of the Director of the United*
15 *States Patent and Trademark Organization, re-*
16 *ceive as a bonus, an amount which would raise*
17 *total compensation to the equivalent of the rate*
18 *of pay in effect for level III of the Executive*
19 *Schedule under section 5314 of title 5.*

20 “(b) *OFFICERS AND EMPLOYEES.*—

21 “(1) *DEPUTY COMMISSIONER OF PATENTS.*—*The*
22 *Commissioner shall appoint a Deputy Commissioner*
23 *of Patents who shall be vested with the authority to*
24 *act in the capacity of the Commissioner in the event*
25 *of the absence or incapacity of the Commissioner. In*

1 *the event of a vacancy in the office of Commissioner,*
2 *the Deputy Commissioner shall fill the office of Com-*
3 *missioner until a new Commissioner is appointed*
4 *and takes office.*

5 “(2) *OMBUDSMAN.*—*The Commissioner shall ap-*
6 *point an ombudsman to advise the Commissioner on*
7 *the concerns of independent inventors, nonprofit orga-*
8 *nizations, and small business concerns.*

9 “(3) *OTHER OFFICERS AND EMPLOYEES.*—*Other*
10 *officers, attorneys, employees, and agents shall be se-*
11 *lected and appointed by the Commissioner, and shall*
12 *be vested with such powers and duties as the Commis-*
13 *sioner may determine.”.*

14 (d) *MANAGEMENT ADVISORY BOARD.*—*Chapter 1 of*
15 *part I of title 35, United States Code, is amended by insert-*
16 *ing after section 4 the following:*

17 **“§ 5. Patent Office Management Advisory Board**

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

20 “(1) *APPOINTMENT.*—*The United States Patent*
21 *Office shall have a Management Advisory Board*
22 *(hereafter in this title referred to as the ‘Advisory*
23 *Board’) of 5 members, who shall be appointed by the*
24 *President and shall serve at the pleasure of the Presi-*
25 *dent. Not more than 3 of the 5 members shall be mem-*

1 *bers of the same political party. At least 1 member*
2 *shall be an independent inventor, as defined in regu-*
3 *lations issued by the Commissioner.*

4 “(2) *CHAIR.*—*The President shall designate a*
5 *Chair of the Advisory Board, whose term as chair*
6 *shall be for 3 years.*

7 “(3) *TIMING OF APPOINTMENTS.*—*Initial ap-*
8 *pointments to the Advisory Board shall be made with-*
9 *in 3 months after the effective date of the United*
10 *States Patent and Trademark Organization Act of*
11 *1997. Vacancies shall be filled in the manner in*
12 *which the original appointment was made under this*
13 *subsection within 3 months after they occur.*

14 “(b) *BASIS FOR APPOINTMENTS.*—*Members of the Ad-*
15 *visory Board shall be citizens of the United States who shall*
16 *be chosen so as to represent the interests of diverse users*
17 *of the United States Patent Office, and shall include indi-*
18 *viduals with substantial background and achievement in*
19 *corporate finance and management.*

20 “(c) *MEETINGS.*—*The Advisory Board shall meet at*
21 *the call of the Chair to consider an agenda set by the Chair.*

22 “(d) *DUTIES.*—*The Advisory Board shall—*

23 “(1) *review the policies, goals, performance,*
24 *budget, and user fees of the United States Patent Of-*
25 *fice, and advise the Commissioner on these matters;*

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

3 “(A) *prepare an annual report on the mat-*
4 *ters referred to in paragraph (1);*

5 “(B) *transmit the report to the Director of*
6 *the United States Patent and Trademark Orga-*
7 *nization, the President, and the Committees on*
8 *the Judiciary of the Senate and the House of*
9 *Representatives; and*

10 “(C) *publish the report in the Patent Office*
11 *Official Gazette.*

12 “(e) *COMPENSATION.—Each member of the Advisory*
13 *Board shall be compensated for each day (including travel*
14 *time) during which such member is attending meetings or*
15 *conferences of the Advisory Board or otherwise engaged in*
16 *the business of the Advisory Board, at the rate which is*
17 *the daily equivalent of the annual rate of basic pay in effect*
18 *for level III of the Executive Schedule under section 5314*
19 *of title 5, and while away from such member’s home or reg-*
20 *ular place of business such member may be allowed travel*
21 *expenses, including per diem in lieu of subsistence, as au-*
22 *thorized by section 5703 of title 5.*

23 “(f) *ACCESS TO INFORMATION.—Members of the Advi-*
24 *sory Board shall be provided access to records and informa-*
25 *tion in the United States Patent Office, except for personnel*

1 *or other privileged information and information concerning*
2 *patent applications required to be kept in confidence by sec-*
3 *tion 122.*

4 “(g) *APPLICABILITY OF CERTAIN ETHICS LAWS.—*
5 *Members of the Advisory Board shall be special Government*
6 *employees within the meaning of section 202 of title 18.”.*

7 (e) *CONFORMING AMENDMENTS.—Section 6 of title 35,*
8 *United States Code, and the item relating to such section*
9 *in the table of contents for chapter 1 of title 35, United*
10 *States Code, are repealed.*

11 (f) *BOARD OF PATENT APPEALS AND INTER-*
12 *FERENCES.—Section 7 of title 35, United States Code, is*
13 *amended to read as follows:*

14 “**§ 7. Board of Patent Appeals and Interferences**

15 “(a) *ESTABLISHMENT AND COMPOSITION.—There shall*
16 *be in the United States Patent Office a Board of Patent*
17 *Appeals and Interferences. The Commissioner, the Deputy*
18 *Commissioner, and the administrative patent judges shall*
19 *constitute the Board. The administrative patent judges shall*
20 *be persons of competent legal knowledge and scientific abil-*
21 *ity.*

22 “(b) *DUTIES.—*

23 “(1) *IN GENERAL.—The Board of Patent Appeals*
24 *and Interferences shall, on written appeal of an ap-*

1 *plicant, a patent owner, or a third-party requester in*
2 *a reexamination proceeding—*

3 *“(A) review adverse decisions of examin-*
4 *ers—*

5 *“(i) upon applications for patents; and*

6 *“(ii) in reexamination proceedings;*

7 *and*

8 *“(B) determine priority and patentability*
9 *of invention in interferences declared under sec-*
10 *tion 135(a).*

11 *“(2) HEARINGS.—Each appeal and interference*
12 *shall be heard by at least 3 members of the Board,*
13 *who shall be designated by the Deputy Commissioner.*
14 *Only the Board of Patent Appeals and Interferences*
15 *may grant rehearings.”.*

16 *(g) ANNUAL REPORT OF COMMISSIONER.—Section 14*
17 *of title 35, United States Code, is amended to read as fol-*
18 *lows:*

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

20 *“The Commissioner shall report to the Director of the*
21 *United States Patent and Trademark Organization such*
22 *information as the Director is required to submit to Con-*
23 *gress annually under section 157(d) of this title, and under*
24 *chapter 91 of title 31, including—*

1 “(1) the total of the moneys received and ex-
2 pended by the Office;

3 “(2) the purposes for which the moneys were
4 spent;

5 “(3) the quality and quantity of the work of the
6 Office; and

7 “(4) other information relating to the Office.”.

8 (h) *PRACTICE BEFORE PATENT OFFICE.*—

9 (1) *IN GENERAL.*—Section 31 of title 35, United
10 States Code, is amended to read as follows:

11 **“§ 31. Regulations for agents and attorneys**

12 “The Commissioner may prescribe regulations govern-
13 ing the recognition and conduct of agents, attorneys, or
14 other persons representing applicants or other parties before
15 the Office. The regulations may require such persons, before
16 being recognized as representatives of applicants or other
17 persons, to show that they are of good moral character and
18 reputation and are possessed of the necessary qualifications
19 to render to applicants or other persons valuable service,
20 advice, and assistance in the presentation or prosecution
21 of their applications or other business before the Office.”.

22 (2) *DESIGNATION OF ATTORNEY TO CONDUCT*
23 *HEARING.*—Section 32 of title 35, United States Code,
24 is amended in the first sentence by striking “Patent
25 and Trademark Office” and inserting “Patent Office”

1 and by inserting before the last sentence the following:
2 “*The Commissioner shall have the discretion to des-*
3 *ignate any attorney who is an officer or employee of*
4 *the United States Patent Office to conduct the hearing*
5 *required by this section.*”.

6 (i) *FUNDING.*—

7 (1) *ADJUSTMENT OF FEES.*—Section 41(f) of
8 *title 35, United States Code, is amended to read as*
9 *follows:*

10 “*(f) The Commissioner, after consulting with the Pat-*
11 *ent Office Management Advisory Board pursuant to section*
12 *3(a)(2)(C) of this title and after notice and opportunity for*
13 *full participation by interested public and private parties,*
14 *may, by regulation, adjust the fees established in this sec-*
15 *tion. The Director of the United States Patent and Trade-*
16 *mark Organization shall determine whether such fees are*
17 *consistent with the policy direction of the Secretary of Com-*
18 *merce.*”.

19 (2) *PATENT OFFICE FUNDING.*—Section 42 of
20 *title 35, United States Code, is amended to read as*
21 *follows:*

22 “**§42. Patent Office funding**

23 “*(a) FEES PAYABLE TO THE OFFICE.*—All fees for
24 *services performed by or materials furnished by the United*
25 *States Patent Office shall be payable to the Office.*

1 “(b) *USE OF MONEYS.*—Moneys from fees shall be
2 available to the United States Patent Office to carry out,
3 to the extent provided in appropriations Acts, the functions
4 of the Office. Moneys of the Office not otherwise used to
5 carry out the functions of the Office shall be kept in cash
6 on hand or on deposit, or invested in obligations of the
7 United States or guaranteed by the United States, or in
8 obligations or other instruments which are lawful invest-
9 ments for fiduciary, trust, or public funds. Fees available
10 to the Commissioner under this title shall be used only for
11 the processing of patent applications and for other services
12 and materials relating to patents, including the agreed
13 upon share of any centralized function, as set forth in sec-
14 tion 113(b)(2)(E) of the United States Patent and Trade-
15 mark Organization Act of 1997.

16 “(c) *CONTRIBUTION TO THE OFFICE OF THE DIREC-*
17 *TOR OF THE UNITED STATES PATENT AND TRADEMARK*
18 *ORGANIZATION.*—The Patent Office shall contribute 50 per-
19 cent of the annual budget of the Office of the Director of
20 the United States Patent and Trademark Organization.”.

21 **SEC. 115. UNITED STATES TRADEMARK OFFICE.**

22 (a) *ESTABLISHMENT OF THE UNITED STATES TRADE-*
23 *MARK OFFICE AS A SEPARATE ADMINISTRATIVE UNIT.*—
24 The Act of July 5, 1946 (commonly referred to as the Trade-
25 mark Act of 1946) is amended—

1 (1) by redesignating titles X and XI as titles XI
2 and XII, respectively;

3 (2) by redesignating sections 45, 46, 47, 48, 49,
4 50, and 51 as sections 61, 71, 72, 73, 74, 75, and 76,
5 respectively; and

6 (3) by inserting after title IX the following new
7 title:

8 **“TITLE X—UNITED STATES**
9 **TRADEMARK OFFICE**

10 **“SEC. 51. ESTABLISHMENT.**

11 “(a) *ESTABLISHMENT.*—*The United States Trademark*
12 *Office is established as a separate administrative unit of*
13 *the United States Patent and Trademark Organization.*

14 “(b) *REFERENCE.*—*For purposes of this chapter, the*
15 *United States Trademark Office shall also be referred to as*
16 *the ‘Office’ and the ‘Trademark Office’.*

17 **“SEC. 52. POWERS AND DUTIES.**

18 “*The United States Trademark Office, under the policy*
19 *direction of the Secretary of Commerce through the Director*
20 *of the United States Patent and Trademark Organization,*
21 *shall be responsible for—*

22 “(1) *the registration of trademarks;*

23 “(2) *conducting studies, programs, or exchanges*
24 *of items or services regarding domestic and inter-*

1 *national trademark law or the administration of the*
2 *Office;*

3 “(3) *authorizing or conducting studies and pro-*
4 *grams cooperatively with foreign trademark offices*
5 *and international organizations, in connection with*
6 *the registration of trademarks; and*

7 “(4) *disseminating to the public information*
8 *with respect to trademarks.*

9 **“SEC. 53. OFFICERS AND EMPLOYEES.**

10 “(a) *COMMISSIONER.—*

11 “(1) *IN GENERAL.—The management of the*
12 *United States Trademark Office shall be vested in a*
13 *Commissioner of Trademarks, who shall be a citizen*
14 *of the United States and who shall be appointed by*
15 *the Director of the United States Patent and Trade-*
16 *mark Organization and shall serve at the pleasure of*
17 *the Director of the United States Patent and Trade-*
18 *mark Organization. The Commissioner of Trademarks*
19 *shall be a person who, by reason of professional back-*
20 *ground and experience in trademark law, is especially*
21 *qualified to manage the Office.*

22 “(2) *DUTIES.—*

23 “(A) *IN GENERAL.—The Commissioner shall*
24 *be responsible for all aspects of the management,*
25 *administration, and operation of the Office, in-*

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

4 *“(B) ADVISING THE DIRECTOR OF THE*
5 *UNITED STATES PATENT AND TRADEMARK ORGA-*
6 *NIZATION.—The Commissioner of Trademarks*
7 *shall advise the Director of the United States*
8 *Patent and Trademark Organization of all ac-*
9 *tivities of the Office undertaken in response to*
10 *obligations of the United States under treaties*
11 *and executive agreements, or which relate to co-*
12 *operative programs with those authorities of for-*
13 *ign governments that are responsible for reg-*
14 *istering trademarks. The Commissioner of Trade-*
15 *marks shall advise the Director of the United*
16 *States Patent and Trademark Organization on*
17 *matters of trademark law and shall recommend*
18 *to the Director of the United States Patent and*
19 *Trademark Organization changes in law or pol-*
20 *icy which may improve the ability of United*
21 *States citizens to secure and enforce trademark*
22 *rights in the United States or in foreign coun-*
23 *tries.*

24 *“(C) REGULATIONS.—The Commissioner*
25 *may establish regulations, not inconsistent with*

1 *law, for the conduct of proceedings in the Trade-*
2 *mark Office. The Director of the United States*
3 *Patent and Trademark Organization shall deter-*
4 *mine whether such regulations are consistent*
5 *with the policy direction of the Secretary of*
6 *Commerce.*

7 “(D) CONSULTATION WITH THE MANAGE-
8 MENT ADVISORY BOARD.—(i) *The Commissioner*
9 *shall consult with the Trademark Office Manage-*
10 *ment Advisory Board established under section*
11 *54—*

12 “(I) *on a regular basis on matters re-*
13 *lating to the operation of the Office; and*

14 “(II) *before submitting budgetary pro-*
15 *posals to the Director of the United States*
16 *Patent and Trademark Organization for*
17 *submission to the Office of Management and*
18 *Budget or changing or proposing to change*
19 *trademark user fees or trademark regula-*
20 *tions.*

21 “(ii) *The Director of the United States Pat-*
22 *ent and Trademark Organization shall deter-*
23 *mine whether such fees or regulations are con-*
24 *sistent with the policy direction of the Secretary*
25 *of Commerce.*

1 “(E) *PUBLICATIONS.—(i) The Commis-*
2 *sioner may print, or cause to be printed, the fol-*
3 *lowing:*

4 “(I) *Certificates of trademark registra-*
5 *tions, including statements and drawings,*
6 *together with copies of the same.*

7 “(II) *The Official Gazette of the United*
8 *States Trademark Office.*

9 “(III) *Annual indexes of trademarks*
10 *and registrants.*

11 “(IV) *Annual volumes of decisions in*
12 *trademark cases.*

13 “(V) *Pamphlet copies of laws and rules*
14 *relating to trademarks and circulars or*
15 *other publications relating to the business of*
16 *the Office.*

17 “(i) *The Commissioner may exchange any*
18 *of the publications specified under clause (i) for*
19 *publications desirable for the use of the Trade-*
20 *mark Office.*

21 “(3) *OATH.—The Commissioner shall, before tak-*
22 *ing office, take an oath to discharge faithfully the du-*
23 *ties of the Office.*

24 “(4) *COMPENSATION.—*

1 “(A) *IN GENERAL.*—*The Commissioner shall*
2 *receive compensation at the rate of pay in effect*
3 *for level IV of the Executive Schedule under sec-*
4 *tion 5315 of title 5, United States Code.*

5 “(B) *BONUS.*—*In addition to compensation*
6 *under subparagraph (A), the Commissioner may,*
7 *at the discretion of the Director of the United*
8 *States Patent and Trademark Organization, re-*
9 *ceive as a bonus, an amount which would raise*
10 *total compensation to the equivalent of the rate*
11 *of pay in effect for level III of the Executive*
12 *Schedule under section 5314 of title 5.*

13 “(b) *OFFICERS AND EMPLOYEES.*—*The Commissioner*
14 *shall appoint a Deputy Commissioner of Trademarks who*
15 *shall be vested with the authority to act in the capacity*
16 *of the Commissioner in the event of the absence or incapac-*
17 *ity of the Commissioner. In the event of a vacancy in the*
18 *office of Commissioner, the Deputy Commissioner shall fill*
19 *the office of Commissioner until a new Commissioner is ap-*
20 *pointed and takes office. Other officers, attorneys, employ-*
21 *ees, and agents shall be selected and appointed by the Com-*
22 *missioner, and shall be vested with such powers and duties*
23 *as the Commissioner may determine.*

1 **“SEC. 54. TRADEMARK OFFICE MANAGEMENT ADVISORY**
2 **BOARD.**

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

5 *“(1) APPOINTMENT.—The United States Trade-*
6 *mark Office shall have a Management Advisory*
7 *Board (hereafter in this title referred to as the ‘Advi-*
8 *sory Board’) of 5 members, who shall be appointed by*
9 *the President and shall serve at the pleasure of the*
10 *President. Not more than 3 of the 5 members shall be*
11 *members of the same political party.*

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

15 *“(3) TIMING OF APPOINTMENTS.—Initial ap-*
16 *pointments to the Advisory Board shall be made with-*
17 *in 3 months after the effective date of the United*
18 *States Patent and Trademark Organization Act of*
19 *1997. Vacancies shall be filled in the manner in*
20 *which the original appointment was made under this*
21 *section within 3 months after they occur.*

22 *“(b) BASIS FOR APPOINTMENTS.—Members of the Ad-*
23 *visory Board shall be citizens of the United States who shall*
24 *be chosen so as to represent the interests of diverse users*
25 *of the United States Trademark Office, and shall include*

1 *individuals with substantial background and achievement*
2 *in corporate finance and management.*

3 “(c) *MEETINGS.*—*The Advisory Board shall meet at*
4 *the call of the Chair to consider an agenda set by the Chair.*

5 “(d) *DUTIES.*—*The Advisory Board shall—*

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

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

12 “(A) *prepare an annual report on the mat-*
13 *ters referred to under paragraph (1);*

14 “(B) *transmit the report to the Director of*
15 *the United States Patent and Trademark Orga-*
16 *nization, the President, and the Committees on*
17 *the Judiciary of the Senate and the House of*
18 *Representatives; and*

19 “(C) *publish the report in the Trademark*
20 *Office Official Gazette.*

21 “(e) *COMPENSATION.*—*Each member of the Advisory*
22 *Board shall be compensated for each day (including travel*
23 *time) during which such member is attending meetings or*
24 *conferences of the Advisory Board or otherwise engaged in*
25 *the business of the Advisory Board, at the rate which is*

1 *the daily equivalent of the annual rate of basic pay in effect*
2 *for level III of the Executive Schedule under section 5314*
3 *of title 5, United States Code, and while away from such*
4 *member's home or regular place of business such member*
5 *may be allowed travel expenses, including per diem in lieu*
6 *of subsistence, as authorized by section 5703 of title 5,*
7 *United States Code.*

8 “(f) *ACCESS TO INFORMATION.—Members of the Advi-*
9 *sory Board shall be provided access to records and informa-*
10 *tion in the United States Trademark Office, except for per-*
11 *sonnel or other privileged information.*

12 “(g) *APPLICABILITY OF CERTAIN ETHIC LAWS.—Mem-*
13 *bers of the Advisory Board shall be special Government em-*
14 *ployees within the meaning of section 202 of title 18.*

15 “**SEC. 55. ANNUAL REPORT TO CONGRESS.**

16 “*The Commissioner shall report to the Director of the*
17 *United States Patent and Trademark Organization such*
18 *information as the Director is required to report to Con-*
19 *gress annually under chapter 91 of title 5, including—*

20 “(1) *the moneys received and expended by the*
21 *Office;*

22 “(2) *the purposes for which the moneys were*
23 *spent;*

24 “(3) *the quality and quantity of the work of the*
25 *Office; and*

1 “(4) other information relating to the Office.

2 **“SEC. 56. TRADEMARK OFFICE FUNDING.**

3 “(a) *FEES PAYABLE TO THE OFFICE.*—All fees for
4 services performed by or materials furnished by the United
5 States Trademark Office shall be payable to the Office.

6 “(b) *USE OF MONEYS.*—Moneys from fees shall be
7 available to the United States Trademark Office to carry
8 out, to the extent provided in appropriations Acts, the func-
9 tions of the Office. Moneys of the Office not otherwise used
10 to carry out the functions of the Office shall be kept in cash
11 on hand or on deposit, or invested in obligations of the
12 United States or guaranteed by the United States, or in
13 obligations or other instruments which are lawful invest-
14 ments for fiduciary, trust, or public funds. Fees available
15 to the Commissioner under this chapter shall be used only
16 for the registration of trademarks and for other services and
17 materials relating to trademarks, including the agreed upon
18 share of any centralized function, as set forth in section
19 113(b)(2)(E) of the United States Patent and Trademark
20 Organization Act of 1997.

21 “(c) *CONTRIBUTION TO THE OFFICE OF THE DIREC-*
22 *TOR OF THE UNITED STATES PATENT AND TRADEMARK*
23 *ORGANIZATION.*—The Trademark Office shall contribute 50
24 percent of the annual budget of the Office of the Director
25 of the United States Patent and Trademark Organization.”.

1 (b) *TRADEMARK TRIAL AND APPEAL BOARD.*—Section
2 *17 of the Act of July 5, 1946 (commonly referred to as the*
3 *Trademark Act of 1946) (15 U.S.C. 1067) is amended to*
4 *read as follows:*

5 “*SEC. 17. (a) In every case of interference, opposition*
6 *to registration, application to register as a lawful concur-*
7 *rent user, or application to cancel the registration of a*
8 *mark, the Commissioner shall give notice to all parties and*
9 *shall direct a Trademark Trial and Appeal Board to deter-*
10 *mine and decide the respective rights of registration.*

11 “*(b) The Trademark Trial and Appeal Board shall in-*
12 *clude the Commissioner of Trademarks, the Deputy Com-*
13 *missioner of Trademarks, and administrative trademark*
14 *judges competent in trademark law who are appointed by*
15 *the Commissioner.*”.

16 (c) *DETERMINATION OF FEES.*—Section 31(a) of the
17 *Act of July 5, 1946 (commonly referred to as the Trademark*
18 *Act of 1946) (15 U.S.C. 1067(a)) is amended by striking*
19 *the second and third sentences and inserting the following:*
20 *“Fees established under this subsection may be adjusted by*
21 *the Commissioner, after consulting with the Trademark Of-*
22 *fice Management Advisory Board in accordance with sec-*
23 *tion 53(a)(2)(C) of this Act and after notice and oppor-*
24 *tunity for full participation by interested public and pri-*
25 *vate parties. The Director of the United States Patent and*

1 *Trademark Organization shall determine whether such fees*
2 *are consistent with the policy direction of the Secretary of*
3 *Commerce.”.*

4 **SEC. 116. SUITS BY AND AGAINST THE ORGANIZATION.**

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

11 (b) *REPRESENTATION BY THE DEPARTMENT OF JUS-*
12 *TICE.*—The United States Patent and Trademark Organi-
13 *zation shall be deemed an agency of the United States for*
14 *purposes of section 516 of title 28, United States Code.*

15 (c) *PROHIBITION ON ATTACHMENT, LIENS, OR SIMI-*
16 *LAR PROCESS.*—No attachment, garnishment, lien, or simi-
17 *lar process, intermediate or final, in law or equity, may*
18 *be issued against property of the Organization.*

19 **SEC. 117. FUNDING.**

20 (a) *IN GENERAL.*—The activities of the United States
21 *Patent and Trademark Organization and each office of the*
22 *Organization shall be funded entirely through fees payable*
23 *to the United States Patent Office (under section 42 of title*
24 *35, United States Code) and the United States Trademark*
25 *Office (under section 56 of the Act of July 5, 1946 (com-*

1 *monly known as the Trademark Act of 1946)), and sur-*
2 *charges appropriated by Congress, to the extent provided*
3 *in appropriations Acts and subject to the provisions of sub-*
4 *section (b).*

5 *(b) BORROWING AUTHORITY.—*

6 *(1) IN GENERAL.—The United States Patent and*
7 *Trademark Organization is authorized to issue from*
8 *time to time for purchase by the Secretary of the*
9 *Treasury its debentures, bonds, notes, and other evi-*
10 *dences of indebtedness (hereafter in this subsection re-*
11 *ferred to as “obligations”) to assist in financing the*
12 *activities of the United States Patent Office and the*
13 *United States Trademark Office. Borrowing under*
14 *this section shall be subject to prior approval in ap-*
15 *propriations Acts. Such borrowing shall not exceed*
16 *amounts approved in appropriations Acts.*

17 *(2) BORROWING AUTHORITY.—Any borrowing*
18 *under this subsection shall be repaid only from fees*
19 *paid to the Office for which such obligations were*
20 *issued and surcharges appropriated by Congress.*
21 *Such obligations shall be redeemable at the option of*
22 *the United States Patent and Trademark Organiza-*
23 *tion before maturity in the manner stipulated in such*
24 *obligations and shall have such maturity as is deter-*
25 *mined by the United States Patent and Trademark*

1 *Organization with the approval of the Secretary of*
2 *the Treasury. Each such obligation issued to the*
3 *Treasury shall bear interest at a rate not less than the*
4 *current yield on outstanding marketable obligations of*
5 *the United States of comparable maturity during the*
6 *month preceding the issuance of the obligation as de-*
7 *termined by the Secretary of the Treasury.*

8 (3) *PURCHASE OF OBLIGATIONS.*—*The Secretary*
9 *of the Treasury shall purchase any obligations of the*
10 *United States Patent and Trademark Organization*
11 *issued under this subsection and for such purpose the*
12 *Secretary of the Treasury is authorized to use as a*
13 *public-debt transaction the proceeds of any securities*
14 *issued under chapter 31 of title 31, United States*
15 *Code, and the purposes for which securities may be*
16 *issued under that chapter are extended to include such*
17 *purpose.*

18 (4) *TREATMENT.*—*Payment under this sub-*
19 *section of the purchase price of such obligations of the*
20 *United States Patent and Trademark Organization*
21 *shall be treated as public debt transactions of the*
22 *United States.*

23 **SEC. 118. TRANSFERS.**

24 (a) *TRANSFER OF FUNCTIONS.*—*Except as relates to*
25 *the direction of patent and trademark policy, there are*

1 transferred to, and vested in, the United States Patent and
2 Trademark Organization all functions, powers, and duties
3 vested by law in the Secretary of Commerce or the Depart-
4 ment of Commerce or in the officers or components in the
5 Department of Commerce with respect to the authority to
6 grant patents and register trademarks, and in the Patent
7 and Trademark Office, as in effect on the day before the
8 effective date of this title, and in the officers and compo-
9 nents of such office.

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

21 **SEC. 119. USE OF ORGANIZATION NAME.**

22 The use of the terms “United States Patent and Trade-
23 mark Organization”, “Patent and Trademark Office”,
24 “United States Patent Office”, “Patent Office”, “United
25 States Trademark Office”, “Trademark Office”, or any

1 combination of such terms, as the name or part thereof
 2 under which an individual or entity does business, is pro-
 3 hibited. A violation of this section may be enjoined by any
 4 Federal court at the suit of the Organization. In any such
 5 suit, the Organization shall be entitled to statutory damages
 6 of \$1,000 for each day during which such violation contin-
 7 ues or is repeated following notice by the Organization and,
 8 in addition, may recover actual damages flowing from such
 9 violations.

10 **Subtitle B—Effective Date;**
 11 **Technical Amendments**

12 **SEC. 131. EFFECTIVE DATE.**

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

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

17 (a) **AMENDMENTS TO TITLE 35.—**

18 (1) **TABLE OF PARTS.—***The item relating to part*
 19 *I in the table of parts for title 35, United States Code,*
 20 *is amended to read as follows:*

“I. United States Patent Office 1.”.

21 (2) **HEADING.—***The heading for part I of title*
 22 *35, United States Code, is amended to read as follows:*

23 **“PART I—UNITED STATES PATENT OFFICE”.**

24 (3) **TABLE OF CHAPTERS.—***The table of chapters*
 25 *for part I of title 35, United States Code, is amended*

1 *by amending the item relating to chapter 1 to read*
 2 *as follows:*

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

3 (4) *TABLE OF SECTIONS.—The table of sections*
 4 *for chapter 1 of title 35, United States Code, is*
 5 *amended to read as follows:*

6 **“CHAPTER 1—ESTABLISHMENT, OFFICERS**
 7 **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 Office Management Advisory Board.*

“6. *Duties of Commissioner.*

“7. *Board of Patent Appeals and Interferences.*

“8. *Library.*

“9. *Classification of patents.*

“10. *Certified copies of records.*

“11. *Publications.*

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

“13. *Copies of patents for public libraries.*

“14. *Annual report to Congress.”.*

8 (5) *COMMISSIONER OF PATENTS AND TRADE-*
 9 *MARKS.—(A) Section 41(h)(1) of title 35, United*
 10 *States Code, is amended by striking “Commissioner of*
 11 *Patents and Trademarks” and inserting “Commis-*
 12 *sioner”.*

13 (B) *Section 155 of title 35, United States Code,*
 14 *is amended by striking “Commissioner of Patents and*
 15 *Trademarks” and inserting “Commissioner”.*

1 (C) *Section 155A(c) of title 35, United States*
2 *Code, is amended by striking “Commissioner of Pat-*
3 *ents” and inserting “Commissioner”.*

4 (6) *PATENT AND TRADEMARK OFFICE.—The pro-*
5 *visions of title 35, United States Code, are amended*
6 *by striking “Patent and Trademark Office” each*
7 *place it appears and inserting “Patent Office”.*

8 (7) *SECRETARY OF COMMERCE.—Section 157(d)*
9 *of title 35, United States Code, is amended by strik-*
10 *ing “Secretary of Commerce” and inserting “Director*
11 *of the United States Patent and Trademark Organi-*
12 *zation”.*

13 (b) *AMENDMENTS TO THE TRADEMARK ACT OF*
14 *1946.—*

15 (1) *REFERENCES.—All amendments in this sub-*
16 *section refer to the Act of July 5, 1946 (commonly re-*
17 *ferred to as the Trademark Act of 1946).*

18 (2) *AMENDMENTS RELATING TO COMMIS-*
19 *SIONER.—Section 61 (as redesignated by section*
20 *115(a)(2) of this Act) is amended by striking the un-*
21 *designated paragraph relating to the definition of the*
22 *term “Commissioner” and inserting the following:*

23 *“The term ‘Commissioner’ means the Commissioner of*
24 *Trademarks.”.*

1 (3) *AMENDMENTS RELATING TO PATENT AND*
2 *TRADEMARK OFFICE.*—(A) *Section 1(a)(1) is amended*
3 *by striking “Patent and Trademark Office” and in-*
4 *serting “Trademark Office”.*

5 (B) *Section 1(a)(2) is amended by striking “Pat-*
6 *ent and Trademark Office” and inserting “Trade-*
7 *mark Office”.*

8 (C) *Section 1(b)(1) is amended by striking “Pat-*
9 *ent and Trademark Office” and inserting “Trade-*
10 *mark Office”.*

11 (D) *Section 1(b)(2) is amended by striking “Pat-*
12 *ent and Trademark Office” and inserting “Trade-*
13 *mark Office”.*

14 (E) *Section 1(d)(1) is amended by striking “Pat-*
15 *ent and Trademark Office” each place such term ap-*
16 *pears and inserting “Trademark Office”.*

17 (F) *Section 1(e) is amended by striking “Patent*
18 *and Trademark Office” and inserting “Trademark*
19 *Office”.*

20 (G) *Section 2(d) is amended by striking “Patent*
21 *and Trademark Office” and inserting “Trademark*
22 *Office”.*

23 (H) *Section 7(a) is amended by striking “Patent*
24 *and Trademark Office” each place such term appears*
25 *and inserting “Trademark Office”.*

1 (I) Section 7(d) is amended by striking “Patent
2 and Trademark Office” and inserting “Trademark
3 Office”.

4 (J) Section 7(e) is amended by striking “Patent
5 and Trademark Office” each place such term appears
6 and inserting “Trademark Office”.

7 (K) Section 7(f) is amended by striking “Patent
8 and Trademark Office” each place such term appears
9 and inserting “Trademark Office”.

10 (L) Section 7(g) is amended by striking “Patent
11 and Trademark Office” each place such term appears
12 and inserting “Trademark Office”.

13 (M) Section 8(a) is amended by striking “Patent
14 and Trademark Office” and inserting “Trademark
15 Office”.

16 (N) Section 8(b) is amended by striking “Patent
17 and Trademark Office” and inserting “Trademark
18 Office”.

19 (O) Section 10 is amended by striking “Patent
20 and Trademark Office” each place such term appears
21 and inserting “Trademark Office”.

22 (P) Section 12(a) is amended by striking “Pat-
23 ent and Trademark Office” and inserting “Trade-
24 mark Office”.

1 (Q) Section 13(a) is amended by striking “Pat-
2 ent and Trademark Office” and inserting “Trade-
3 mark Office”.

4 (R) Section 13(b)(1) is amended by striking
5 “Patent and Trademark Office” each place such term
6 appears and inserting “Trademark Office”.

7 (S) Section 15(2) is amended by striking “Pat-
8 ent and Trademark Office” and inserting “Trade-
9 mark Office”.

10 (T) Section 17 is amended by striking “Patent
11 and Trademark Office” and inserting “Trademark
12 Office”.

13 (U) Section 21(a)(2) is amended by striking
14 “Patent and Trademark Office” and inserting
15 “Trademark Office”.

16 (V) Section 21(a)(3) is amended by striking
17 “Patent and Trademark Office” each place such term
18 appears and inserting “Trademark Office”.

19 (W) Section 21(a)(4) is amended by striking
20 “Patent and Trademark Office” each place such term
21 appears and inserting “Trademark Office”.

22 (X) Section 21(b)(3) is amended by striking
23 “Patent and Trademark Office” each place such term
24 appears and inserting “Trademark Office”.

1 (Y) Section 21(b)(4) is amended by striking
2 “Patent and Trademark Office” and inserting
3 “Trademark Office”.

4 (Z) Section 24 is amended by striking “Patent
5 and Trademark Office” and inserting “Trademark
6 Office”.

7 (AA) Section 29 is amended by striking “Patent
8 and Trademark Office” each place such term appears
9 and inserting “Trademark Office”.

10 (BB) Section 30 is amended by striking “Patent
11 and Trademark Office” and inserting “Trademark
12 Office”.

13 (CC) Section 31(a) is amended by striking “Pat-
14 ent and Trademark Office” and inserting “Trade-
15 mark Office”.

16 (DD) Section 34(a) is amended by striking
17 “Patent and Trademark Office” and inserting
18 “Trademark Office”.

19 (EE) Section 34(d)(1)(B)(i) is amended by strik-
20 ing “Patent and Trademark Office” and inserting
21 “Trademark Office”.

22 (FF) Section 35(a) is amended by striking “Pat-
23 ent and Trademark Office” and inserting “Trade-
24 mark Office”.

1 (GG) Section 36 is amended by striking “Patent
2 and Trademark Office” and inserting “Trademark
3 Office”.

4 (HH) Section 37 is amended by striking “Patent
5 and Trademark Office” and inserting “Trademark
6 Office”.

7 (II) Section 38 is amended by striking “Patent
8 and Trademark Office” and inserting “Trademark
9 Office”.

10 (JJ) Section 39(b) is amended by striking “Pat-
11 ent and Trademark Office” and inserting “Trade-
12 mark Office”.

13 (KK) Section 41 is amended by striking “Patent
14 and Trademark Office” and inserting “Trademark
15 Office”.

16 (LL) Section 61 (as redesignated under section
17 115(a)(2) of this Act) is amended in the undesignated
18 paragraph relating to the definition of “registered
19 mark”—

20 (i) by striking “Patent and Trade Mark Of-
21 fice” and inserting “Trademark Office”; and

22 (ii) by striking “Patent and Trade Office”
23 and inserting “Trademark Office”.

24 (MM) Section 72(a) (as redesignated under sec-
25 tion 115(a)(2) of this Act) is amended by striking

1 *“Patent and Trademark Office” and inserting*
2 *“Trademark Office”.*

3 *(NN) Section 75 (as redesignated under section*
4 *115(a)(2) of this Act) is amended by striking “Patent*
5 *and Trademark Office” and inserting “Trademark*
6 *Office”.*

7 *(c) AMENDMENTS TO TITLE 5.—Title 5, United States*
8 *Code, is amended—*

9 *(1) in section 5102(c)(23)—*

10 *(A) by striking “examiners-in-chief” in each*
11 *place it appears and inserting “administrative*
12 *patent judges”; and*

13 *(B) by striking “Office, Department of*
14 *Commerce” and inserting “Organization”; and*

15 *(2) in section 5316—*

16 *(A) by striking “Commissioner of Patents,*
17 *Department of Commerce.”; and*

18 *(B) by striking:*

19 *“Deputy Commissioner of Patents and Trade-*
20 *marks.*

21 *“Assistant Commissioner for Patents.*

22 *“Assistant Commissioner for Trademarks.”.*

23 *(d) AMENDMENT TO TITLE 31.—Section 9101(3) of*
24 *title 31, United States Code, is amended by adding at the*
25 *end the following:*

1 “(O) *the United States Patent and Trade-*
2 *mark Organization.*”.

3 (e) *AMENDMENTS TO INSPECTOR GENERAL ACT OF*
4 *1978.—Section 11 of the Inspector General Act of 1978 (5*
5 *U.S.C. App.) is amended—*

6 (1) *in paragraph (1) by striking “or the Com-*
7 *missioner of Social Security, Social Security Admin-*
8 *istration;” and inserting “the Commissioner of Social*
9 *Security, Social Security Administration; or the Di-*
10 *rector of the United States Patent and Trademark*
11 *Organization, United States Patent and Trademark*
12 *Organization;”; and*

13 (2) *in paragraph (2) by striking “or the Veter-*
14 *ans’ Administration, or the Social Security Adminis-*
15 *tration;” and inserting “the Veterans’ Administra-*
16 *tion, the Social Security Administration, or the*
17 *United States Patent and Trademark Organization;”.*

18 ***Subtitle C—Miscellaneous***
19 ***Provisions***

20 ***SEC. 141. REFERENCES.***

21 *Any reference in any other Federal law, Executive*
22 *order, rule, regulation, or delegation of authority, or any*
23 *document of or pertaining to a department, agency, or office*
24 *from which a function is transferred by this title—*

1 *performance of any function that is transferred by*
2 *this title, and*

3 *(2) are in effect on the effective date of such*
4 *transfer (or become effective after such date pursuant*
5 *to their terms as in effect on such effective date), shall*
6 *continue in effect according to their terms until modi-*
7 *fied, terminated, superseded, set aside, or revoked in*
8 *accordance with law by the President, any other au-*
9 *thorized official, a court of competent jurisdiction, or*
10 *operation of law.*

11 *(b) PROCEEDINGS.—This title shall not affect any pro-*
12 *ceedings or any application for any benefits, service, license,*
13 *permit, certificate, or financial assistance pending on the*
14 *effective date of this title before an office transferred by this*
15 *title, but such proceedings and applications shall be contin-*
16 *ued. Orders shall be issued in such proceedings, appeals*
17 *shall be taken therefrom, and payments shall be made pur-*
18 *suant to such orders, as if this title had not been enacted,*
19 *and orders issued in any such proceeding shall continue in*
20 *effect until modified, terminated, superseded, or revoked by*
21 *a duly authorized official, by a court of competent jurisdic-*
22 *tion, or by operation of law. Nothing in this subsection shall*
23 *be considered to prohibit the discontinuance or modification*
24 *of any such proceeding under the same terms and condi-*
25 *tions and to the same extent that such proceeding could have*

1 *been discontinued or modified if this title had not been en-*
2 *acted.*

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

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

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

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

1 *exercise of such function by the head of the Federal agency,*
2 *and other officers of the agency, to which such function is*
3 *transferred by this title.*

4 **SEC. 144. TRANSFER OF ASSETS.**

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

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

15 *(a) IN GENERAL.—Except as otherwise expressly pro-*
16 *hibited by law or otherwise provided in this title, an official*
17 *to whom functions are transferred under this title (includ-*
18 *ing the head of any office to which functions are transferred*
19 *under this title) may—*

20 *(1) delegate any of the functions so transferred to*
21 *such officers and employees of the office of the official*
22 *as the official may designate; and*

23 *(2) authorize successive redelegations of such*
24 *functions as may be necessary or appropriate.*

1 (b) *RESPONSIBILITY FOR ADMINISTRATION.*—No dele-
2 gation of functions under this section or under any other
3 provision of this title shall relieve the official to whom a
4 function is transferred under this title of responsibility for
5 the administration of the function.

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

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

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

24 (c) *TERMINATION OF AFFAIRS.*—The Director shall
25 provide for the termination of the affairs of all entities ter-

1 *minated by this title and for such further measures and*
2 *dispositions as may be necessary to effectuate the purposes*
3 *of this title.*

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

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

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

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

17 **SEC. 149. DEFINITIONS.**

18 *For purposes of this title—*

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

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

1 **TITLE II—EARLY PUBLICATION**
2 **OF PATENT APPLICATIONS**

3 **SEC. 201. SHORT TITLE.**

4 *This title may be cited as the “Patent Application*
5 *Publication Act of 1997”.*

6 **SEC. 202. EARLY PUBLICATION.**

7 *Section 122 of title 35, United States Code, is amended*
8 *to read as follows:*

9 **“§ 122. Confidential status of applications; publica-**
10 **tion of patent applications**

11 *“(a) CONFIDENTIALITY.—Except as provided in sub-*
12 *section (b), applications for patents shall be kept in con-*
13 *fidence by the Patent Office and no information concerning*
14 *the same given without authority of the applicant or owner*
15 *unless necessary to carry out the provisions of an Act of*
16 *Congress or in such special circumstances as may be deter-*
17 *mined by the Commissioner.*

18 *“(b) PUBLICATION.—*

19 *“(1) IN GENERAL.—(A) Subject to paragraph*
20 *(2), each application for patent, except applications*
21 *for design patents filed under chapter 16 of this title*
22 *and provisional applications filed under section*
23 *111(b) of this title, shall be published, in accordance*
24 *with procedures determined by the Commissioner, as*
25 *soon as possible after the expiration of a period of 18*

1 *months from the earliest filing date for which a bene-*
2 *fit is sought under this title. At the request of the ap-*
3 *plicant, an application may be published earlier than*
4 *the end of such 18-month period.*

5 *“(B) No information concerning published pat-*
6 *ent applications shall be made available to the public*
7 *except as the Commissioner determines.*

8 *“(C) Notwithstanding any other provision of*
9 *law, a determination by the Commissioner to release*
10 *or not to release information concerning a published*
11 *patent application shall be final and nonreviewable.*

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

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

17 *“(C)(i) Where an applicant makes a request*
18 *upon filing, certifying that the invention disclosed in*
19 *the application has not and will not be the subject of*
20 *an application filed in a foreign country, the applica-*
21 *tion shall not be published as provided in paragraph*
22 *(1).*

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

1 *duty to notify the Director within 1 month of filing*
2 *an application in a foreign country.*

3 “(iii) *Where an applicant rescinds a request*
4 *made under clause (i) or notifies the Director that an*
5 *application was filed in a foreign country, the appli-*
6 *cation shall be published in accordance with the pro-*
7 *visions of paragraph (1).*

8 “(c) *PRE-ISSUANCE OPPOSITION.—The provisions of*
9 *this section shall not operate to create any new opportunity*
10 *for pre-issuance opposition. The Commissioner may estab-*
11 *lish appropriate procedures to ensure that this section does*
12 *not create any new opportunity for pre-issuance opposition*
13 *that did not exist prior to the adoption of this section.*

14 “(d) *STUDY.—*

15 “(1) *IN GENERAL.—The General Accounting Of-*
16 *ice shall conduct a 3-year study of the applicants*
17 *who file only in the United States after the effective*
18 *date of this title.*

19 “(2) *CONTENTS.—The study conducted under*
20 *paragraph (1) shall—*

21 “(A) *consider the number of such applicants*
22 *in relation to the number of applicants who file*
23 *in the United States and outside the United*
24 *States;*

1 “(B) examine how many domestic-only fil-
2 ers request at the time of filing not to be pub-
3 lished;

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

6 “(D) examine the manner of entity seeking
7 an application and any correlation that may
8 exist between such manner and publication of
9 patent applications.”.

10 **SEC. 203. TIME FOR CLAIMING BENEFIT OF EARLIER FILING**

11 **DATE.**

12 (a) *IN A FOREIGN COUNTRY.*—Section 119(b) of title
13 35, United States Code, is amended to read as follows:

14 “(b)(1) No application for patent shall be entitled to
15 this right of priority unless a claim, identifying the foreign
16 application by specifying its application number, country,
17 and the day, month, and year of its filing, is filed in the
18 Patent Office at such time during the pendency of the appli-
19 cation as required by the Commissioner.

20 “(2) The Commissioner may consider the failure of the
21 applicant to file a timely claim for priority as a waiver
22 of any such claim. The Commissioner may establish proce-
23 dures, including the payment of a surcharge, to accept an
24 unintentionally delayed claim under this section.

1 “(3) *The Commissioner may require a certified copy*
2 *of the original foreign application, specification, and draw-*
3 *ings upon which it is based, a translation if not in the*
4 *English language, and such other information as the Com-*
5 *missioner considers necessary. Any such certification shall*
6 *be made by the foreign intellectual property authority in*
7 *which the foreign application was filed and show the date*
8 *of the application and of the filing of the specification and*
9 *other papers.”.*

10 **(b) IN THE UNITED STATES.**—Section 120 of title 35,
11 *United States Code, is amended by adding at the end the*
12 *following: “The Commissioner may determine the time pe-*
13 *riod during the pendency of the application within which*
14 *an amendment containing the specific reference to the ear-*
15 *lier filed application is submitted. The Commissioner may*
16 *consider the failure to submit such an amendment within*
17 *that time period as a waiver of any benefit under this sec-*
18 *tion. The Commissioner may establish procedures, includ-*
19 *ing the payment of a surcharge, to accept unavoidably late*
20 *submissions of amendments under this section.”.*

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

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

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

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

3 “(d) *PROVISIONAL RIGHTS.*—

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

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

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

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

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

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

21 “(4) *REQUIREMENTS FOR INTERNATIONAL APPLI-*
22 *CATIONS.*—

23 “(A) *EFFECTIVE DATE.*—The right under
24 paragraph (1) to obtain a reasonable royalty
25 based upon the publication under the treaty of

1 *an international application designating the*
2 *United States shall commence from the date that*
3 *the Patent Office receives a copy of the publica-*
4 *tion under the treaty defined in section 351(a)*
5 *of this title of the international application, or,*
6 *if the publication under the treaty of the inter-*
7 *national application is in a language other than*
8 *English, from the date that the Patent Office re-*
9 *ceives a translation of the international applica-*
10 *tion in the English language.*

11 “(B) COPIES.—*The Commissioner may re-*
12 *quire the applicant to provide a copy of the*
13 *international application and a translation*
14 *thereof.*

15 “(5) ISSUANCE OF PATENTS ON INDIVIDUAL
16 CLAIMS.—*Where the Director in a notification to the*
17 *applicant under section 132 of this title indicates that*
18 *one or more claims of a published application are al-*
19 *lowable, the applicant may request the issuance of a*
20 *patent incorporating those claims. The applicant may*
21 *continue prosecution of the remaining claims as pro-*
22 *vided in chapter 12 of this title. Any subsequently al-*
23 *lowed claims may be incorporated into the patent.*
24 *The Director may establish appropriate fees to cover*

1 35, United States Code, by charging a separate publication
2 fee, or by any combination of these methods.

3 **SEC. 207. CONFORMING CHANGES.**

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

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

9 (2) Section 12 is amended—

10 (A) in the section caption by inserting

11 “**and applications**” after “**patents**”; and

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

14 (3) Section 13 is amended—

15 (A) in the section caption by inserting

16 “**and applications**” after “**patents**”; and

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

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

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

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

4 (7) *Section 181 is amended—*

5 (A) *in the first undesignated paragraph—*

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

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

10 (B) *in the second undesignated paragraph*
11 *by inserting “by the publication of an applica-*
12 *tion or” after “disclosure of an invention”;*

13 (C) *in the third undesignated paragraph—*

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

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

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

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

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

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

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

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

15 **SEC. 208. LAST DAY OF PENDENCY OF PROVISIONAL APPLI-**
16 **CATION.**

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

19 *“(3) If the day that is 12 months after the filing date*
20 *of a provisional application falls on a Saturday, Sunday,*
21 *or legal holiday as defined in rule 6(a) of the Federal Rules*
22 *of Civil Procedure, the period of pendency of the provisional*
23 *application shall be extended to the next succeeding business*
24 *day.”.*

1 **SEC. 209. EFFECTIVE DATE.**

2 (a) *SECTIONS 202 THROUGH 207.*—Sections 202
3 *through 207, and the amendments made by such sections,*
4 *shall take effect on the date that is 1 year after the date*
5 *of enactment of this Act and shall apply to all applications*
6 *filed under section 111 of title 35, United States Code, on*
7 *or after that date, and all applications complying with sec-*
8 *tion 371 of title 35, United States Code, that resulted from*
9 *international applications filed on or after that date. The*
10 *amendment made by section 204 shall also apply to inter-*
11 *national applications designating the United States that*
12 *are filed on or after the date that is 1 year after the date*
13 *of enactment of this Act.*

14 (b) *SECTION 208.*—The amendments made by section
15 *208 shall take effect on the date of the enactment of this*
16 *Act and, except for a design patent application filed under*
17 *chapter 16 of title 35, United States Code, shall apply to*
18 *any application filed on or after June 8, 1995.*

19 **TITLE III—PATENT TERM**
20 **RESTORATION**

21 **SEC. 301. PATENT TERM RESTORATION AUTHORITY.**

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

24 “(b) *ADJUSTMENT OF PATENT TERM.*—

25 “(1) *BASIS FOR PATENT TERM RESTORATION.*—

1 “(A) *DELAY*.—Subject to the limitations
2 under paragraph (2), if the issue of an original
3 patent is delayed due to—

4 “(i) a proceeding under section 135(a)
5 of this title;

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

8 “(iii) appellate review by the Board of
9 Patent Appeals and Interferences or by a
10 Federal court where the patent was issued
11 pursuant to a decision in the review revers-
12 ing an adverse determination of patentabil-
13 ity; or

14 “(iv) an unusual administrative delay
15 by the Patent Office in issuing the patent,
16 the term of the patent shall be adjusted for the
17 period of delay.

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

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

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

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

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

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

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

1 “(I) has not obtained further lim-
2 ited examination of the application
3 under section 132(b) of this title;

4 “(II) has not benefited from an
5 adjustment of patent term under clause
6 (i), (ii), or (iii) or paragraph (1)(A);

7 “(III) has not sought or obtained
8 appellate review by the Board of Pat-
9 ent Appeals and Interferences or by a
10 Federal court other than in a case in
11 which the patent was issued pursuant
12 to a decision in the review reversing an
13 adverse determination of patentability;
14 and

15 “(IV) has not requested any delay
16 in the processing of the application by
17 the Patent Office.

18 “(2) LIMITATIONS.—

19 “(A) IN GENERAL.—The total duration of
20 any adjustments granted pursuant to either sub-
21 clause (iii) or (iv) of paragraph (1)(A) or both
22 such subclauses shall not exceed 10 years. To the
23 extent that periods of delay attributable to
24 grounds specified in paragraph (1) overlap, the
25 period of any adjustment granted under this sub-

1 *section shall not exceed the actual number of*
2 *days the issuance of the patent was delayed.*

3 “(B) *REDUCTION OF ADJUSTMENT.*—*The*
4 *period of adjustment of the term of a patent*
5 *under this subsection shall be reduced by a pe-*
6 *riod equal to the time in which the applicant*
7 *failed to engage in reasonable efforts to conclude*
8 *prosecution of the application. The Commis-*
9 *sioner shall prescribe regulations establishing the*
10 *circumstances that constitute a failure of an ap-*
11 *plicant to engage in reasonable efforts to con-*
12 *clude processing or examination of an applica-*
13 *tion.*

14 “(C) *DISCLAIMED TERM.*—*No patent the*
15 *term of which has been disclaimed beyond a*
16 *specified date may be adjusted under this section*
17 *beyond the expiration date specified in the dis-*
18 *claimer.*

19 “(D) *APPLICANT DELAY.*—*The period of ad-*
20 *justment of the term of a patent under clause*
21 *(iv) of paragraph (1)(A), which is based on the*
22 *failure of the Patent Office to meet the criteria*
23 *set forth in clause (v) of paragraph (1)(B), shall*
24 *be reduced by the cumulative total of any periods*
25 *of time that an applicant takes to respond in ex-*

1 *cess of 3 months after the date on which the Pat-*
2 *ent Office makes any rejection, objection, argu-*
3 *ment, or other request, except that the Commis-*
4 *sioner, upon petition from the applicant in the*
5 *case of a nonprofit research laboratory or non-*
6 *profit entity such as a university, research cen-*
7 *ter, or hospital, shall reinstate all or part of such*
8 *time upon a showing of good cause by the appli-*
9 *cant, but in no case more than 3 additional*
10 *months for each such response beyond 3 months.*

11 “(3) *PROCEDURES.*—*The Commissioner shall*
12 *prescribe regulations establishing procedures for the*
13 *notification of patent term extensions under this sub-*
14 *section and procedures for contesting patent term ex-*
15 *tensions under this subsection.*

16 “(4) *NOTICE TO COMMISSIONER.*—*In a case in*
17 *which a patent term is adjusted under this subsection,*
18 *the Commissioner shall determine the period of any*
19 *patent term adjustment available under this section*
20 *and shall include a copy of that determination with*
21 *the final notice. The Commissioner shall prescribe*
22 *regulations establishing procedures for the application*
23 *for, and notification of, patent term adjustments*
24 *granted by the Commissioner under this subsection.*

1 “(5) *JUDICIAL REVIEW.*—Any applicant dissatis-
2 fied with a determination of the Commissioner under
3 paragraph (3) may have remedy by civil action in
4 the United States Court of Federal Claims if com-
5 menced within 180 days after the mailing of the no-
6 tice of allowance as the Commissioner appoints. The
7 initiation of a civil action under this section shall not
8 delay the issuance of a patent.”.

9 **SEC. 302. FURTHER EXAMINATION OF PATENT APPLICA-**
10 **TIONS.**

11 Section 132 of title 35, United States Code, is amend-
12 ed—

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

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

16 “(b) The Commissioner shall prescribe regulations to
17 provide for the further limited reexamination of applica-
18 tions for patent at the request of the applicant. The Com-
19 missioner may establish appropriate fees for such further
20 limited examination and shall be authorized to provide a
21 50 percent reduction on such fees for small entities that
22 qualify for reduced fees under section 41(h)(1) of this title.”.

23 **SEC. 303. TECHNICAL CLARIFICATION.**

24 Section 156(a) of title 35, United States Code, is
25 amended—

1 (1) in the matter preceding paragraph (1) by in-
 2 serting “, which shall include any patent term adjust-
 3 ment granted under section 154(b),” after “the origi-
 4 nal expiration date of the patent”.

5 **SEC. 304. EFFECTIVE DATE.**

6 The amendments made by section 301 shall take effect
 7 on the date of the enactment of this Act and, except for a
 8 design patent application filed under chapter 16 of title 35,
 9 United States Code, shall apply to any application filed
 10 on or after June 8, 1995.

11 **TITLE IV—PRIOR DOMESTIC**
 12 **COMMERCIAL USE**

13 **SEC. 401. SHORT TITLE.**

14 This title may be cited as the “Prior Domestic Com-
 15 mercial Use Act of 1997”.

16 **SEC. 402. DEFENSE TO PATENT INFRINGEMENT BASED ON**
 17 **PRIOR DOMESTIC COMMERCIAL USE.**

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

21 **“§273. Prior domestic commercial use; defense to in-**
 22 **fringement**

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

24 “(1) the terms ‘commercially used’, ‘commer-
 25 cially use’, and ‘commercial use’—

1 “(A) mean the use in the United States in
2 commerce, use by the United States, or the use
3 in the design, testing, or production in the
4 United States of a product or service which is
5 used in commerce or used by the United States,
6 whether or not the subject matter at issue is ac-
7 cessible to or otherwise known to the public; and

8 “(B) includes in the case of activities per-
9 formed by a nonprofit research laboratory, or
10 nonprofit entity such as a university, research
11 center, or hospital, a use for which the public is
12 the intended beneficiary shall be considered to be
13 a use described in subparagraph (A) except that
14 the use—

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

18 “(ii) may not be asserted as a defense
19 with respect to any subsequent commer-
20 cialization or use outside such laboratory or
21 nonprofit entity;

22 “(2) the terms ‘used in commerce’, and ‘use in
23 commerce’ mean that there has been an actual arms-
24 length sale or other commercial transfer, or use by the
25 United States, of the subject matter at issue or that

1 *there has been an actual arms-length sale or other*
2 *commercial transfer, or use by the United States, of*
3 *a product or service resulting from the use of the sub-*
4 *ject matter at issue; and*

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

11 *“(b) DEFENSE TO INFRINGEMENT.—*

12 *“(1) IN GENERAL.—A person shall not be liable*
13 *as an infringer under section 271 of this title, nor*
14 *shall the United States be held liable under section*
15 *1498(a) of title 28, with respect to any subject matter*
16 *that would otherwise infringe one or more claims in*
17 *the patent being asserted against such person, if such*
18 *person had, acting in good faith, commercially used*
19 *the subject matter before the effective filing date of*
20 *such patent.*

21 *“(2) EXHAUSTION OF RIGHT.—The sale or other*
22 *disposition of the subject matter of a patent by a per-*
23 *son entitled to assert a defense under this section with*
24 *respect to that subject matter shall exhaust the patent*
25 *owner’s rights under the patent to the extent such*

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

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

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

10 “(2) *NOT A GENERAL LICENSE.*—*The defense as-*
11 *serted by a person under this section is not a general*
12 *license under all claims of the patent at issue, but ex-*
13 *tends only to the subject matter claimed in the patent*
14 *with respect to which the person can assert a defense*
15 *under this chapter, except that the defense shall also*
16 *extend to variations in the quantity or volume of use*
17 *of the claimed subject matter, and to improvements in*
18 *the claimed subject matter that do not infringe addi-*
19 *tional specifically claimed subject matter of the pat-*
20 *ent.*

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

1 “(A) before the effective filing date of the
2 patent, the person reduced the subject matter to
3 practice in the United States, completed a sig-
4 nificant portion of the total investment necessary
5 to commercially use the subject matter, and
6 made an arms-length commercial transaction in
7 the United States in connection with the prepa-
8 ration to use the subject matter; and

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

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

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

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

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

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

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

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

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

5 **SEC. 403. EFFECTIVE DATE AND APPLICABILITY.**

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

13 **TITLE V—PATENT**

14 **REEXAMINATION REFORM**

15 **SEC. 501. SHORT TITLE.**

16 *This title may be cited as the “Patent Reexamination*
 17 *Reform Act of 1997”.*

18 **SEC. 502. DEFINITIONS.**

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

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

1 **SEC. 503. REEXAMINATION PROCEDURES.**

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

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

5 “(a) *IN GENERAL.*—Any person at any time may file
6 a request for reexamination by the Office of a patent on
7 the basis of any prior art cited under the provisions of sec-
8 tion 301 of this title.

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

10 “(1) be in writing, include the identity of the
11 real party in interest, and be accompanied by pay-
12 ment of a reexamination fee established by the Com-
13 missioner of Patents pursuant to the provisions of sec-
14 tion 41 of this title; and

15 “(2) set forth the pertinency and manner of ap-
16 plying cited prior art to every claim for which reex-
17 amination is requested.

18 “(c) *COPY.*—Unless the requesting person is the owner
19 of the patent, the Commissioner promptly shall send a copy
20 of the request to the owner of record of the patent.”.

21 (b) *DETERMINATION OF ISSUE BY COMMISSIONER.*—
22 Section 303 of title 35, United States Code, is amended to
23 read as follows:

24 **“§ 303. Determination of issue by Commissioner**

25 “(a) *REEXAMINATION.*—Not later than 3 months after
26 the filing of a request for reexamination under the provi-

1 sions of section 302 of this title, the Commissioner shall de-
2 termine whether a substantial new question of patentability
3 affecting any claim of the patent concerned is raised by the
4 request, with or without consideration of other patents or
5 printed publications. On the Commissioner's initiative, and
6 any time, the Commissioner may determine whether a sub-
7 stantial new question of patentability is raised by patents
8 and publications.

9 “(b) *RECORD*.—A record of the Commissioner's deter-
10 mination under subsection (a) shall be placed in the official
11 file of the patent, and a copy shall be promptly given or
12 mailed to the owner of record of the patent and to the third-
13 party requester, if any.

14 “(c) *FINAL DECISION*.—A determination by the Com-
15 missioner pursuant to subsection (a) shall be final and non-
16 appealable. Upon a determination that no substantial new
17 question of patentability has been raised, the Commissioner
18 may refund a portion of the reexamination fee required
19 under section 302 of this title.”.

20 (c) *REEXAMINATION ORDER BY COMMISSIONER*.—Sec-
21 tion 304 of title 35, United States Code, is amended to read
22 as follows:

23 **“§ 304. Reexamination order by Commissioner**

24 “If, in a determination made under the provisions of
25 section 303(a) of this title, the Commissioner finds that a

1 *substantial new question of patentability affecting a claim*
2 *of a patent is raised, the determination shall include an*
3 *order for reexamination of the patent for resolution of the*
4 *question. The order may be accompanied by the initial ac-*
5 *tion of the Patent Office on the merits of the reexamination*
6 *conducted in accordance with section 305 of this title.”.*

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

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

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

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

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

4 “(3) *If the patent owner files a response to any Patent*
5 *Office action on the merits, the third-party requester shall*
6 *have 1 opportunity to file written comments within a rea-*
7 *sonable period not less than 1 month after the date of service*
8 *of the patent owner’s response. Written comments provided*
9 *under this paragraph shall be limited to issues covered by*
10 *the Patent Office action or the patent owner’s response.*

11 “(c) *SPECIAL DISPATCH.—Unless otherwise provided*
12 *by the Commissioner for good cause, all reexamination pro-*
13 *ceedings under this section, including any appeal to the*
14 *Board of Patent Appeals and Interferences, shall be con-*
15 *ducted with special dispatch within the Office.”.*

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

18 “**§ 306. Appeal**

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

21 “(1) *may appeal under the provisions of section*
22 *134 of this title, and may appeal under the provisions*
23 *of sections 141 through 144 of this title, with respect*
24 *to any decision adverse to the patentability of any*

1 *original or proposed amended or new claim of the*
2 *patent, and*

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

6 *“(b) THIRD-PARTY REQUESTER.—A third-party re-*
7 *quester may—*

8 *“(1) appeal under the provisions of section 134*
9 *of this title, and may appeal under the provisions of*
10 *sections 141 through 144 of this title, with respect to*
11 *any final decision favorable to the patentability of*
12 *any original or proposed amended or new claim of*
13 *the patent; or*

14 *“(2) be a party to any appeal taken by the pat-*
15 *ent owner, subject to subsection (c) of this section.*

16 *“(c) PARTICIPATION AS PARTY.—*

17 *“(1) IN GENERAL.—A third-party requester*
18 *whose request for a reexamination results in an order*
19 *under section 304 of this title is estopped from assert-*
20 *ing at a later time, in any civil action arising in*
21 *whole or in part under section 1338 of title 28, the*
22 *invalidity of any claim determined to be patentable*
23 *on appeal on any ground which the third-party re-*
24 *quester raised or could have raised during the reex-*
25 *amination proceedings. This subsection does not pre-*

1 *vent the assertion of invalidity based on newly discov-*
2 *ered prior art unavailable to the third-party requester*
3 *and the Patent Office at the time of the reexamina-*
4 *tion proceedings.*

5 “(2) *ELECTION TO PARTICIPATE.*—*A third-party*
6 *requester is deemed not to have participated as a*
7 *party to an appeal by the patent owner unless, not*
8 *later than 20 days after the patent owner has filed*
9 *notice of appeal, the third-party requester files notice*
10 *with the Commissioner electing to participate.”.*

11 (f) *REEXAMINATION PROHIBITED.*—

12 (1) *IN GENERAL.*—*Chapter 30 of title 35, United*
13 *States Code, is amended by adding at the end the fol-*
14 *lowing new section:*

15 “§ 308. ***Reexamination prohibited***

16 “(a) *ORDER FOR REEXAMINATION.*—*Notwithstanding*
17 *any provision of this chapter, once an order for reexamina-*
18 *tion of a patent has been issued under section 304 of this*
19 *title, neither the patent owner nor the third-party requester,*
20 *if any, nor privies of either, may file a subsequent request*
21 *for reexamination of the patent until a reexamination cer-*
22 *tificate is issued and published under section 307 of this*
23 *title, unless authorized by the Commissioner.*

24 “(b) *FINAL DECISION.*—*Once a final decision has been*
25 *entered against a party in a civil action arising in whole*

1 *or in part under section 1338 of title 28 that the party*
2 *has not sustained its burden of proving the invalidity of*
3 *any patent claim in suit or if a final decision in a reexam-*
4 *ination proceeding instituted by a third-party requester is*
5 *favorable to a patentability of any original or proposed*
6 *amended as new claim of the patent and such decision is*
7 *not appealed by the third-party requester under section*
8 *306(b), then neither that party nor its privies may there-*
9 *after request reexamination of any such patent claim on*
10 *the basis of issues which that party or its privies raised*
11 *or could have raised in such civil action or reexamination*
12 *proceeding, and a reexamination requested by that party*
13 *or its privies on the basis of such issues may not thereafter*
14 *be maintained by the Office, notwithstanding any other*
15 *provision of this chapter. This subsection does not prevent*
16 *the assertion of invalidity based on newly discovered prior*
17 *art unavailable to the third-party requester and the Patent*
18 *Office at the time of the reexamination proceedings.”.*

19 (2) *TECHNICAL AND CONFORMING AMEND-*
20 *MENT.—The table of sections for chapter 30 of title*
21 *35, United States Code, is amended by adding at the*
22 *end the following:*

“308. Reexamination prohibited.”.

1 **SEC. 504. CONFORMING AMENDMENTS.**

2 (a) *PATENT FEES; PATENT SEARCH SYSTEMS.*—Sec-
3 tion 41(a)(7) of title 35, United States Code, is amended
4 to read as follows:

5 “(7) On filing each petition for the revival of an
6 unintentionally abandoned application for a patent,
7 for the unintentionally delayed payment of the fee for
8 issuing each patent, or for an unintentionally delayed
9 response by the patent owner in a reexamination pro-
10 ceeding, \$1,250, unless the petition is filed under sec-
11 tions 133 or 151 of this title, in which case the fee
12 shall be \$110.”

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

16 **“§134. Appeal to the Board of Patent Appeals and**
17 **Interferences**

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

23 “(b) *PATENT OWNER.*—A patent owner in a reexam-
24 ination proceeding may appeal from the final rejection of
25 any claim by the primary examiner to the Board of Patent

1 *Appeals and Interferences, having once paid the fee for such*
2 *appeal.*

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

9 (c) *APPEAL TO COURT OF APPEALS FOR THE FEDERAL*
10 *CIRCUIT*.—*Section 141 of title 35, United States Code, is*
11 *amended by amending the first sentence to read as follows:*
12 *“An applicant, a patent owner, or a third-party requester,*
13 *dissatisfied with the final decision in an appeal to the*
14 *Board of Patent Appeals and Interferences under section*
15 *134 of this title, may appeal the decision to the United*
16 *States Court of Appeals for the Federal Circuit.*”.

17 (d) *PROCEEDINGS ON APPEAL*.—*Section 143 of title*
18 *35, United States Code, is amended by amending the third*
19 *sentence to read as follows: “In ex parte and reexamination*
20 *cases, the Commissioner shall submit to the court in writing*
21 *the grounds for the decision of the Patent Office, addressing*
22 *all the issues involved in the appeal.*”.

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

1 **SEC. 505. REPORT TO CONGRESS.**

2 *Not later than 5 years after the effective date of this*
3 *title, the Director shall submit to the Congress a report eval-*
4 *uating whether the reexamination proceedings established*
5 *under the amendments made by this title are inequitable*
6 *to any of the parties in interest and, if so, the report shall*
7 *contain recommendations for changes to the amendments*
8 *made by this title to remove such inequity.*

9 **SEC. 506. EFFECTIVE DATE.**

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

14 **TITLE VI—MISCELLANEOUS**
15 **PATENT PROVISIONS**

16 **SEC. 601. PROVISIONAL APPLICATIONS.**

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

19 *“(5) ABANDONMENT.—Notwithstanding the ab-*
20 *sence of a claim, upon timely request and as pre-*
21 *scribed by the Commissioner, a provisional applica-*
22 *tion may be treated as an application filed under*
23 *subsection (a). Subject to section 1993(c)(3) of this*
24 *title, if no such request is made, the provisional ap-*
25 *plication shall be regarded as abandoned 12 months*

1 *after the filing date of such application and shall not*
2 *be subject to revival thereafter.”.*

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

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

12 ***(c) EFFECTIVE DATE.—The amendments made by sub-***
13 ***section (a) apply to a provisional application filed on or***
14 ***after June 8, 1995.***

15 ***SEC. 602. INTERNATIONAL APPLICATIONS.***

16 *Section 119 of title 35, United States Code, is amended*
17 *as follows:*

18 *(1) In subsection (a), insert “or in a WTO mem-*
19 *ber country” after “or to citizens of the United*
20 *States,”.*

21 *(2) At the end of section 119 add the following*
22 *new subsections:*

23 *“(f) Applications for plant breeder’s rights filed in a*
24 *WTO member country (or in a foreign UPOV Contracting*
25 *Party) shall have the same effect for the purpose of the right*

1 of priority under subsections (a) through (c) of this section
2 as applications for patents, subject to the same conditions
3 and requirements of this section as apply to applications
4 for patents.

5 “(g) As used in this section—

6 “(1) the term ‘WTO member country’ has the
7 same meaning as the term is defined in section
8 104(b)(2) of this title; and

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

12 **SEC. 603. ACCESS TO ELECTRONIC PATENT INFORMATION.**

13 (a) *IN GENERAL.*—The United States Patent and
14 Trademark Organization shall develop and implement
15 statewide computer networks with remote library sites in
16 requesting rural States such that citizens in those States
17 will have enhanced access to information in their State’s
18 patent and trademark depository library.

19 (b) *DEFINITION.*—In this section, the term “rural
20 States” means the States that qualified on January 1, 1997,
21 as rural States under section 1501(b) of the Omnibus Crime
22 Control and Safe Streets Act of 1968 (42 U.S.C. 379bb(b)).

1 **SEC. 604. CERTAIN LIMITATIONS ON DAMAGES FOR PATENT**
2 **INFRINGEMENT NOT APPLICABLE.**

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

8 **SEC. 605. PLANT PATENTS.**

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

12 *(b) RIGHTS IN PLANT PATENTS.—The text of section*
13 *163 of title 35, United States Code, is amended to read as*
14 *follows: “In the case of a plant patent, the grant to the pat-*
15 *entee, such patentee’s heirs or assigns, shall have the right*
16 *to exclude others from asexually reproducing the plant, and*
17 *from using, offering for sale, or selling the plant so repro-*
18 *duced, or any of its parts, throughout the United States,*
19 *or from importing the plant so reproduced, or any parts*
20 *thereof, into the United States.”.*

21 *(c) EFFECTIVE DATE.—The amendments by subsection*
22 *(a) shall apply on the date of enactment of this Act. The*
23 *amendments made by subsection (b) shall apply to any*
24 *plant patent issued on or after the date of enactment of*
25 *this Act.*

1 **SEC. 606. ELECTRONIC FILING.**

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

5 **SEC. 607. STUDY AND REPORT ON BIOLOGICAL DEPOSITS**
6 **IN SUPPORT OF BIOTECHNOLOGY PATENTS.**

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

14 *(b) CONTENTS.—The study conducted under this sec-*
15 *tion shall include—*

16 *(1) an examination of the risk of export and the*
17 *risk of third-party transfer of biological deposits, and*
18 *the risks posed by the change to 18-month publication*
19 *requirements;*

20 *(2) an analysis of comparative legal and regu-*
21 *latory regimes; and*

22 *(3) any related recommendations.*

23 *(c) CONSIDERATION OF REPORT.—In drafting regula-*
24 *tions affecting biological deposits (including any modifica-*
25 *tion of 37 Code of Federal Regulations 1.801 et seq.), the*

- 1 *United States Patent Office shall consider the recommenda-*
- 2 *tions of the study conducted under this section.*

Passed the House of Representatives April 24, 1997.

Attest:

ROBIN H. CARLE,

Clerk.