

Calendar No. 62

105TH CONGRESS
1ST Session
S. 507

A BILL

To establish the United States Patent and Trademark Organization as a Government corporation, to amend the provisions of title 35, United States Code, relating to procedures for patent applications, commercial use of patents, reexamination reform, and for other purposes.

MAY 23, 1997

Reported with an amendment

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IN THE SENATE OF THE UNITED STATES

MARCH 20, 1997

Mr. HATCH introduced the following bill; which was read twice and referred to the Committee on the Judiciary

MAY 23, 1997

Reported by Mr. HATCH, with an amendment

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

A BILL

To establish the United States Patent and Trademark Organization as a Government corporation, to amend the provisions of title 35, United States Code, relating to procedures for patent applications, commercial use of patents, reexamination reform, and for other purposes.

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Omnibus Patent Act
3 of 1997”.

4 **SEC. 2. TABLE OF CONTENTS.**

Sec. 1. Short title.

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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”.

1 **Subtitle A—Establishment of the**
2 **United States Patent and Trade-**
3 **mark Organization**

4 **SEC. 111. ESTABLISHMENT OF THE UNITED STATES PAT-**
5 **ENT AND TRADEMARK ORGANIZATION AS A**
6 **GOVERNMENT CORPORATION.**

7 (a) **ESTABLISHMENT.**—The United States Patent
8 and Trademark Organization is established as a wholly
9 owned Government corporation subject to chapter 91 of
10 title 31, separate from any department, and shall be an
11 agency of the United States under the policy direction of
12 the Secretary of Commerce.

13 (b) **OFFICES.**—The United States Patent and Trade-
14 mark Organization shall maintain its principal office in
15 the District of Columbia, or the metropolitan area thereof,
16 for the service of process and papers and for the purpose
17 of carrying out its powers, duties, and obligations under
18 this title. The United States Patent and Trademark Orga-
19 nization shall be deemed, for purposes of venue in civil
20 actions, to be a resident of the district in which its prin-
21 cipal office is located except where jurisdiction is otherwise
22 provided by law. The United States Patent and Trade-
23 mark Organization may establish satellite offices in such
24 places as it considers necessary and appropriate in the
25 conduct of its business.

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

5 **SEC. 112. POWERS AND DUTIES.**

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

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

11 (2) conducting studies, programs, or exchanges
12 of items or services regarding domestic and inter-
13 national patent and trademark law, the administra-
14 tion of the Organization, or any other function vest-
15 ed in the Organization by law, including programs to
16 recognize, identify, assess, and forecast the tech-
17 nology of patented inventions and their utility to in-
18 dustry;

19 (3)(A) authorizing or conducting studies and
20 programs cooperatively with foreign patent and
21 trademark offices and international organizations, in
22 connection with the granting and issuing of patents
23 and the registration of trademarks; and

24 (B) with the concurrence of the Secretary of
25 State, authorizing the transfer of not to exceed

1 \$100,000 in any year to the Department of State
2 for the purpose of making special payments to inter-
3 national intergovernmental organizations for studies
4 and programs for advancing international coopera-
5 tion concerning patents, trademarks, and related
6 matters; and

7 (4) disseminating to the public information with
8 respect to patents and trademarks.

9 (b) SPECIAL PAYMENTS.—The special payments
10 under subsection (a)(3)(B) may be in addition to any
11 other payments or contributions to international organiza-
12 tions and shall not be subject to any limitations imposed
13 by law on the amounts of such other payments or con-
14 tributions by the United States Government.

15 (c) SPECIFIC POWERS.—The Organization—

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 Organization shall be authenti-
21 cated;

22 (3) may sue and be sued in its corporate name
23 and be represented by its own attorneys in all judi-
24 cial and administrative proceedings, subject to the
25 provisions of section 116;

1 (4) may indemnify the Director of the United
2 States Patent and Trademark Organization, the
3 Commissioner of Patents, the Commissioner of
4 Trademarks, and other officers, attorneys, agents,
5 and employees (including members of the Manage-
6 ment Advisory Boards of the Patent Office and the
7 Trademark Office) of the Organization for liabilities
8 and expenses incurred within the scope of their em-
9 ployment;

10 (5) may adopt, amend, and repeal bylaws, rules,
11 regulations, and determinations, which—

12 (A) shall govern the manner in which its
13 business will be conducted and the powers
14 granted to it by law will be exercised; and

15 (B) shall be made after notice and oppor-
16 tunity for full participation by interested public
17 and private parties;

18 (6) 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 for
24 the construction, maintenance, or management and
25 operation of facilities, and contracts for supplies or

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

7 (B) may enter into and perform such purchases
8 and contracts for printing services, including the
9 process of composition, platemaking, presswork, silk
10 screen processes, binding, microform, and the prod-
11 ucts of such processes, as it considers necessary to
12 carry out the functions of the Organization, without
13 regard to sections 501 through 517 and 1101
14 through 1123 of title 44, United States Code;

15 (8) may use, with their consent, services, equip-
16 ment, personnel, and facilities of other departments,
17 agencies, and instrumentalities of the Federal Gov-
18 ernment, on a reimbursable basis, and cooperate
19 with such other departments, agencies, and instru-
20 mentalities in the establishment and use of services,
21 equipment, and facilities of the Organization;

22 (9) may obtain from the Administrator of Gen-
23 eral Services such services as the Administrator is
24 authorized to provide to other agencies of the United

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

3 (10) may use, with the consent of the United
4 States and the agency, government, or international
5 organization concerned, the services, records, facili-
6 ties, or personnel of any State or local government
7 agency or instrumentality or foreign government or
8 international organization to perform functions on
9 its behalf;

10 (11) may determine the character of, and the
11 necessity for, its obligations and expenditures and
12 the manner in which they shall be incurred, allowed,
13 and paid, subject to the provisions of title 35, Unit-
14 ed States Code and the Act of July 5, 1946 (com-
15 monly referred to as the Trademark Act of 1946);

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

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

4 (14) may accept monetary gifts or donations of
5 services, or of real, personal, or mixed property, in
6 order to carry out the functions of the Organization;

7 (15) may execute, in accordance with its by-
8 laws, rules, and regulations, all instruments nec-
9 essary and appropriate in the exercise of any of its
10 powers; and

11 (16) may provide for liability insurance and in-
12 surance against any loss in connection with its prop-
13 erty, other assets, or operations either by contract or
14 by self-insurance.

15 (d) CONSTRUCTION.—Nothing in this section shall be
16 construed to nullify, void, cancel, or interrupt any pending
17 request-for-proposal let or contract issued by the General
18 Services Administration for the specific purpose of relocat-
19 ing or leasing space to the United States Patent and
20 Trademark Organization.

21 **SEC. 113. ORGANIZATION AND MANAGEMENT.**

22 (a) OFFICES.—The United States Patent and Trade-
23 mark Organization shall consist of—

24 (1) the Office of the Director;

25 (2) the United States Patent Office; and

1 ~~(3)~~ the United States Trademark Office.

2 ~~(b)~~ DIRECTOR.—

3 ~~(1)~~ IN GENERAL.—The management of the
4 United States Patent and Trademark Organization
5 shall be vested in a Director of the United States
6 Patent and Trademark Organization (hereafter in
7 this title referred to as the “Director”, unless the
8 context provides otherwise), who shall be a citizen of
9 the United States and who shall be appointed by the
10 President, by and with the advice and consent of the
11 Senate. The Director shall be a person who, by rea-
12 son of professional background and experience in
13 patent or trademark law, is especially qualified to
14 manage the Organization.

15 ~~(2)~~ DUTIES.—(A) The Director shall—

16 (i) be responsible for the Management and
17 direction of the Organization and shall perform
18 this duty in a fair, impartial, and equitable
19 manner; and

20 (ii) strive to meet the goals set forth in the
21 performance agreement described under para-
22 graph (4).

23 (B) The Director shall advise the President,
24 through and under the policy direction of the Sec-
25 retary of Commerce, of all activities of the Organiza-

1 tion undertaken in response to obligations of the
2 United States under treaties and executive agree-
3 ments, or which relate to cooperative programs with
4 those authorities of foreign governments that are re-
5 sponsible for granting patents or registering trade-
6 marks. The Director shall also recommend to the
7 President, through and under the policy direction of
8 the Secretary of Commerce, changes in law or policy
9 which may improve the ability of United States citi-
10 zens to secure and enforce patent and trademark
11 rights in the United States or in foreign countries.

12 (C)(i) At the direction of the President, the Di-
13 rector may represent the United States in inter-
14 national negotiations on matters of patents or trade-
15 marks, or may designate an officer or officers of the
16 Organization to participate in such negotiations.

17 (ii) Nothing in this subparagraph shall be con-
18 strued to alter any statutory responsibility of the
19 Secretary of State or the United States Trade Rep-
20 resentative.

21 (D) The Director, in consultation with the Di-
22 rector of the Office of Personnel Management, shall
23 maintain a program for identifying national security
24 positions and providing for appropriate security
25 clearances.

1 ~~(E)~~ The Director may perform such personnel,
2 procurement, and other functions, with respect to
3 the United States Patent Office and the United
4 States Trademark Office, where a centralized admin-
5 istration of such functions would improve the effi-
6 ciency of the Offices, as determined by agreement of
7 the Director, the Commissioner of Patents, and the
8 Commissioner of Trademarks.

9 ~~(F)~~ Except as otherwise provided in this title,
10 the Director shall ensure that—

11 ~~(i)~~ the United States Patent Office and the
12 United States Trademark Office, respectively,
13 shall—

14 ~~(I)~~ prepare all appropriation requests
15 under section ~~1108~~ of title ~~31~~, United
16 States Code, for each office for submission
17 by the Director;

18 ~~(II)~~ adjust fees to provide sufficient
19 revenues to cover the expenses of such of-
20 fice; and

21 ~~(III)~~ expend funds derived from such
22 fees for only the functions of such office;
23 and

24 ~~(ii)~~ each such office is not involved in the
25 management of any other office.

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

4 (4) COMPENSATION.—The Director shall re-
5 ceive compensation at the rate of pay in effect for
6 level III of the Executive Schedule under section
7 5314 of title 5, United States Code and, in addition,
8 may receive as a bonus, an amount which would
9 raise total compensation to the equivalent of the
10 level of the rate of pay in effect for level II of the
11 Executive Schedule under section 5313 of title 5,
12 based upon an evaluation by the Secretary of Com-
13 merce of the Director's performance as defined in an
14 annual performance agreement between the Director
15 and the Secretary. The annual performance agree-
16 ment shall incorporate measurable goals as delin-
17 eated in an annual performance plan agreed to by
18 the Director and the Secretary.

19 (5) REMOVAL.—The Director shall serve at the
20 pleasure of the President.

21 (6) DESIGNEE OF DIRECTOR.—The Director
22 shall designate an officer of the Organization who
23 shall be vested with the authority to act in the ca-
24 pacity of the Director in the event of the absence or
25 incapacity of the Director.

1 ~~(c) OFFICERS AND EMPLOYEES OF THE ORGANIZA-~~
2 ~~TION.—~~

3 ~~(1) COMMISSIONERS OF PATENTS AND TRADE-~~
4 ~~MARKS.—~~The Director shall appoint a Commissioner
5 of Patents and a Commissioner of Trademarks
6 under section 3 of title 35, United States Code and
7 section 53 of the Act of July 5, 1946 (commonly re-
8 ferred to as the Trademark Act of 1946), respec-
9 tively, as amended by this Act.

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

12 ~~(A)~~ appoint officers, employees (including
13 attorneys), and agents of the Organization as
14 the Director considers necessary to carry out its
15 functions;

16 ~~(B)~~ fix the compensation of such officers
17 and employees, except as provided in subsection
18 ~~(c)~~; and

19 ~~(C)~~ define the authority and duties of such
20 officers and employees and delegate to them
21 such of the powers vested in the Organization
22 as the Director may determine.

23 ~~(3) PERSONNEL LIMITATIONS.—~~The Organiza-
24 tion shall not be subject to any administratively or
25 statutorily imposed limitation on positions or person-

1 nel, and no positions or personnel of the Organiza-
 2 tion shall be taken into account for purposes of ap-
 3 plying any such limitation.

4 (d) LIMITS ON COMPENSATION.—Except as other-
 5 wise provided by law, the annual rate of basic pay of an
 6 officer or employee of the Organization may not be fixed
 7 at a rate that exceeds, and total compensation payable to
 8 any such officer or employee for any year may not exceed,
 9 the annual rate of basic pay in effect for level II of the
 10 Executive Schedule under section 5313 of title 5, United
 11 States Code. The Director shall prescribe such regulations
 12 as may be necessary to carry out this subsection.

13 (e) INAPPLICABILITY OF TITLE 5, UNITED STATES
 14 CODE, GENERALLY.—Except as otherwise provided in this
 15 section, officers and employees of the Organization shall
 16 not be subject to the provisions of title 5, United States
 17 Code, relating to Federal employees.

18 (f) CONTINUED APPLICABILITY OF CERTAIN PROVI-
 19 SION OF TITLE 5, UNITED STATES CODE.—

20 (1) IN GENERAL.—The following provisions of
 21 title 5, United States Code, shall apply to the Orga-
 22 nization and its officers and employees:

23 (A) Section 3110 (relating to employment
 24 of relatives; restrictions).

1 (B) Subchapter H of chapter 55 (relating
2 to withholding pay).

3 (C) Subchapters H and I of chapter 73
4 (relating to employment limitations and political
5 activities, respectively).

6 (D) Chapter 71 (relating to labor-manage-
7 ment relations), subject to paragraph (2) and
8 subsection (g).

9 (E) Section 3303 (relating to political rec-
10 ommendations).

11 (F) Subchapter H of chapter 61 (relating
12 to flexible and compressed work schedules).

13 (G) Section 21302(b)(8) (relating to whis-
14 tleblower protection) and whistleblower related
15 provisions of chapter 12 (covering the role of
16 the Office of Special Counsel).

17 (2) COMPENSATION SUBJECT TO COLLECTIVE
18 BARGAINING.—

19 (A) IN GENERAL.—Notwithstanding any
20 other provision of law, for purposes of applying
21 chapter 71 of title 5, United States Code, pur-
22 suant to paragraph (1)(D), basic pay and other
23 forms of compensation shall be considered to be
24 among the matters as to which the duty to bar-
25 gain in good faith extends under such chapter.

1 (B) EXCEPTIONS.—The duty to bargain in
 2 good faith shall not, by reason of subparagraph
 3 (A), be considered to extend to any benefit
 4 under title 5, United States Code, which is af-
 5 forded by paragraph (1), (2), (3), or (4) of sub-
 6 section (g).

7 (C) LIMITATIONS APPLY.—Nothing in this
 8 subsection shall be considered to allow any limi-
 9 tation under subsection (d) to be exceeded.

10 (g) PROVISIONS OF TITLE 5, UNITED STATES CODE,
 11 THAT CONTINUE TO APPLY, SUBJECT TO CERTAIN RE-
 12 QUIREMENTS.—

13 (1) RETIREMENT.—(A) The provisions of sub-
 14 chapter III of chapter 83 and chapter 84 of title 5,
 15 United States Code, shall apply to the Organization
 16 and its officers and employees, subject to subpara-
 17 graph (B).

18 (B)(i) The amount required of the Organization
 19 under the second sentence of section 8334(a)(1) of
 20 title 5, United States Code, with respect to any par-
 21 ticular individual shall, instead of the amount which
 22 would otherwise apply, be equal to the normal-cost
 23 percentage (determined with respect to officers and
 24 employees of the Organization using dynamic as-
 25 sumptions, as defined by section 8401(9) of such

1 title) of the individual's basic pay, minus the amount
2 required to be withheld from such pay under such
3 section 8334(a)(1).

4 (ii) The amount required of the Organization
5 under section 8334(k)(1)(B) of title 5, United
6 States Code, with respect to any particular individ-
7 ual shall be equal to an amount computed in a man-
8 ner similar to that specified in clause (i), as deter-
9 mined in accordance with clause (iii).

10 (iii) Any regulations necessary to carry out this
11 subparagraph shall be prescribed by the Office of
12 Personnel Management.

13 (C) The United States Patent and Trademark
14 Organization may supplement the benefits provided
15 under the preceding provisions of this paragraph.

16 (2) HEALTH BENEFITS.—(A) The provisions of
17 chapter 89 of title 5, United States Code, shall
18 apply to the Organization and its officers and em-
19 ployees, subject to subparagraph (B).

20 (B)(i) With respect to any individual who be-
21 comes an officer or employee of the Organization
22 pursuant to subsection (i), the eligibility of such in-
23 dividual to participate in such program as an annu-
24 itant (or of any other person to participate in such
25 program as an annuitant based on the death of such

1 individual) shall be determined disregarding the re-
2 quirements of section 8905(b) of title 5, United
3 States Code. The preceding sentence shall not apply
4 if the individual ceases to be an officer or employee
5 of the Organization for any period of time after be-
6 coming an officer or employee of the Organization
7 pursuant to subsection (i) and before separation.

8 (ii) The Government contributions authorized
9 by section 8906 of title 5, United States Code, for
10 health benefits for anyone participating in the health
11 benefits program pursuant to this subparagraph
12 shall be made by the Organization in the same man-
13 ner as provided under section 8906(g)(2) of such
14 title with respect to the United States Postal Service
15 for individuals associated therewith.

16 (iii) For purposes of this subparagraph, the
17 term "annuitant" has the meaning given such term
18 by section 8901(3) of title 5, United States Code.

19 (C) The Organization may supplement the ben-
20 efits provided under the preceding provisions of this
21 paragraph.

22 (3) LIFE INSURANCE.—(A) The provisions of
23 chapter 87 of title 5, United States Code, shall
24 apply to the Organization and its officers and em-
25 ployees, subject to subparagraph (B).

1 (B)(i) Eligibility for life insurance coverage
2 after retirement or while in receipt of compensation
3 under subchapter I of chapter 81 of title 5, United
4 States Code, shall be determined, in the case of any
5 individual who becomes an officer or employee of the
6 Organization pursuant to subsection (i), without re-
7 gard to the requirements of section 8706(b) (1) or
8 (2) of such title, but subject to the condition speci-
9 fied in the last sentence of paragraph (2)(B)(i) of
10 this subsection.

11 (ii) Government contributions under section
12 8708(d) of such title on behalf of any such individ-
13 ual shall be made by the Organization in the same
14 manner as provided under paragraph (3) thereof
15 with respect to the United States Postal Service for
16 individuals associated therewith.

17 (C) The Organization may supplement the ben-
18 efits provided under the preceding provisions of this
19 paragraph.

20 (4) EMPLOYEES' COMPENSATION FUND.—(A)
21 Officers and employees of the Organization shall not
22 become ineligible to participate in the program
23 under chapter 81 of title 5, United States Code, re-
24 lating to compensation for work injuries, by reason
25 of subsection (e).

1 (B) The Organization shall remain responsible
 2 for reimbursing the Employees' Compensation Fund,
 3 pursuant to section 8147 of title 5, United States
 4 Code, for compensation paid or payable after the ef-
 5 fective date of this title in accordance with chapter
 6 81 of title 5, United States Code, with regard to any
 7 injury, disability, or death due to events arising be-
 8 fore such date, whether or not a claim has been filed
 9 or is final on such date.

10 ~~(h) LABOR-MANAGEMENT RELATIONS.—~~

11 ~~(1) LABOR RELATIONS AND EMPLOYEE RELA-~~
 12 ~~TIONS PROGRAMS.—~~The Organization shall develop
 13 hiring practices, labor relations and employee rela-
 14 tions programs with the objective of improving pro-
 15 ductivity and efficiency, incorporating the following
 16 principles:

17 (A) Such programs shall be consistent with
 18 the merit principles in section 2301(b) of title
 19 5, United States Code.

20 (B) Such programs shall provide veterans
 21 preference protections equivalent to those estab-
 22 lished by sections 2108, 3308 through 3318,
 23 3320, 3502, and 3504 of title 5, United States
 24 Code.

1 ~~(C)(i)~~ The right to work shall not be sub-
2 ject to undue restraint or coercion. The right to
3 work shall not be infringed or restricted in any
4 way based on membership in, affiliation with, or
5 financial support of a labor organization.

6 ~~(ii)~~ No person shall be required, as a con-
7 dition of employment or continuation of employ-
8 ment—

9 ~~(I)~~ to resign or refrain from voluntary
10 membership in, voluntary affiliation with,
11 or voluntary financial support of a labor
12 organization;

13 ~~(II)~~ to become or remain a member of
14 a labor organization;

15 ~~(III)~~ to pay any dues, fees, assess-
16 ments, or other charges of any kind or
17 amount to a labor organization;

18 ~~(IV)~~ to pay to any charity or other
19 third party, in lieu of such payments, any
20 amount equivalent to or a pro rata portion
21 of dues, fees, assessments, or other charges
22 regularly required of members of a labor
23 organization; or

1 (V) to be recommended, approved, re-
2 ferred, or cleared by or through a labor or-
3 ganization.

4 (iii) This subparagraph shall not apply to
5 a person described in section 7103(a)(2)(v) of
6 title 5, United States Code, or a “supervisor”,
7 “management official”, or “confidential em-
8 ployee” as those terms are defined in 7103(a)
9 (10), (11), and (13) of such title.

10 (iv) Any labor organization recognized by
11 the Organization as the exclusive representative
12 of a unit of employees of the Organization shall
13 represent the interests of all employees in that
14 unit without discrimination and without regard
15 to labor organization membership.

16 (2) ADOPTION OF EXISTING LABOR AGREE-
17 MENTS.—The Organization shall adopt all labor
18 agreements which are in effect, as of the day before
19 the effective date of this title, with respect to such
20 Organization (as then in effect).

21 (i) CARRYOVER OF PERSONNEL.—

22 (1) FROM PTO.—Effective as of the effective
23 date of this title, all officers and employees of the
24 Patent and Trademark Office on the day before

1 such effective date shall become officers and employ-
2 ees of the Organization, without a break in service.

3 ~~(2) OTHER PERSONNEL.—(A) Any individual~~
4 ~~who, on the day before the effective date of this title,~~
5 ~~is an officer or employee of the Department of Com-~~
6 ~~mmerce (other than an officer or employee under~~
7 ~~paragraph (1)) shall be transferred to the Organiza-~~
8 ~~tion if—~~

9 (i) such individual serves in a position for
10 which a major function is the performance of
11 work reimbursed by the Patent and Trademark
12 Office, as determined by the Secretary of Com-
13 merce;

14 (ii) 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 (iii) such transfer would be in the interest
20 of the Organization, as determined by the Sec-
21 retary of Commerce in consultation with the Di-
22 rector.

23 (B) Any transfer under this paragraph shall be
24 effective as of the same effective date as referred to

1 in paragraph (1), and shall be made without a break
2 in service.

3 ~~(3) ACCUMULATED LEAVE.~~—The amount of
4 sick and annual leave and compensatory time accu-
5 mulated under title 5, United States Code, before
6 the effective date described in paragraph (1), by any
7 individual who becomes an officer or employee of the
8 Organization under this subsection, are obligations
9 of the Organization.

10 ~~(4) TERMINATION RIGHTS.~~—Any employee re-
11 ferred to in paragraph (1) or (2) of this subsection
12 whose employment with the Organization is termi-
13 nated during the 1-year period beginning on the ef-
14 fective date of this title shall be entitled to rights
15 and benefits, to be afforded by the Organization,
16 similar to those such employee would have had
17 under Federal law if termination had occurred im-
18 mediately before such date. An employee who would
19 have been entitled to appeal any such termination to
20 the Merit Systems Protection Board, if such termi-
21 nation had occurred immediately before such effec-
22 tive date, may appeal any such termination occur-
23 ring within such 1-year period to the Board under
24 such procedures as it may prescribe.

1 (5) TRANSITION PROVISIONS.—(A)(i) On or
2 after the effective date of this title, the President
3 shall appoint a Director of the United States Patent
4 and Trademark Organization who shall serve until
5 the earlier of—

6 (I) the date on which a Director qualifies
7 under subsection (a); or

8 (II) the date occurring 1 year after the ef-
9 fective date of this title.

10 (ii) The President shall not make more than 1
11 appointment under this subparagraph.

12 (B) The individual serving as the Assistant
13 Commissioner of Patents on the day before the ef-
14 fective date of this title shall serve as the Commis-
15 sioner of Patents until the date on which a Commis-
16 sioner of Patents is appointed under section 3 of
17 title 35, United States Code, as amended by this
18 Act.

19 (C) The individual serving as the Assistant
20 Commissioner of Trademarks on the day before the
21 effective date of this title shall serve as the Commis-
22 sioner of Trademarks until the date on which a
23 Commissioner of Trademarks is appointed under
24 section 53 of the Act of July 5, 1946 (commonly re-

1 ferred to as the Trademark Act of 1946), as amend-
2 ed by this Act.

3 (j) COMPETITIVE STATUS.—For purposes of appoint-
4 ment to a position in the competitive service for which an
5 officer or employee of the Organization is qualified, such
6 officer or employee shall not forfeit any competitive status,
7 acquired by such officer or employee before the effective
8 date of this title, by reason of becoming an officer or em-
9 ployee of the Organization under subsection (i).

10 (k) SAVINGS PROVISIONS.—Compensation, benefits,
11 and other terms and conditions of employment in effect
12 immediately before the effective date of this title, whether
13 provided by statute or by rules and regulations of the
14 former Patent and Trademark Office or the executive
15 branch of the Government of the United States, shall con-
16 tinue to apply to officers and employees of the Organiza-
17 tion, until changed in accordance with this section (wheth-
18 er by action of the Director or otherwise).

19 (l) REMOVAL OF QUASI-JUDICIAL EXAMINERS.—The
20 Organization may remove a patent examiner or examiner-
21 in-chief, or a trademark examiner or member of a Trade-
22 mark Trial and Appeal Board only for such cause as will
23 promote the efficiency of the Organization.

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

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

5 **“§ 1. Establishment**

6 “(a) ESTABLISHMENT.—The United States Patent
7 Office is established as a separate administrative unit of
8 the United States Patent and Trademark Organization,
9 where records, books, drawings, specifications, and other
10 papers and things pertaining to patents shall be kept and
11 preserved, except as otherwise provided by law.

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

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

17 **“§ 2. Powers and duties**

18 “The United States Patent Office, under the policy
19 direction of the Secretary of Commerce through the Direc-
20 tor of the United States Patent and Trademark Organiza-
21 tion, shall be responsible for—

22 “(1) granting and issuing patents;

23 “(2) conducting studies, programs, or ex-
24 changes of items or services regarding domestic and
25 international patent law, the administration of the
26 Organization, or any other function vested in the

1 Organization by law, including programs to recog-
 2 nize, identify, assess, and forecast the technology of
 3 patented inventions and their utility to industry;

4 “(3) authorizing or conducting studies and pro-
 5 grams cooperatively with foreign patent offices and
 6 international organizations, in connection with the
 7 granting and issuing of patents; and

8 “(4) disseminating to the public information
 9 with respect to patents.

10 (c) ORGANIZATION AND MANAGEMENT.—Section 3 of
 11 title 35, United States Code, is amended to read as fol-
 12 lows:

13 **“§ 3. Officers and employees**

14 “(a) COMMISSIONER.—

15 “(1) IN GENERAL.—The management of the
 16 United States Patent Office shall be vested in a
 17 Commissioner of Patents, who shall be a citizen of
 18 the United States and who shall be appointed by the
 19 Director of the United States Patent and Trade-
 20 mark Organization and shall serve at the pleasure of
 21 the Director of the United States Patent and Trade-
 22 mark Organization. The Commissioner of Patents
 23 shall be a person who, by reason of professional
 24 background and experience in patent law, is espe-
 25 cially qualified to manage the Office.

1 “(2) DUTIES.—

2 “(A) IN GENERAL.—The Commissioner
3 shall be responsible for all aspects of the man-
4 agement, administration, and operation of the
5 Office, including the granting and issuing of
6 patents, and shall perform these duties in a
7 fair, impartial, and equitable manner.

8 “(B) ADVISING THE DIRECTOR OF THE
9 UNITED STATES PATENT AND TRADEMARK OR-
10 GANIZATION.—The Commissioner of Patents
11 shall advise the Director of the United States
12 Patent and Trademark Organization of all ac-
13 tivities of the Office undertaken in response to
14 obligations of the United States under treaties
15 and executive agreements, or which relate to co-
16 operative programs with those authorities of
17 foreign governments that are responsible for
18 granting patents. The Commissioner of Patents
19 shall advise the Director of the United States
20 Patent and Trademark Organization on matters
21 of patent law and shall recommend to the Di-
22 rector of the United States Patent and Trade-
23 mark Organization changes in law or policy
24 which may improve the ability of United States

1 citizens to secure and enforce patent rights in
2 the United States or in foreign countries.

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

11 “(D) CONSULTATION WITH THE MANAGE-
12 MENT ADVISORY BOARD.—(i) The Commis-
13 sioner shall consult with the Management Advi-
14 sory Board established in section 5—

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

17 “(II) before submitting budgetary
18 proposals to the Director of the United
19 States Patent and Trademark Organiza-
20 tion for submission to the Office of Man-
21 agement and Budget or changing or pro-
22 posing to change patent user fees or patent
23 regulations.

24 “(ii) The Director of the United States
25 Patent and Trademark Organization shall de-

1 termine whether such fees or regulations are
2 consistent with the policy direction of the Sec-
3 retary of Commerce.

4 “(3) OATH.—The Commissioner shall, before
5 taking office, take an oath to discharge faithfully the
6 duties of the Office.

7 “(4) COMPENSATION.—

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

12 “(B) BONUS.—In addition to compensa-
13 tion under subparagraph (A), the Commissioner
14 may, at the discretion of the Director of the
15 United States Patent and Trademark Organiza-
16 tion, receive as a bonus, an amount which
17 would raise total compensation to the equivalent
18 of the rate of pay in effect for level III of the
19 Executive Schedule under section 5314 of title
20 5.

21 “(b) OFFICERS AND EMPLOYEES.—The Commis-
22 sioner shall appoint a Deputy Commissioner of Patents
23 who shall be vested with the authority to act in the capae-
24 ity of the Commissioner in the event of the absence or
25 incapacity of the Commissioner. In the event of a vacancy

1 in the office of Commissioner, the Deputy Commissioner
 2 shall fill the office of Commissioner until a new Commis-
 3 sioner is appointed and takes office. Other officers, attor-
 4 neys, employees, and agents shall be selected and ap-
 5 pointed by the Commissioner, and shall be vested with
 6 such powers and duties as the Commissioner may deter-
 7 mine.”.

8 (d) MANAGEMENT ADVISORY BOARD.—Chapter 1 of
 9 part I of title 35, United States Code, is amended by in-
 10 serting after section 4 the following:

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

12 “(a) ESTABLISHMENT OF MANAGEMENT ADVISORY
 13 BOARD.—

14 “(1) APPOINTMENT.—The United States Pat-
 15 ent Office shall have a Management Advisory Board
 16 (hereafter in this title referred to as the ‘Advisory
 17 Board’) of 5 members, who shall be appointed by the
 18 President and shall serve at the pleasure of the
 19 President. Not more than 3 of the 5 members shall
 20 be members of the same political party.

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

24 “(3) TIMING OF APPOINTMENTS.—Initial ap-
 25 pointments to the Advisory Board shall be made

1 within 3 months after the effective date of the Unit-
2 ed States Patent and Trademark Organization Act
3 of 1997. Vacancies shall be filled in the manner in
4 which the original appointment was made under this
5 subsection within 3 months after they occur.

6 “(b) BASIS FOR APPOINTMENTS.—Members of the
7 Advisory Board shall be citizens of the United States who
8 shall be chosen so as to represent the interests of diverse
9 users of the United States Patent Office, and shall include
10 individuals with substantial background and achievement
11 in corporate finance and management.

12 “(c) MEETINGS.—The Advisory Board shall meet at
13 the call of the Chair to consider an agenda set by the
14 Chair.

15 “(d) DUTIES.—The Advisory Board shall—

16 “(1) review the policies, goals, performance,
17 budget, and user fees of the United States Patent
18 Office, and advise the Commissioner on these mat-
19 ters;

20 “(2) within 60 days after the end of each fiscal
21 year—

22 “(A) prepare an annual report on the mat-
23 ters referred to in paragraph (1);

24 “(B) transmit the report to the Director of
25 the United States Patent and Trademark Orga-

1 nization, the President, and the Committees on
2 the Judiciary of the Senate and the House of
3 Representatives; and

4 “(C) publish the report in the Patent Of-
5 fice Official Gazette.

6 “(f) COMPENSATION.—Each member of the Advisory
7 Board shall be compensated for each day (including travel
8 time) during which such member is attending meetings or
9 conferences of the Advisory Board or otherwise engaged
10 in the business of the Advisory Board, at the rate which
11 is the daily equivalent of the annual rate of basic pay in
12 effect for level III of the Executive Schedule under section
13 5314 of title 5, and while away from such member’s home
14 or regular place of business such member may be allowed
15 travel expenses, including per diem in lieu of subsistence,
16 as authorized by section 5703 of title 5.

17 “(g) ACCESS TO INFORMATION.—Members of the Ad-
18 visory Board shall be provided access to records and infor-
19 mation in the United States Patent Office, except for per-
20 sonnel or other privileged information and information
21 concerning patent applications required to be kept in con-
22 fidence by section 122.”

23 “(e) CONFORMING AMENDMENTS.—Section 6 of title
24 35, United States Code, and the item relating to such sec-

1 tion in the table of contents for chapter 1 of title 35, Unit-
 2 ed States Code, are repealed.

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

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

7 “(a) ESTABLISHMENT AND COMPOSITION.—There
 8 shall be in the United States Patent Office a Board of
 9 Patent Appeals and Interferences. The Commissioner, the
 10 Deputy Commissioner, and the examiners-in-chief shall
 11 constitute the Board. The examiners-in-chief shall be per-
 12 sons of competent legal knowledge and scientific ability.

13 “(b) DUTIES.—

14 “(1) IN GENERAL.—The Board of Patent Ap-
 15 peals and Interferences shall, on written appeal of
 16 an applicant, a patent owner, or a third-party re-
 17 quester in a reexamination proceeding—

18 “(A) review adverse decisions of examin-
 19 ers—

20 “(i) upon applications for patents; and

21 “(ii) in reexamination proceedings;

22 and

23 “(B) determine priority and patentability
 24 of invention in interferences declared under sec-
 25 tion 135(a).

1 “(2) HEARINGS.—Each appeal and interference
2 shall be heard by at least 3 members of the Board,
3 who shall be designated by the Deputy Commis-
4 sioner. Only the Board of Patent Appeals and Inter-
5 ferences may grant rehearings.”.

6 (g) ANNUAL REPORT OF COMMISSIONER.—Section
7 14 of title 35, United States Code, is amended to read
8 as follows:

9 “§ 14. Annual report to Congress

10 “The Commissioner shall report to the Director of
11 the United States Patent and Trademark Organization
12 such information as the Director is required to submit to
13 Congress annually under chapter 91 of title 31, includ-
14 ing—

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

17 “(2) the purposes for which the moneys were
18 spent;

19 “(3) the quality and quantity of the work of the
20 Office; and

21 “(4) other information relating to the Office.”.

22 (h) PRACTICE BEFORE PATENT OFFICE.—

23 (1) IN GENERAL.—Section 31 of title 35, Unit-
24 ed States Code, is amended to read as follows:

1 **“§ 31. Regulations for agents and attorneys**

2 “The Commissioner may prescribe regulations gov-
 3 erning the recognition and conduct of agents, attorneys,
 4 or other persons representing applicants or other parties
 5 before the Office. The regulations may require such per-
 6 sons, before being recognized as representatives of appli-
 7 cants or other persons, to show that they are of good
 8 moral character and reputation and are possessed of the
 9 necessary qualifications to render to applicants or other
 10 persons valuable service, advice, and assistance in the
 11 presentation or prosecution of their applications or other
 12 business before the Office.”.

13 (2) DESIGNATION OF ATTORNEY TO CONDUCT
 14 HEARING.—Section 32 of title 35, United States
 15 Code, is amended in the first sentence by striking
 16 “Patent and Trademark Office” and inserting “Pat-
 17 ent Office” and by inserting before the last sentence
 18 the following: “The Commissioner shall have the dis-
 19 cretion to designate any attorney who is an officer
 20 or employee of the United States Patent Office to
 21 conduct the hearing required by this section.”.

22 (i) FUNDING.—

23 (1) ADJUSTMENT OF FEES.—Section 41(f) of
 24 title 35, United States Code, is amended to read as
 25 follows:

1 “(f) The Commissioner, after consulting with the
 2 Patent Office Management Advisory Board pursuant to
 3 section 3(a)(2)(C) of this title and after notice and oppor-
 4 tunity for full participation by interested public and pri-
 5 vate parties, may, by regulation, adjust the fees estab-
 6 lished in this section. The Director of the United States
 7 Patent and Trademark Organization shall determine
 8 whether such fees are consistent with the policy direction
 9 of the Secretary of Commerce.”.

10 (2) PATENT OFFICE FUNDING.—Section 42 of
 11 title 35, United States Code, is amended to read as
 12 follows:

13 **“§ 42. Patent Office funding**

14 “(a) FEES PAYABLE TO THE OFFICE.—All fees for
 15 services performed by or materials furnished by the Unit-
 16 ed States Patent Office shall be payable to the Office.

17 “(b) USE OF MONEYS.—Moneys from fees shall be
 18 available to the United States Patent Office to carry out,
 19 to the extent provided in appropriations Acts, the func-
 20 tions of the Office. Moneys of the Office not otherwise
 21 used to carry out the functions of the Office shall be kept
 22 in cash on hand or on deposit, or invested in obligations
 23 of the United States or guaranteed by the United States,
 24 or in obligations or other instruments which are lawful in-
 25 vestments for fiduciary, trust, or public funds. Fees avail-

1 able to the Commissioner under this title shall be used
 2 only for the processing of patent applications and for other
 3 services and materials relating to patents.

4 “(c) CONTRIBUTION TO THE OFFICE OF THE DIREC-
 5 TOR OF THE UNITED STATES PATENT AND TRADEMARK
 6 ORGANIZATION.—The Patent Office shall contribute 50
 7 percent of the annual budget of the Office of the Director
 8 of the United States Patent and Trademark Organiza-
 9 tion.”.

10 **SEC. 115. UNITED STATES TRADEMARK OFFICE.**

11 (a) ESTABLISHMENT OF THE UNITED STATES
 12 TRADEMARK OFFICE AS A SEPARATE ADMINISTRATIVE
 13 UNIT.—The Act of July 5, 1946 (commonly referred to
 14 as the Trademark Act of 1946) is amended—

15 (1) by redesignating titles X and XI as titles XI
 16 and XII, respectively;

17 (2) by redesignating sections 45, 46, 47, 48,
 18 49, 50, and 51 as sections 61, 71, 72, 73, 74, 75,
 19 and 76, respectively; and

20 (3) by inserting after title IX the following new
 21 title:

1 **“TITLE X—UNITED STATES**
2 **TRADEMARK OFFICE**

3 **“SEC. 51. ESTABLISHMENT.**

4 “(a) **ESTABLISHMENT.**—The United States Trade-
5 mark Office is established as a separate administrative
6 unit of the United States Patent and Trademark Organi-
7 zation.

8 “(b) **REFERENCE.**—For purposes of this chapter, the
9 United States Trademark Office shall also be referred to
10 as the ‘Office’ and the ‘Trademark Office’.

11 **“SEC. 52. POWERS AND DUTIES.**

12 “‘The United States Trademark Office, under the pol-
13 icy direction of the Secretary of Commerce through the
14 Director of the United States Patent and Trademark Or-
15 ganization, shall be responsible for—

16 “(1) the registration of trademarks;

17 “(2) conducting studies, programs, or ex-
18 changes of items or services regarding domestic and
19 international trademark law or the administration of
20 the Office;

21 “(3) authorizing or conducting studies and pro-
22 grams cooperatively with foreign trademark offices
23 and international organizations, in connection with
24 the registration of trademarks; and

1 “(4) disseminating to the public information
2 with respect to trademarks.

3 **“SEC. 53. OFFICERS AND EMPLOYEES.**

4 “(a) COMMISSIONER.—

5 “(1) IN GENERAL.—The management of the
6 United States Trademark Office shall be vested in a
7 Commissioner of Trademarks, who shall be a citizen
8 of the United States and who shall be appointed by
9 the Director of the United States Patent and Trade-
10 mark Organization and shall serve at the pleasure of
11 the Director of the United States Patent and Trade-
12 mark Organization. The Commissioner of Trade-
13 marks shall be a person who, by reason of profes-
14 sional background and experience in trademark law,
15 is especially qualified to manage the Office.

16 “(2) DUTIES.—

17 “(A) IN GENERAL.—The Commissioner
18 shall be responsible for all aspects of the man-
19 agement, administration, and operation of the
20 Office, including the registration of trademarks,
21 and shall perform these duties in a fair, impar-
22 tial, and equitable manner.

23 “(B) ADVISING THE DIRECTOR OF THE
24 UNITED STATES PATENT AND TRADEMARK OR-
25 GANIZATION.—The Commissioner of Trade-

1 marks shall advise the Director of the United
2 States Patent and Trademark Organization of
3 all activities of the Office undertaken in re-
4 sponse to obligations of the United States
5 under treaties and executive agreements, or
6 which relate to cooperative programs with those
7 authorities of foreign governments that are re-
8 sponsible for registering trademarks. The Com-
9 missioner of Trademarks shall advise the Direc-
10 tor of the United States Patent and Trademark
11 Organization on matters of trademark law and
12 shall recommend to the Director of the United
13 States Patent and Trademark Organization
14 changes in law or policy which may improve the
15 ability of United States citizens to secure and
16 enforce trademark rights in the United States
17 or in foreign countries.

18 “(C) REGULATIONS.—The Commissioner
19 may establish regulations, not inconsistent with
20 law, for the conduct of proceedings in the
21 Trademark Office. The Director of the United
22 States Patent and Trademark Organization
23 shall determine whether such regulations are
24 consistent with the policy direction of the Sec-
25 retary of Commerce.

1 “(D) CONSULTATION WITH THE MANAGE-
2 MENT ADVISORY BOARD.—(i) The Commis-
3 sioner shall consult with the Trademark Office
4 Management Advisory Board established under
5 section 54—

6 “(I) on a regular basis on matters re-
7 lating to the operation of the Office; and

8 “(II) before submitting budgetary
9 proposals to the Director of the United
10 States Patent and Trademark Organiza-
11 tion for submission to the Office of Man-
12 agement and Budget or changing or pro-
13 posing to change trademark user fees or
14 trademark regulations.

15 “(ii) The Director of the United States
16 Patent and Trademark Organization shall de-
17 termine whether such fees or regulations are
18 consistent with the policy direction of the Sec-
19 retary of Commerce.

20 “(E) PUBLICATIONS.—(i) The Commis-
21 sioner may print, or cause to be printed, the
22 following:

23 “(I) Certificates of trademark reg-
24 istrations, including statements and draw-
25 ings, together with copies of the same.

1 “(H) The Official Gazette of the Unit-
2 ed States Trademark Office.

3 “(III) Annual indexes of trademarks
4 and registrants.

5 “(IV) Annual volumes of decisions in
6 trademark cases.

7 “(V) Pamphlet copies of laws and
8 rules relating to trademarks and circulars
9 or other publications relating to the busi-
10 ness of the Office.

11 “(ii) The Commissioner may exchange any
12 of the publications specified under clause (i) for
13 publications desirable for the use of the Trade-
14 mark Office.

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

18 “(4) COMPENSATION.—

19 “(A) IN GENERAL.—The Commissioner
20 shall receive compensation at the rate of pay in
21 effect for level IV of the Executive Schedule
22 under section 5315 of title 5, United States
23 Code.

24 “(B) BONUS.—In addition to compensa-
25 tion under subparagraph (A), the Commissioner

1 may, at the discretion of the Director of the
 2 United States Patent and Trademark Organiza-
 3 tion, receive as a bonus, an amount which
 4 would raise total compensation to the equivalent
 5 of the rate of pay in effect for level III of the
 6 Executive Schedule under section 5314 of title
 7 5.

8 “(b) OFFICERS AND EMPLOYEES.—The Commis-
 9 sioner shall appoint a Deputy Commissioner of Trade-
 10 marks who shall be vested with the authority to act in
 11 the capacity of the Commissioner in the event of the ab-
 12 sence or incapacity of the Commissioner. In the event of
 13 a vacancy in the office of Commissioner, the Deputy Com-
 14 missioner shall fill the office of Commissioner until a new
 15 Commissioner is appointed and takes office. Other offi-
 16 cers, attorneys, employees, and agents shall be selected
 17 and appointed by the Commissioner, and shall be vested
 18 with such powers and duties as the Commissioner may de-
 19 termine.

20 **“SEC. 54. TRADEMARK OFFICE MANAGEMENT ADVISORY**
 21 **BOARD.**

22 “(a) ESTABLISHMENT OF MANAGEMENT ADVISORY
 23 BOARD.—

24 “(1) APPOINTMENT.—The United States
 25 Trademark Office shall have a Management Advi-

1 sory Board (hereafter in this title referred to as the
2 ‘Advisory Board’) of 5 members, who shall be ap-
3 pointed by the President and shall serve at the
4 pleasure of the President. Not more than 3 of the
5 5 members shall be members of the same political
6 party.

7 “(2) CHAIR.—The President shall designate a
8 Chair of the Advisory Board, whose term as chair
9 shall be for 3 years.

10 “(3) TIMING OF APPOINTMENTS.—Initial ap-
11 pointments to the Advisory Board shall be made
12 within 3 months after the effective date of the Unit-
13 ed States Patent and Trademark Organization Act
14 of 1997. Vacancies shall be filled in the manner in
15 which the original appointment was made under this
16 section within 3 months after they occur.

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

23 “(c) MEETINGS.—The Advisory Board shall meet at
24 the call of the Chair to consider an agenda set by the
25 Chair.

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

2 “(1) review the policies, goals, performance,
3 budget, and user fees of the United States Trade-
4 mark Office, and advise the Commissioner on these
5 matters; and

6 “(2) within 60 days after the end of each fiscal
7 year—

8 “(A) prepare an annual report on the mat-
9 ters referred to under paragraph (1);

10 “(B) transmit the report to the Director of
11 the United States Patent and Trademark Orga-
12 nization, the President, and the Committees on
13 the Judiciary of the Senate and the House of
14 Representatives; and

15 “(C) publish the report in the Trademark
16 Office Official Gazette.

17 “(f) COMPENSATION.—Each member of the Advisory
18 Board shall be compensated for each day (including travel
19 time) during which such member is attending meetings or
20 conferences of the Advisory Board or otherwise engaged
21 in the business of the Advisory Board, at the rate which
22 is the daily equivalent of the annual rate of basic pay in
23 effect for level III of the Executive Schedule under section
24 5314 of title 5, United States Code, and while away from
25 such member’s home or regular place of business such

1 member may be allowed travel expenses, including per
2 diem in lieu of subsistence, as authorized by section 5703
3 of title 5, United States Code.

4 “(g) ACCESS TO INFORMATION.—Members of the Ad-
5 visory Board shall be provided access to records and infor-
6 mation in the United States Trademark Office, except for
7 personnel or other privileged information.

8 **“SEC. 55. ANNUAL REPORT TO CONGRESS.**

9 “The Commissioner shall report to the Director of
10 the United States Patent and Trademark Organization
11 such information as the Director is required to report to
12 Congress annually under chapter 91 of title 5, including—

13 “(1) the moneys received and expended by the
14 Office;

15 “(2) the purposes for which the moneys were
16 spent;

17 “(3) the quality and quantity of the work of the
18 Office; and

19 “(4) other information relating to the Office.

20 **“SEC. 56. TRADEMARK OFFICE FUNDING.**

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

24 “(b) USE OF MONEYS.—Moneys from fees shall be
25 available to the United States Trademark Office to carry

1 out, to the extent provided in appropriations Acts, the
2 functions of the Office. Moneys of the Office not otherwise
3 used to carry out the functions of the Office shall be kept
4 in cash on hand or on deposit, or invested in obligations
5 of the United States or guaranteed by the United States,
6 or in obligations or other instruments which are lawful in-
7 vestments for fiduciary, trust, or public funds. Fees avail-
8 able to the Commissioner under this chapter shall be used
9 only for the registration of trademarks and for other serv-
10 ices and materials relating to trademarks.

11 “(e) CONTRIBUTION TO THE OFFICE OF THE DIREC-
12 TOR OF THE UNITED STATES PATENT AND TRADEMARK
13 ORGANIZATION.—The Trademark Office shall contribute
14 50 percent of the annual budget of the Office of the Direc-
15 tor of the United States Patent and Trademark Organiza-
16 tion.”.

17 (b) TRADEMARK TRIAL AND APPEAL BOARD.—Sec-
18 tion 17 of the Act of July 5, 1946 (commonly referred
19 to as the Trademark Act of 1946) (15 U.S.C. 1067) is
20 amended to read as follows:

21 “SEC. 17. (a) In every case of interference, opposition
22 to registration, application to register as a lawful concur-
23 rent user, or application to cancel the registration of a
24 mark, the Commissioner shall give notice to all parties and

1 shall direct a Trademark Trial and Appeal Board to deter-
2 mine and decide the respective rights of registration.

3 “(b) The Trademark Trial and Appeal Board shall
4 include the Commissioner of Trademarks, the Deputy
5 Commissioner of Trademarks, and members competent in
6 trademark law who are appointed by the Commissioner.”.

7 (c) DETERMINATION OF FEES.—Section 31(a) of the
8 Act of July 5, 1946 (commonly referred to as the Trade-
9 mark Act of 1946) (15 U.S.C. 1067(a)) is amended by
10 striking the second and third sentences and inserting the
11 following: “Fees established under this subsection may be
12 adjusted by the Commissioner, after consulting with the
13 Trademark Office Management Advisory Board in accord-
14 ance with section 53(a)(2)(C) of this Act and after notice
15 and opportunity for full participation by interested public
16 and private parties. The Director of the United States
17 Patent and Trademark Organization shall determine
18 whether such fees are consistent with the policy direction
19 of the Secretary of Commerce.”.

20 **SEC. 116. SUITS BY AND AGAINST THE ORGANIZATION.**

21 (a) ACTIONS UNDER UNITED STATES LAW.—Any
22 civil action or proceeding to which the United States Pat-
23 ent and Trademark Organization is a party is deemed to
24 arise under the laws of the United States. The Federal

1 courts shall have exclusive jurisdiction over all civil actions
 2 by or against the Organization.

3 (b) REPRESENTATION BY THE DEPARTMENT OF JUSTICE.—The United States Patent and Trademark Organi-
 4 zation shall be deemed an agency of the United States for
 5 purposes of section 516 of title 28, United States Code.

6 (c) PROHIBITION ON ATTACHMENT, LIENS, OR SIMI-
 7 LAR PROCESS.—No attachment, garnishment, lien, or
 8 similar process, intermediate or final, in law or equity,
 9 may be issued against property of the Organization.

10 **SEC. 117. FUNDING.**

11 (a) IN GENERAL.—The activities of the United
 12 States Patent and Trademark Organization and each of-
 13 fee of the Organization shall be funded entirely through
 14 fees payable to the United States Patent Office (under
 15 section 42 of title 35, United States Code) and the United
 16 States Trademark Office (under section 56 of the Act of
 17 July 5, 1946 (commonly known as the Trademark Act of
 18 1946)), and surcharges appropriated by Congress, to the
 19 extent provided in appropriations Acts and subject to the
 20 provisions of subsection (b).

21 (b) BORROWING AUTHORITY.—

22 (1) IN GENERAL.—The United States Patent
 23 and Trademark Organization is authorized to issue
 24 from time to time for purchase by the Secretary of
 25

1 the Treasury its debentures, bonds, notes, and other
2 evidences of indebtedness (hereafter in this sub-
3 section referred to as “obligations”) to assist in fi-
4 nancing the activities of the United States Patent
5 Office and the United States Trademark Office.
6 Borrowing under this section shall be subject to
7 prior approval in appropriations Acts. Such borrow-
8 ing shall not exceed amounts approved in appropria-
9 tions Acts.

10 (2) BORROWING AUTHORITY.—Any borrowing
11 under this subsection shall be repaid only from fees
12 paid to the Office for which such obligations were is-
13 sued and surcharges appropriated by Congress. Such
14 obligations shall be redeemable at the option of the
15 United States Patent and Trademark Organization
16 before maturity in the manner stipulated in such ob-
17 ligations and shall have such maturity as is deter-
18 mined by the United States Patent and Trademark
19 Organization with the approval of the Secretary of
20 the Treasury. Each such obligation issued to the
21 Treasury shall bear interest at a rate not less than
22 the current yield on outstanding marketable obliga-
23 tions of the United States of comparable maturity
24 during the month preceding the issuance of the obli-

1 gation as determined by the Secretary of the Treas-
2 ury.

3 (3) PURCHASE OF OBLIGATIONS.—The Sec-
4 retary of the Treasury shall purchase any obligations
5 of the United States Patent and Trademark Organi-
6 zation issued under this subsection and for such
7 purpose the Secretary of the Treasury is authorized
8 to use as a public-debt transaction the proceeds of
9 any securities issued under chapter 31 of title 31,
10 United States Code, and the purposes for which se-
11 curities may be issued under that chapter are ex-
12 tended to include such purpose.

13 (4) TREATMENT.—Payment under this sub-
14 section of the purchase price of such obligations of
15 the United States Patent and Trademark Organi-
16 zation shall be treated as public debt transactions of
17 the United States.

18 **SEC. 118. TRANSFERS.**

19 (a) TRANSFER OF FUNCTIONS.—Except as relates to
20 the direction of patent and trademark policy, there are
21 transferred to, and vested in, the United States Patent
22 and Trademark Organization all functions, powers, and
23 duties vested by law in the Secretary of Commerce or the
24 Department of Commerce or in the officers or components
25 in the Department of Commerce with respect to the au-

1 thority to grant patents and register trademarks, and in
 2 the Patent and Trademark Office, as in effect on the day
 3 before the effective date of this title, and in the officers
 4 and components of such office.

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

17 **Subtitle B—Effective Date;**
 18 **Technical Amendments**

19 **SEC. 131. EFFECTIVE DATE.**

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

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

24 (a) AMENDMENTS TO TITLE 35.—

1 (1) TABLE OF PARTS.—The item relating to
2 part I in the table of parts for title 35, United
3 States Code, is amended to read as follows:

“I. United States Patent Office 1.”

4 (2) HEADING.—The heading for part I of title
5 35, United States Code, is amended to read as fol-
6 lows:

7 **“PART I—UNITED STATES PATENT OFFICE”.**

8 (3) TABLE OF CHAPTERS.—The table of chap-
9 ters for part I of title 35, United States Code, is
10 amended by amending the item relating to chapter
11 1 to read as follows:

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

12 (4) TABLE OF SECTIONS.—The table of sections
13 for chapter 1 of title 35, United States Code, is
14 amended to read as follows:

15 **“CHAPTER 1—ESTABLISHMENT, OFFICERS**
16 **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.”

1 (5) COMMISSIONER OF PATENTS AND TRADE-
2 MARKS.—(A) Section 41(h)(1) of title 35, United
3 States Code, is amended by striking “Commissioner
4 of Patents and Trademarks” and inserting “Com-
5 missioner”.

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

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

12 (6) PATENT AND TRADEMARK OFFICE.—The
13 provisions of title 35, United States Code, are
14 amended by striking “Patent and Trademark Of-
15 fice” each place it appears and inserting “Patent Of-
16 fice”.

17 (b) AMENDMENTS TO THE TRADEMARK ACT OF
18 1946.—

19 (1) REFERENCES.—All amendments in this
20 subsection refer to the Act of July 5, 1946 (com-
21 monly referred to as the Trademark Act of 1946).

22 (2) AMENDMENTS RELATING TO COMMISS-
23 SIONER.—Section 61 (as redesignated by section
24 115(a)(2) of this Act) is amended by striking the
25 undesignated paragraph relating to the definition of

1 the term “Commissioner” and inserting the follow-
2 ing:

3 “The term ‘Commissioner’ means the Commissioner
4 of Trademarks.”.

5 (3) AMENDMENTS RELATING TO PATENT AND
6 TRADEMARK OFFICE.—(A) Section 1(a)(1) is
7 amended by striking “Patent and Trademark Of-
8 fice” and inserting “Trademark Office”.

9 (B) Section 1(a)(2) is amended by striking
10 “Patent and Trademark Office” and inserting
11 “Trademark Office”.

12 (C) Section 1(b)(1) is amended by striking
13 “Patent and Trademark Office” and inserting
14 “Trademark Office”.

15 (D) Section 1(b)(2) is amended by striking
16 “Patent and Trademark Office” and inserting
17 “Trademark Office”.

18 (E) Section 1(d)(1) is amended by striking
19 “Patent and Trademark Office” each place such
20 term appears and inserting “Trademark Office”.

21 (F) Section 1(e) is amended by striking “Pat-
22 ent and Trademark Office” and inserting “Trade-
23 mark Office”.

1 (G) Section 2(d) is amended by striking “Pat-
2 ent and Trademark Office” and inserting “Trade-
3 mark Office”.

4 (H) Section 7(a) is amended by striking “Pat-
5 ent and Trademark Office” each place such term ap-
6 pears and inserting “Trademark Office”.

7 (I) Section 7(d) is amended by striking “Patent
8 and Trademark Office” and inserting “Trademark
9 Office”.

10 (J) Section 7(e) is amended by striking “Patent
11 and Trademark Office” each place such term ap-
12 pears and inserting “Trademark Office”.

13 (K) Section 7(f) is amended by striking “Pat-
14 ent and Trademark Office” each place such term ap-
15 pears and inserting “Trademark Office”.

16 (L) Section 7(g) is amended by striking “Pat-
17 ent and Trademark Office” each place such term ap-
18 pears and inserting “Trademark Office”.

19 (M) Section 8(a) is amended by striking “Pat-
20 ent and Trademark Office” and inserting “Trade-
21 mark Office”.

22 (N) Section 8(b) is amended by striking “Pat-
23 ent and Trademark Office” and inserting “Trade-
24 mark Office”.

1 (O) Section 10 is amended by striking “Patent
2 and Trademark Office” each place such term ap-
3 pears and inserting “Trademark Office”.

4 (P) Section 12(a) is amended by striking “Pat-
5 ent and Trademark Office” and inserting “Trade-
6 mark Office”.

7 (Q) Section 13(a) is amended by striking “Pat-
8 ent and Trademark Office” and inserting “Trade-
9 mark Office”.

10 (R) Section 13(b)(1) is amended by striking
11 “Patent and Trademark Office” each place such
12 term appears and inserting “Trademark Office”.

13 (S) Section 15(2) is amended by striking “Pat-
14 ent and Trademark Office” and inserting “Trade-
15 mark Office”.

16 (T) Section 17 is amended by striking “Patent
17 and Trademark Office” and inserting “Trademark
18 Office”.

19 (U) Section 21(a)(2) is amended by striking
20 “Patent and Trademark Office” and inserting
21 “Trademark Office”.

22 (V) Section 21(a)(3) is amended by striking
23 “Patent and Trademark Office” each place such
24 term appears and inserting “Trademark Office”.

1 (W) Section 21(a)(4) is amended by striking
2 “Patent and Trademark Office” each place such
3 term appears and inserting “Trademark Office”.

4 (X) Section 21(b)(3) is amended by striking
5 “Patent and Trademark Office” each place such
6 term appears and inserting “Trademark Office”.

7 (Y) Section 21(b)(4) is amended by striking
8 “Patent and Trademark Office” and inserting
9 “Trademark Office”.

10 (Z) Section 24 is amended by striking “Patent
11 and Trademark Office” and inserting “Trademark
12 Office”.

13 (AA) Section 29 is amended by striking “Pat-
14 ent and Trademark Office” each place such term ap-
15 pears and inserting “Trademark Office”.

16 (BB) Section 30 is amended by striking “Pat-
17 ent and Trademark Office” and inserting “Trade-
18 mark Office”.

19 (CC) Section 31(a) is amended by striking
20 “Patent and Trademark Office” and inserting
21 “Trademark Office”.

22 (DD) Section 34(a) is amended by striking
23 “Patent and Trademark Office” and inserting
24 “Trademark Office”.

1 (EE) Section 34(d)(1)(B)(i) is amended by
2 striking “Patent and Trademark Office” and insert-
3 ing “Trademark Office”.

4 (FF) Section 35(a) is amended by striking
5 “Patent and Trademark Office” and inserting
6 “Trademark Office”.

7 (GG) Section 36 is amended by striking “Pat-
8 ent and Trademark Office” and inserting “Trade-
9 mark Office”.

10 (HH) Section 37 is amended by striking “Pat-
11 ent and Trademark Office” and inserting “Trade-
12 mark Office”.

13 (HI) Section 38 is amended by striking “Patent
14 and Trademark Office” and inserting “Trademark
15 Office”.

16 (IJ) Section 39(b) is amended by striking
17 “Patent and Trademark Office” and inserting
18 “Trademark Office”.

19 (KK) Section 41 is amended by striking “Pat-
20 ent and Trademark Office” and inserting “Trade-
21 mark Office”.

22 (LL) Section 61 (as redesignated under section
23 115(a)(2) of this Act) is amended in the undesig-
24 nated paragraph relating to the definition of “reg-
25 istered mark”—

1 (i) by striking “Patent and Trade Mark
2 Office” and inserting “Trademark Office; and

3 (ii) by striking “Patent and Trade Office”
4 and inserting “Trademark Office”.

5 (MM) Section 72(a) (as redesignated under sec-
6 tion 115(a)(2) of this Act) is amended by striking
7 “Patent and Trademark Office” and inserting
8 “Trademark Office”.

9 (NN) Section 75 (as redesignated under section
10 115(a)(2) of this Act) is amended by striking “Pat-
11 ent and Trademark Office” and inserting “Trade-
12 mark Office”.

13 (c) AMENDMENTS TO TITLE 5.—Section 5316 of title
14 5, United States Code, is amended—

15 (1) by striking “Commissioner of Patents, De-
16 partment of Commerce.”; and

17 (2) by striking:

18 “Deputy Commissioner of Patents and Trade-
19 marks.

20 “Assistant Commissioner for Patents.

21 “Assistant Commissioner for Trademarks.”.

22 (d) AMENDMENT TO TITLE 31.—Section 9101(3) of
23 title 31, United States Code, is amended by adding at the
24 end the following:

1 “(O) the United States Patent and Trade-
2 mark Organization.”.

3 (c) 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 So-
9 cial Security, Social Security Administration, or the
10 Director of the United States Patent and Trade-
11 mark Organization, United States Patent and
12 Trademark 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 Organiza-
18 tion;”.

19 **Subtitle C—Miscellaneous**
20 **Provisions**

21 **SEC. 141. REFERENCES.**

22 Any reference in any other Federal law, Executive
23 order, rule, regulation, or delegation of authority, or any
24 document of or pertaining to a department, agency, or of-
25 fice from which a function is transferred by this title—

1 (1) to the head of such department, agency, or
2 office is deemed to refer to the head of the depart-
3 ment, agency, or office to which such function is
4 transferred; or

5 (2) to such department, agency, or office is
6 deemed to refer to the department, agency, or office
7 to which such function is transferred.

8 **SEC. 142. EXERCISE OF AUTHORITIES.**

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

17 **SEC. 143. SAVINGS PROVISIONS.**

18 (a) **LEGAL DOCUMENTS.**—All orders, determinations,
19 rules, regulations, permits, grants, loans, contracts, agree-
20 ments, certificates, licenses, and privileges that—

21 (1) have been issued, made, granted, or allowed
22 to become effective by the President, the Secretary
23 of Commerce, any officer or employee of any office
24 transferred by this title, or any other Government
25 official, or by a court of competent jurisdiction, in

1 the performance of any function that is transferred
2 by this title, and

3 ~~(2)~~ are in effect on the effective date of such
4 transfer (or become effective after such date pursu-
5 ant to their terms as in effect on such effective
6 date), shall continue in effect according to their
7 terms until modified, terminated, superseded, set
8 aside, or revoked in accordance with law by the
9 President, any other authorized official, a court of
10 competent jurisdiction, or operation of law.

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

1 such proceeding could have been discontinued or modified
2 if this title had not been enacted.

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

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

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

22 (f) ADMINISTRATIVE PROCEDURE AND JUDICIAL RE-
23 VIEW.—Except as otherwise provided by this title, any
24 statutory requirements relating to notice, hearings, action
25 upon the record, or administrative or judicial review that

1 apply to any function transferred by this title shall apply
2 to the exercise of such function by the head of the Federal
3 agency, and other officers of the agency, to which such
4 function is transferred by this title.

5 **SEC. 144. TRANSFER OF ASSETS.**

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

16 **SEC. 145. DELEGATION AND ASSIGNMENT.**

17 (a) IN GENERAL.—Except as otherwise expressly
18 prohibited by law or otherwise provided in this title, an
19 official to whom functions are transferred under this title
20 (including the head of any office to which functions are
21 transferred under this title) may—

22 (1) delegate any of the functions so transferred
23 to such officers and employees of the office of the
24 official as the official may designate; and

1 (2) authorize successive redelegations of such
2 functions as may be necessary or appropriate.

3 (b) **RESPONSIBILITY FOR ADMINISTRATION.**—No
4 delegation of functions under this section or under any
5 other provision of this title shall relieve the official to
6 whom a function is transferred under this title of respon-
7 sibility for the administration of the function.

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

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

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

1 111(b) of this title, shall be published, in accordance
2 with procedures determined by the Commissioner, as
3 soon as possible after the expiration of a period of
4 18 months from the earliest filing date for which a
5 benefit is sought under this title. At the request of
6 the applicant, an application may be published ear-
7 lier than the end of such 18-month period.

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

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

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

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

20 “(C)(i) Upon the request of the applicant at the
21 time of filing, the application shall not be published
22 in accordance with paragraph (1) until 3 months
23 after the Commissioner makes a notification to the
24 applicant under section 132 of this title.

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

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

11 “(iv) The Commissioner may establish appro-
12 priate procedures and fees for making a request
13 under this subparagraph.

14 “(e) PRE-ISSUANCE OPPOSITION.—The provisions of
15 this section shall not operate to create any new oppor-
16 tunity for pre-issuance opposition. The Commissioner may
17 establish appropriate procedures to ensure that this sec-
18 tion does not create any new opportunity for pre-issuance
19 opposition that did not exist prior to the adoption of this
20 section.”.

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

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

1 “(b)(1) No application for patent shall be entitled to
2 this right of priority unless a claim, identifying the foreign
3 application by specifying its application number, country,
4 and the day, month, and year of its filing, is filed in the
5 Patent Office at such time during the pendency of the ap-
6 plication as required by the Commissioner.

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

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

21 (b) IN THE UNITED STATES.—Section 120 of title
22 35, United States Code, is amended by adding at the end
23 the following: “The Commissioner may determine the time
24 period during the pendency of the application within which
25 an amendment containing the specific reference to the ear-

1 her filed application is submitted. The Commissioner may
 2 consider the failure to submit such an amendment within
 3 that time period as a waiver of any benefit under this sec-
 4 tion. The Commissioner may establish procedures, includ-
 5 ing the payment of a surcharge, to accept unavoidably late
 6 submissions of amendments under this section.”.

7 **SEC. 204. PROVISIONAL RIGHTS.**

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

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

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

14 “(d) **PROVISIONAL RIGHTS.—**

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

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

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

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

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

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

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

7 “(4) REQUIREMENTS FOR INTERNATIONAL AP-
8 PPLICATIONS.—

9 “(A) EFFECTIVE DATE.—The right under
10 paragraph (1) to obtain a reasonable royalty
11 based upon the publication under the treaty of
12 an international application designating the
13 United States shall commence from the date
14 that the Patent Office receives a copy of the
15 publication under the treaty defined in section
16 351(a) of this title of the international applica-
17 tion, or, if the publication under the treaty of
18 the international application is in a language
19 other than English, from the date that the Pat-
20 ent Office receives a translation of the inter-
21 national application in the English language.

22 “(B) COPIES.—The Commissioner may re-
23 quire the applicant to provide a copy of the
24 international application and a translation
25 thereof.”

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

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

5 “(e) the invention was described in—

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

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

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

21 The Commissioner shall recover the cost of early pub-
22 lication required by the amendment made by section 202
23 by adjusting the filing, issue, and maintenance fees under
24 title 35, United States Code, by charging a separate publi-
25 cation fee, or by any combination of these methods.

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

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

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

7 (2) Section 12 is amended—

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

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

12 (3) Section 13 is amended—

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

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

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

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

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

1 (7) Section 181 is amended—

2 (A) in the first undesignated paragraph—

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

5 (ii) “the publication of the application
6 or” after “withhold”;

7 (B) in the second undesignated paragraph
8 by inserting “by the publication of an applica-
9 tion or” after “disclosure of an invention”;

10 (C) in the third undesignated paragraph—

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

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

16 (D) in the fourth undesignated paragraph
17 by inserting “the publication of an application
18 or” after “and” in the first sentence.

19 (8) Section 252 is amended in the first undesignated
20 paragraph by inserting “substantially” before
21 “identical” each place it appears.

22 (9) Section 284 is amended by adding at the
23 end of the second undesignated paragraph the fol-
24 lowing: “Increased damages under this paragraph

1 shall not apply to provisional rights under section
2 154(d) of this title.”.

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

4 **“§ 374. Publication of international application: Ef-**
5 **fect**

6 “The publication under the treaty, defined in section
7 351(a) of this title, of an international application des-
8 ignating the United States shall confer the same rights
9 and shall have the same effect under this title as an appli-
10 cation for patent published under section 122(b), except
11 as provided in sections 102(e) and 154(d) of this title.”.

12 **SEC. 208. LAST DAY OF PENDENCY OF PROVISIONAL APPLI-**
13 **CATION.**

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

16 “(3) If the day that is 12 months after the filing date
17 of a provisional application falls on a Saturday, Sunday,
18 or legal holiday as defined in rule 6(a) of the Federal
19 Rules of Civil Procedure, the period of pendency of the
20 provisional application shall be extended to the next suc-
21 ceeding business day.”.

22 **SEC. 209. EFFECTIVE DATE.**

23 (a) SECTIONS 202 THROUGH 207.—Sections 202
24 through 207, and the amendments made by such sections,
25 shall take effect on April 1, 1998, and shall apply to all

1 applications filed under section 111 of title 35, United
 2 States Code, on or after that date, and all applications
 3 complying with section 371 of title 35, United States
 4 Code, that resulted from international applications filed
 5 on or after that date. The amendment made by section
 6 204 shall also apply to international applications designat-
 7 ing the United States that are filed on or after April 1,
 8 1998.

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

14 **TITLE III—PATENT TERM** 15 **RESTORATION**

16 **SEC. 301. PATENT TERM EXTENSION AUTHORITY.**

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

19 “(b) TERM EXTENSION.—

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

21 “(A) DELAY.—Subject to the limitations
 22 under paragraph (2), if the issue of an original
 23 patent is delayed due to—

24 “(i) a proceeding under section 135(a)
 25 of this title;

1 “(ii) the imposition of an order pursu-
2 ant to section 181 of this title;

3 “(iii) appellate review by the Board of
4 Patent Appeals and Interferences or by a
5 Federal court where the patent was issued
6 pursuant to a decision in the review revers-
7 ing an adverse determination of patentabil-
8 ity; or

9 “(iv) an unusual administrative delay
10 by the Patent Office in issuing the patent,
11 the term of the patent shall be extended for the
12 period of delay.

13 “(B) ADMINISTRATIVE DELAY.—For pur-
14 poses of subparagraph (A)(iv), an unusual ad-
15 ministrative delay by the Patent Office is the
16 failure to—

17 “(i) make a notification of the rejec-
18 tion of any claim for a patent or any objec-
19 tion or argument under section 132 of this
20 title or give or mail a written notice of al-
21 lowance under section 151 of this title not
22 later than 14 months after the date on
23 which the application was filed;

24 “(ii) respond to a reply under section
25 132 of this title or to an appeal taken

1 under section 134 of this title not later
2 than 4 months after the date on which the
3 reply was filed or the appeal was taken;

4 “(iii) act on an application not later
5 than 4 months after the date of a decision
6 by the Board of Patent Appeals and Inter-
7 ferences under section 134 or 135 of this
8 title or a decision by a Federal court under
9 section 141, 145, or 146 of this title where
10 allowable claims remain in an application;

11 or

12 “(iv) issue a patent not later than 4
13 months after the date on which the issue
14 fee was paid under section 151 of this title
15 and all outstanding requirements were sat-
16 isfied.

17 “(2) LIMITATIONS.—

18 “(A) IN GENERAL.—The total duration of
19 any extensions granted pursuant to either sub-
20 clause (iii) or (iv) of paragraph (1)(A) or both
21 such subclauses shall not exceed 10 years. To
22 the extent that periods of delay attributable to
23 grounds specified in paragraph (1) overlap, the
24 period of any extension 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 EXTENSION.—The
4 period of extension 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 con-
8 clude prosecution of the application. The Com-
9 missioner shall prescribe regulations establish-
10 ing the circumstances that constitute a failure
11 of an applicant to engage in reasonable efforts
12 to conclude processing or examination of an ap-
13 plication.

14 “(C) DISCLAIMED TERM.—No patent the
15 term of which has been disclaimed beyond a
16 specified date may be extended under this sec-
17 tion beyond the expiration date specified in the
18 disclaimer.

19 “(3) PROCEDURES.—The Commissioner shall
20 prescribe regulations establishing procedures for the
21 notification of patent term extensions under this
22 subsection and procedures for contesting patent
23 term extensions under this subsection.”.

1 **SEC. 302. EFFECTIVE DATE.**

2 The amendments made by section 301 shall take ef-
 3 feet on the date of the enactment of this Act and, except
 4 for a design patent application filed under chapter 16 of
 5 title 35, United States Code, shall apply to any application
 6 filed on or after June 8, 1995.

7 **TITLE IV—PRIOR DOMESTIC**
 8 **COMMERCIAL USE**

9 **SEC. 401. SHORT TITLE.**

10 This title may be cited as the “Prior Domestic Com-
 11 mercial Use Act of 1997”.

12 **SEC. 402. DEFENSE TO PATENT INFRINGEMENT BASED ON**
 13 **PRIOR DOMESTIC COMMERCIAL USE.**

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

17 **“§ 273. Prior domestic commercial use; defense to in-**
 18 **fringement**

19 “(a) DEFINITIONS.—For purposes of this section—
 20 “(1) the terms ‘commercially used’, ‘commer-
 21 cially use’, and ‘commercial use’ mean the use in the
 22 United States in commerce or the use in the design,
 23 testing, or production in the United States of a
 24 product or service which is used in commerce,
 25 whether or not the subject matter at issue is acces-
 26 sible to or otherwise known to the public;

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

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

14 “(b) DEFENSE TO INFRINGEMENT.—

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

22 “(2) EXHAUSTION OF RIGHT.—The sale or
23 other disposition of the subject matter of a patent
24 by a person entitled to assert a defense under this
25 section with respect to that subject matter shall ex-

1 haust the patent owner's rights under the patent to
2 the extent such rights would have been exhausted
3 had such sale or other disposition been made by the
4 patent owner.

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

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

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

23 “(3) EFFECTIVE AND SERIOUS PREPARA-
24 TION.—With respect to subject matter that cannot
25 be commercialized without a significant investment

1 of time, money, and effort, a person shall be deemed
2 to have commercially used the subject matter if—

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

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

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

21 “(5) ABANDONMENT OF USE.—A person who
22 has abandoned commercial use of subject matter
23 may not rely on activities performed before the date
24 of such abandonment in establishing a defense under

1 subsection (b) with respect to actions taken after the
2 date of such abandonment.

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

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

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

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

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

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

8 **SEC. 403. EFFECTIVE DATE AND APPLICABILITY.**

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

16 **TITLE V—PATENT**

17 **REEXAMINATION REFORM**

18 **SEC. 501. SHORT TITLE.**

19 This title may be cited as the “Patent Reexamination
20 Reform Act of 1997”.

21 **SEC. 502. DEFINITIONS.**

22 Section 100 of title 35, United States Code, is
23 amended by adding at the end the following new sub-
24 section:

1 “(c) The term ‘third-party requester’ means a person
2 requesting reexamination under section 302 of this title
3 who is not the patent owner.”.

4 **SEC. 503. REEXAMINATION PROCEDURES.**

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

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

9 “(a) IN GENERAL.—Any person at any time may file
10 a request for reexamination by the Office of a patent on
11 the basis of any prior art cited under the provisions of
12 section 301 of this title or on the basis of the requirements
13 of section 112 of this title except for the requirement to
14 set forth the best mode of carrying out the invention.

15 “(b) REQUIREMENTS.—The request shall—

16 “(1) be in writing; include the identity of the
17 real party in interest; and be accompanied by pay-
18 ment of a reexamination fee established by the Com-
19 missioner of Patents pursuant to the provisions of
20 section 41 of this title; and

21 “(2) set forth the pertinency and manner of ap-
22 plying cited prior art to every claim for which reex-
23 amination is requested or the manner in which the
24 patent specification or claims fail to comply with the
25 requirements of section 112 of this title.

1 “(c) COPY.—Unless the requesting person is the
2 owner of the patent, the Commissioner promptly shall
3 send a copy of the request to the owner of record of the
4 patent.”

5 (b) DETERMINATION OF ISSUE BY COMMISSIONER.—
6 Section 303 of title 35, United States Code, is amended
7 to read as follows:

8 **“§ 303. Determination of issue by Commissioner**

9 “(a) REEXAMINATION.—Not later than 3 months
10 after the filing of a request for reexamination under the
11 provisions of section 302 of this title, the Commissioner
12 shall determine whether a substantial new question of pat-
13 entability affecting any claim of the patent concerned is
14 raised by the request, with or without consideration of
15 other patents or printed publications. On the Commis-
16 sioner’s initiative, and any time, the Commissioner may
17 determine whether a substantial new question of patent-
18 ability is raised by patents and publications or by the fail-
19 ure of the patent specification or claims to comply with
20 the requirements of section 112 of this title except for the
21 best mode requirement described in section 302.

22 “(b) RECORD.—A record of the Commissioner’s de-
23 termination under subsection (a) shall be placed in the of-
24 ficial file of the patent, and a copy shall be promptly given

1 or mailed to the owner of record of the patent and to the
2 third-party requester, if any.

3 “(e) FINAL DECISION.—A determination by the
4 Commissioner pursuant to subsection (a) shall be final
5 and nonappealable. Upon a determination that no sub-
6 stantial new question of patentability has been raised, the
7 Commissioner may refund a portion of the reexamination
8 fee required under section 302 of this title.”.

9 (c) REEXAMINATION ORDER BY COMMISSIONER.—
10 Section 304 of title 35, United States Code, is amended
11 to read as follows:

12 “§ 304. Reexamination order by Commissioner

13 “If, in a determination made under the provisions of
14 section 303(a) of this title, the Commissioner finds that
15 a substantial new question of patentability affecting a
16 claim of a patent is raised, the determination shall include
17 an order for reexamination of the patent for resolution of
18 the question. The order may be accompanied by the initial
19 action of the Patent Office on the merits of the reexamina-
20 tion conducted in accordance with section 305 of this
21 title.”.

22 (d) CONDUCT OF REEXAMINATION PROCEEDINGS.—
23 Section 305 of title 35, United States Code, is amended
24 to read as follows:

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

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

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

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

18 “(3) If the patent owner files a response to any Pat-
19 ent Office action on the merits, the third-party requester
20 shall have ~~1~~ opportunity to file written comments within
21 a reasonable period not less than ~~1~~ month after the date
22 of service of the patent owner’s response. Written com-
23 ments provided under this paragraph shall be limited to
24 issues covered by the Patent Office action or the patent
25 owner’s response.

1 “(c) ~~SPECIAL DISPATCH.~~—Unless otherwise provided
 2 by the Commissioner for good cause, all reexamination
 3 proceedings under this section, including any appeal to the
 4 Board of Patent Appeals and Interferences, shall be con-
 5 ducted with special dispatch within the Office.”.

6 (c) ~~APPEAL.~~—Section 306 of title 35, United States
 7 Code, is amended to read as follows:

8 **“§ 306. Appeal**

9 “(a) ~~PATENT OWNER.~~—The patent owner involved in
 10 a reexamination proceeding under this chapter—

11 “(1) may appeal under the provisions of section
 12 134 of this title, and may appeal under the provi-
 13 sions of sections 141 through 144 of this title, with
 14 respect to any decision adverse to the patentability
 15 of any original or proposed amended or new claim
 16 of the patent, and

17 “(2) may be a party to any appeal taken by a
 18 third-party requester pursuant to subsection (b) of
 19 this section.

20 “(b) ~~THIRD-PARTY REQUESTER.~~—A third-party re-
 21 quester may—

22 “(1) appeal under the provisions of section 134
 23 of this title, and may appeal under the provisions of
 24 sections 141 through 144 of this title, with respect
 25 to any final decision favorable to the patentability of

1 any original or proposed amended or new claim of
2 the patent; or

3 “(2) be a party to any appeal taken by the pat-
4 ent owner, subject to subsection (c) of this section.

5 “(c) PARTICIPATION AS PARTY.—

6 “(1) IN GENERAL.—A third-party requester
7 who, under the provisions of sections 141 through
8 144 of this title, files a notice of appeal or who par-
9 ticipates as a party to an appeal by the patent owner
10 is estopped from asserting at a later time, in any
11 forum, the invalidity of any claim determined to be
12 patentable on appeal on any ground which the third-
13 party requester raised or could have raised during
14 the reexamination proceedings.

15 “(2) ELECTION TO PARTICIPATE.—A third-
16 party requester is deemed not to have participated
17 as a party to an appeal by the patent owner unless,
18 not later than 20 days after the patent owner has
19 filed notice of appeal, the third-party requester files
20 notice with the Commissioner electing to partici-
21 pate.”.

22 (f) REEXAMINATION PROHIBITED.—

23 “(1) IN GENERAL.—Chapter 30 of title 35,
24 United States Code, is amended by adding at the
25 end the following new section:

1 **“§ 308. Reexamination prohibited**

2 “(a) ORDER FOR REEXAMINATION.—Notwithstand-
3 ing any provision of this chapter, once an order for reex-
4 amination of a patent has been issued under section 304
5 of this title, neither the patent owner nor the third-party
6 requester, if any, nor privies of either, may file a subse-
7 quent request for reexamination of the patent until a reex-
8 amination certificate is issued and published under section
9 307 of this title, unless authorized by the Commissioner.

10 “(b) FINAL DECISION.—Once a final decision has
11 been entered against a party in a civil action arising in
12 whole or in part under section 1338 of title 28 that the
13 party has not sustained its burden of proving the invalidity
14 of any patent claim in suit, then neither that party nor
15 its privies may thereafter request reexamination of any
16 such patent claim on the basis of issues which that party
17 or its privies raised or could have raised in such civil ac-
18 tion, and a reexamination requested by that party or its
19 privies on the basis of such issues may not thereafter be
20 maintained by the Office, notwithstanding any other provi-
21 sion of this chapter.”.

22 (2) TECHNICAL AND CONFORMING AMEND-
23 MENT.—The table of sections for chapter 30 of title
24 35, United States Code, is amended by adding at
25 the 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
8 for issuing each patent, or for an unintentionally de-
9 layed response by the patent owner in a reexamina-
10 tion proceeding, \$1,250, unless the petition is filed
11 under sections 133 or 151 of this title, in which case
12 the fee shall be \$110.”

13 (b) **APPEAL TO THE BOARD OF PATENT APPEALS**
14 **AND INTERFERENCES.**—Section 134 of title 35, United
15 States 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 pat-
19 ent, any of whose claims has been twice rejected, may ap-
20 peal from the decision of the primary examiner to the
21 Board of Patent Appeals and Interferences, having once
22 paid the 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
2 such appeal.

3 “(e) ~~THIRD-PARTY.~~—A third-party requester may
4 appeal to the Board of Patent Appeals and Interferences
5 from the final decision of the primary examiner favorable
6 to the patentability of any original or proposed amended
7 or new claim of a patent, having once paid the fee for
8 such appeal.”.

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

17 (e) ~~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 reexamina-
20 tion cases, the Commissioner shall submit to the court in
21 writing the grounds for the decision of the Patent Office,
22 addressing all the issues involved in the appeal.”.

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

1 **SEC. 505. EFFECTIVE DATE.**

2 This title and the amendments made by this title
3 shall take effect on the date that is 6 months after the
4 date of the enactment of this Act and shall apply to all
5 reexamination requests filed on or after such date.

6 **TITLE VI—MISCELLANEOUS**
7 **PATENT PROVISIONS**

8 **SEC. 601. PROVISIONAL APPLICATIONS.**

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

11 “(5) **ABANDONMENT.**—Notwithstanding the ab-
12 sence of a claim, upon timely request and as pre-
13 scribed by the Commissioner, a provisional applica-
14 tion may be treated as an application filed under
15 subsection (a). If no such request is made, the provi-
16 sional application shall be regarded as abandoned 12
17 months after the filing date of such application and
18 shall not be subject to revival thereafter.”

19 (b) **EFFECTIVE DATE.**—The amendments made by
20 subsection (a) apply to a provisional application filed on
21 or after June 8, 1995.

22 **SEC. 602. INTERNATIONAL APPLICATIONS.**

23 Section 119 of title 35, United States Code, is
24 amended as follows:

1 (1) In subsection (a), insert “or in a WTO
2 member country” after “or to citizens of the United
3 States.”.

4 (2) At the end of section 119 add the following
5 new subsections:

6 “(f) Applications for plant breeder’s rights filed in
7 a WTO member country (or in a foreign UPOV Contract-
8 ing Party) shall have the same effect for the purpose of
9 the right of priority under subsections (a) through (e) of
10 this section as applications for patents, subject to the
11 same conditions and requirements of this section as apply
12 to applications for patents.

13 “(g) As used in this section—

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

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

20 **SEC. 603. PLANT PATENTS.**

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

24 (b) RIGHTS IN PLANT PATENTS.—The text of section
25 163 of title 35, United States Code, is amended to read

1 as follows: “In the case of a plant patent, the grant to
 2 the patentee, such patentee’s heirs or assigns, shall have
 3 the right to exclude others from asexually reproducing the
 4 plant, and from using, offering for sale, or selling the
 5 plant so reproduced, or any of its parts, throughout the
 6 United States, or from importing the plant so reproduced,
 7 or any parts thereof, into the United States.”.

8 (e) **EFFECTIVE DATE.**—The amendments by sub-
 9 section (a) shall apply on the date of enactment of this
 10 Act. The amendments made by subsection (b) shall apply
 11 to any plant patent issued on or after the date of enact-
 12 ment of this Act.

13 **SEC. 604. ELECTRONIC FILING.**

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

17 **SECTION 1. SHORT TITLE.**

18 *This Act may be cited as the “Omnibus Patent Act*
 19 *of 1997”.*

20 **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 Organization 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*

1 *the United States under the policy direction of the Sec-*
2 *retary of Commerce.*

3 **(b) OFFICES.**—*The United States Patent and Trade-*
4 *mark Organization shall maintain its principal office in*
5 *the District of Columbia, or the metropolitan area thereof,*
6 *for the service of process and papers and for the purpose*
7 *of carrying out its powers, duties, and obligations under*
8 *this title. The United States Patent and Trademark Orga-*
9 *nization shall be deemed, for purposes of venue in civil ac-*
10 *tions, to be a resident of the district in which its principal*
11 *office is located except where jurisdiction is otherwise pro-*
12 *vided by law. The United States Patent and Trademark*
13 *Organization may establish satellite offices in such places*
14 *within the United States as it considers necessary and ap-*
15 *propriate in the conduct of its business.*

16 **(c) REFERENCE.**—*For purposes of this title, a ref-*
17 *erence to the “Organization” shall be a reference to the*
18 *United States Patent and Trademark Organization, unless*
19 *the context provides otherwise.*

20 **SEC. 112. POWERS AND DUTIES.**

21 **(a) IN GENERAL.**—*The United States Patent and*
22 *Trademark Organization, under the policy direction of the*
23 *Secretary of Commerce, shall be responsible for—*

24 **(1)** *the granting and issuing of patents and the*
25 *registration of trademarks;*

1 (2) *conducting studies, programs, or exchanges of*
2 *items or services regarding domestic and inter-*
3 *national patent and trademark law, the administra-*
4 *tion of the Organization, or any other function vested*
5 *in the Organization by law, including programs to*
6 *recognize, identify, assess, and forecast the technology*
7 *of patented inventions and their utility to industry;*

8 (3)(A) *authorizing or conducting studies and*
9 *programs cooperatively with foreign patent and*
10 *trademark offices and international organizations, in*
11 *connection with the granting and issuing of patents*
12 *and the registration of trademarks; and*

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

21 (4) *disseminating to the public information with*
22 *respect to patents and trademarks.*

23 (b) *SPECIAL PAYMENTS.*—*The special payments under*
24 *subsection (a)(3)(B) may be in addition to any other pay-*
25 *ments or contributions to international organizations and*

1 *shall not be subject to any limitations imposed by law on*
2 *the amounts of such other payments or contributions by the*
3 *United States Government.*

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

5 *(1) shall have perpetual succession;*

6 *(2) shall adopt and use a corporate seal, which*
7 *shall be judicially noticed and with which letters pat-*
8 *ent, certificates of trademark registrations, and pa-*
9 *pers issued by the Organization shall be authenti-*
10 *cated;*

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

15 *(4) may indemnify the Director of the United*
16 *States Patent and Trademark Organization, the Com-*
17 *missioner of Patents, the Commissioner of Trade-*
18 *marks, and other officers, attorneys, agents, and em-*
19 *ployees (including members of the Management Advi-*
20 *sory Boards of the Patent Office and the Trademark*
21 *Office) of the Organization for liabilities and expenses*
22 *incurred within the scope of their employment;*

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

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

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

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

12 (B) sell, lease, grant, and dispose of such prop-
13 erty as it considers necessary to effectuate the pur-
14 poses of this Act;

15 (7)(A) may make such purchases, contracts for
16 the construction, maintenance, or management and
17 operation of facilities, and contracts for supplies or
18 services, without regard to the provisions of the Fed-
19 eral Property and Administrative Services Act of
20 1949 (40 U.S.C. 471 et seq.), the Public Buildings Act
21 (40 U.S.C. 601 et seq.), and the Stewart B. McKinney
22 Homeless Assistance Act (42 U.S.C. 11301 et seq.);
23 and

24 (B) may enter into and perform such purchases
25 and contracts for printing services, including the

1 *process of composition, platemaking, presswork, silk*
2 *screen processes, binding, microform, and the products*
3 *of such processes, as it considers necessary to carry*
4 *out the functions of the Organization, without regard*
5 *to sections 501 through 517 and 1101 through 1123*
6 *of title 44, United States Code;*

7 (8) *may use, with their consent, services, equip-*
8 *ment, personnel, and facilities of other departments,*
9 *agencies, and instrumentalities of the Federal Govern-*
10 *ment, on a reimbursable basis, and cooperate with*
11 *such other departments, agencies, and instrumental-*
12 *ities in the establishment and use of services, equip-*
13 *ment, and facilities of the Organization;*

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

19 (10) *may use, with the consent of the United*
20 *States and the agency, government, or international*
21 *organization concerned, the services, records, facilities,*
22 *or personnel of any State or local government agency*
23 *or instrumentality or foreign government or inter-*
24 *national organization to perform functions on its be-*
25 *half;*

1 (11) may determine the character of, and the ne-
2 cessity for, its obligations and expenditures and the
3 manner in which they shall be incurred, allowed, and
4 paid, subject to the provisions of title 35, United
5 States Code and the Act of July 5, 1946 (commonly
6 referred to as the Trademark Act of 1946);

7 (12) may retain and use all of its revenues and
8 receipts, including revenues from the sale, lease, or
9 disposal of any real, personal, or mixed property, or
10 any interest therein, of the Organization, including
11 for research and development and capital investment,
12 subject to the provisions of section 10101 of the Omni-
13 bus Budget Reconciliation Act of 1990 (35 U.S.C. 41
14 note);

15 (13) shall have the priority of the United States
16 with respect to the payment of debts from bankrupt,
17 insolvent, and decedents' estates;

18 (14) may accept monetary gifts or donations of
19 services, or of real, personal, intellectual, or mixed
20 property, in order to enhance libraries and museums
21 operated by the Organization, support the educational
22 programs of the Organization, or otherwise carry out
23 the functions of the Organization;

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

4 (16) may provide for liability insurance and in-
5 surance against any loss in connection with its prop-
6 erty, other assets, or operations either by contract or
7 by self-insurance.

8 (d) *RESTRICTIONS ON GIFTS.*—Any acceptance of a
9 gift or donation under subsection (c)(14) shall be subject
10 to section 201 of title 18, United States Code. The Director
11 shall establish regulations for the acceptance of such gifts
12 and donations including regulations prohibiting gifts or do-
13 nations to the Organization by foreign countries.

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

20 **SEC. 113. ORGANIZATION AND MANAGEMENT.**

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

- 23 (1) the Office of the Director;
24 (2) the United States Patent Office; and
25 (3) the United States Trademark Office.

1 **(b) DIRECTOR.**—

2 **(1) IN GENERAL.**—*The management of the United*
3 *States Patent and Trademark Organization shall*
4 *be vested in a Director of the United States Patent*
5 *and Trademark Organization (hereafter in this title*
6 *referred to as the “Director”, unless the context pro-*
7 *vides otherwise), 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. The*
10 *Director shall be a person who, by reason of profes-*
11 *sional background and experience in patent or trade-*
12 *mark law, is especially qualified to manage the Orga-*
13 *nization.*

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

15 *(i) be responsible for the Management and*
16 *direction of the Organization and shall perform*
17 *this duty in a fair, impartial, and equitable*
18 *manner; and*

19 *(ii) strive to meet the goals set forth in the*
20 *performance agreement described under para-*
21 *graph (4).*

22 **(B)** *The Director shall advise the President,*
23 *through and under the policy direction of the Sec-*
24 *retary of Commerce, of all activities of the Organiza-*
25 *tion undertaken in response to obligations of the*

1 *United States under treaties and executive agree-*
2 *ments, or which relate to cooperative programs with*
3 *those authorities of foreign governments that are re-*
4 *sponsible for granting patents or registering trade-*
5 *marks. The Director shall also recommend to the*
6 *President, through and under the policy direction of*
7 *the Secretary of Commerce, changes in law or policy*
8 *which may improve the ability of United States citi-*
9 *zens to secure and enforce patent and trademark*
10 *rights in the United States or in foreign countries.*

11 *(C)(i) At the direction of the President, the Di-*
12 *rector may represent the United States in inter-*
13 *national negotiations on matters of patents or trade-*
14 *marks, or may designate an officer or officers of the*
15 *Organization to participate in such negotiations.*

16 *(ii) Nothing in this subparagraph shall be con-*
17 *strued to alter any statutory responsibility of the Sec-*
18 *retary of State or the United States Trade Represent-*
19 *ative.*

20 *(D) The Director, in consultation with the Direc-*
21 *tor of the Office of Personnel Management, shall*
22 *maintain a program for identifying national security*
23 *positions and providing for appropriate security*
24 *clearances.*

1 (E) *The Director may perform such personnel,*
2 *procurement, and other functions, with respect to the*
3 *United States Patent Office and the United States*
4 *Trademark Office, where a centralized administration*
5 *of such functions would improve the efficiency of the*
6 *Offices, by continuous unanimous agreement of the*
7 *Director, the Commissioner of Patents, and the Com-*
8 *missioner of Trademarks. The agreement shall be in*
9 *writing and shall indicate the allocation of costs*
10 *among the Office of the Director, the United States*
11 *Patent Office, and the United States Trademark Of-*
12 *fice.*

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

15 (i) *the United States Patent Office and the*
16 *United States Trademark Office, respectively,*
17 *shall—*

18 (I) *prepare all appropriation requests*
19 *under section 1108 of title 31, United States*
20 *Code, for each office for submission by the*
21 *Director;*

22 (II) *adjust fees to provide sufficient*
23 *revenues to cover the expenses of such office;*
24 *and*

1 (III) expend funds derived from such
2 fees for only the functions of such office; and

3 (ii) each such office is not involved in the
4 management of any other office.

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

8 (i) the total monies received and expended
9 by the Organization;

10 (ii) the purpose for which the monies were
11 spent;

12 (iii) the amount of any surplus revenues re-
13 tained by the Organization;

14 (iv) the quality and quantity of the work of
15 the Organization; and

16 (v) other information relating to the Orga-
17 nization.

18 (3) OATH.—The Director shall, before taking of-
19 fice, take an oath to discharge faithfully the duties of
20 the Organization.

21 (4) COMPENSATION.—The Director shall receive
22 compensation at the rate of pay in effect for level III
23 of the Executive Schedule under section 5314 of title
24 5, United States Code and, in addition, may receive
25 as a bonus, an amount which would raise total com-

1 *pensation to the equivalent of the level of the rate of*
2 *pay in effect for level II of the Executive Schedule*
3 *under section 5313 of title 5, based upon an evalua-*
4 *tion by the Secretary of Commerce of the Director's*
5 *performance as defined in an annual performance*
6 *agreement between the Director and the Secretary.*
7 *The annual performance agreement shall incorporate*
8 *measurable goals as delineated in an annual perform-*
9 *ance plan agreed to by the Director and the Sec-*
10 *retary.*

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

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

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

21 (c) *OFFICERS AND EMPLOYEES OF THE ORGANIZA-*
22 *TION.—*

23 (1) *COMMISSIONERS OF PATENTS AND TRADE-*
24 *MARKS.—The Director shall appoint a Commissioner*
25 *of Patents and a Commissioner of Trademarks under*

1 *section 3 of title 35, United States Code and section*
2 *53 of the Act of July 5, 1946 (commonly referred to*
3 *as the Trademark Act of 1946), respectively, as*
4 *amended by this Act.*

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

7 (A) *appoint officers, employees (including*
8 *attorneys), and agents of the Organization, who*
9 *shall be citizens of the United States, as the Di-*
10 *rector considers necessary to carry out its func-*
11 *tions;*

12 (B) *fix the compensation of such officers*
13 *and employees, except as provided in subsection*
14 *(e); and*

15 (C) *define the authority and duties of such*
16 *officers and employees and delegate to them such*
17 *of the powers vested in the Organization as the*
18 *Director may determine.*

19 (3) *PERSONNEL LIMITATIONS.—The Organiza-*
20 *tion shall not be subject to any administratively or*
21 *statutorily imposed limitation on positions or person-*
22 *nel, and no positions or personnel of the Organization*
23 *shall be taken into account for purposes of applying*
24 *any such limitation.*

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

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

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

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

20 (A) *Section 3110 (relating to employment of*
21 *relatives; restrictions).*

22 (B) *Subchapter II of chapter 55 (relating to*
23 *withholding pay).*

1 (C) *Subchapters II and III of chapter 73*
 2 *(relating to employment limitations and politi-*
 3 *cal activities, respectively).*

4 (D) *Chapter 71 (relating to labor-manage-*
 5 *ment relations), subject to paragraph (2) and*
 6 *subsection (g).*

7 (E) *Section 3303 (relating to political rec-*
 8 *ommendations).*

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

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

15 (2) *COMPENSATION SUBJECT TO COLLECTIVE*
 16 *BARGAINING.—*

17 (A) *IN GENERAL.—Notwithstanding any*
 18 *other provision of law, for purposes of applying*
 19 *chapter 71 of title 5, United States Code, pursu-*
 20 *ant to paragraph (1)(D), basic pay and other*
 21 *forms of compensation shall be considered to be*
 22 *among the matters as to which the duty to bar-*
 23 *gain in good faith extends under such chapter.*

24 (B) *EXCEPTIONS.—The duty to bargain in*
 25 *good faith shall not, by reason of subparagraph*

1 (A), be considered to extend to any benefit under
2 title 5, United States Code, which is afforded by
3 paragraph (1), (2), (3), or (4) of subsection (g).

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

7 (g) *PROVISIONS OF TITLE 5, UNITED STATES CODE,*
8 *THAT CONTINUE TO APPLY, SUBJECT TO CERTAIN RE-*
9 *QUIREMENTS.*—

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

15 (B)(i) *The amount required of the Organization*
16 *under the second sentence of section 8334(a)(1) of title*
17 *5, United States Code, with respect to any particular*
18 *individual shall, instead of the amount which would*
19 *otherwise apply, be equal to the normal-cost percent-*
20 *age (determined with respect to officers and employees*
21 *of the Organization using dynamic assumptions, as*
22 *defined by section 8401(9) of such title) of the indi-*
23 *vidual's basic pay, minus the amount required to be*
24 *withheld from such pay under such section*
25 *8334(a)(1).*

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

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

10 (C) *The United States Patent and Trademark*
11 *Organization may supplement the benefits provided*
12 *under the preceding provisions of this paragraph.*

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

17 (B)(i) *With respect to any individual who be-*
18 *comes an officer or employee of the Organization pur-*
19 *suant to subsection (i), the eligibility of such individ-*
20 *ual to participate in such program as an annuitant*
21 *(or of any other person to participate in such pro-*
22 *gram as an annuitant based on the death of such in-*
23 *dividual) shall be determined disregarding the re-*
24 *quirements of section 8905(b) of title 5, United States*
25 *Code. The preceding sentence shall not apply if the*

1 *individual ceases to be an officer or employee of the*
2 *Organization for any period of time after becoming*
3 *an officer or employee of the Organization pursuant*
4 *to subsection (i) and before separation.*

5 *(ii) The Government contributions authorized by*
6 *section 8906 of title 5, United States Code, for health*
7 *benefits for anyone participating in the health bene-*
8 *fits program pursuant to this subparagraph shall be*
9 *made by the Organization in the same manner as*
10 *provided under section 8906(g)(2) of such title with*
11 *respect to the United States Postal Service for indi-*
12 *viduals associated therewith.*

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

16 *(C) The Organization may supplement the bene-*
17 *fits provided under the preceding provisions of this*
18 *paragraph.*

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

23 *(B)(i) Eligibility for life insurance coverage after*
24 *retirement or while in receipt of compensation under*
25 *subchapter I of chapter 81 of title 5, United States*

1 *Code, shall be determined, in the case of any individ-*
2 *ual who becomes an officer or employee of the Organi-*
3 *zation pursuant to subsection (i), without regard to*
4 *the requirements of section 8706(b) (1) or (2) of such*
5 *title, but subject to the condition specified in the last*
6 *sentence of paragraph (2)(B)(i) of this subsection.*

7 *(ii) Government contributions under section*
8 *8708(d) of such title on behalf of any such individual*
9 *shall be made by the Organization in the same man-*
10 *ner as provided under paragraph (3) thereof with re-*
11 *spect to the United States Postal Service for individ-*
12 *uals associated therewith.*

13 *(C) The Organization may supplement the bene-*
14 *fits provided under the preceding provisions of this*
15 *paragraph.*

16 *(4) EMPLOYEES' COMPENSATION FUND.—(A) Of-*
17 *ficers and employees of the Organization shall not be-*
18 *come ineligible to participate in the program under*
19 *chapter 81 of title 5, United States Code, relating to*
20 *compensation for work injuries, by reason of sub-*
21 *section (e).*

22 *(B) The Organization shall remain responsible*
23 *for reimbursing the Employees' Compensation Fund,*
24 *pursuant to section 8147 of title 5, United States*
25 *Code, for compensation paid or payable after the ef-*

1 *fective date of this title in accordance with chapter 81*
2 *of title 5, United States Code, with regard to any in-*
3 *jury, disability, or death due to events arising before*
4 *such date, whether or not a claim has been filed or*
5 *is final on such date.*

6 *(h) LABOR-MANAGEMENT RELATIONS.—*

7 *(1) LABOR RELATIONS AND EMPLOYEE RELA-*
8 *TIONS PROGRAMS.—The Organization shall develop*
9 *hiring practices, labor relations and employee rela-*
10 *tions programs with the objective of improving pro-*
11 *ductivity and efficiency, incorporating the following*
12 *principles:*

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

16 *(B) Such programs shall provide veterans*
17 *preference protections equivalent to those estab-*
18 *lished by sections 2108, 3308 through 3318,*
19 *3320, 3502, and 3504 of title 5, United States*
20 *Code.*

21 *(C)(i) The right to work shall not be subject*
22 *to undue restraint or coercion. The right to work*
23 *shall not be infringed or restricted in any way*
24 *based on membership in, affiliation with, or fi-*
25 *nancial support of a labor organization.*

1 (ii) No person shall be required, as a condi-
2 tion of employment or continuation of employ-
3 ment—

4 (I) to resign or refrain from voluntary
5 membership in, voluntary affiliation with,
6 or voluntary financial support of a labor
7 organization;

8 (II) to become or remain a member of
9 a labor organization;

10 (III) to pay any dues, fees, assess-
11 ments, or other charges of any kind or
12 amount to a labor organization;

13 (IV) to pay to any charity or other
14 third party, in lieu of such payments, any
15 amount equivalent to or a pro rata portion
16 of dues, fees, assessments, or other charges
17 regularly required of members of a labor or-
18 ganization; or

19 (V) to be recommended, approved, re-
20 ferred, or cleared by or through a labor or-
21 ganization.

22 (iii) This subparagraph shall not apply to
23 a person described in section 7103(a)(2)(v) of
24 title 5, United States Code, or a “supervisor”,
25 “management official”, or “confidential em-

1 *ployee” as those terms are defined in 7103(a)*
 2 *(10), (11), and (13) of such title.*

3 *(iv) Any labor organization recognized by*
 4 *the Organization as the exclusive representative*
 5 *of a unit of employees of the Organization shall*
 6 *represent the interests of all employees in that*
 7 *unit without discrimination and without regard*
 8 *to labor organization membership.*

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

14 *(i) CARRYOVER OF PERSONNEL.—*

15 *(1) FROM PTO.—Effective as of the effective date*
 16 *of this title, all officers and employees of the Patent*
 17 *and Trademark Office on the day before such effective*
 18 *date shall become officers and employees of the Orga-*
 19 *nization, without a break in service.*

20 *(2) OTHER PERSONNEL.—(A) Any individual*
 21 *who, on the day before the effective date of this title,*
 22 *is an officer or employee of the Department of Com-*
 23 *merce (other than an officer or employee under para-*
 24 *graph (1)) shall be transferred to the Organization*
 25 *if—*

1 (i) such individual serves in a position for
2 which a major function is the performance of
3 work reimbursed by the Patent and Trademark
4 Office, as determined by the Secretary of Com-
5 merce;

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

11 (iii) such transfer would be in the interest
12 of the Organization, as determined by the Sec-
13 retary of Commerce in consultation with the Di-
14 rector.

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

19 (3) ACCUMULATED LEAVE.—The amount of sick
20 and annual leave and compensatory time accumu-
21 lated under title 5, United States Code, before the ef-
22 fective date described in paragraph (1), by any indi-
23 vidual who becomes an officer or employee of the Or-
24 ganization under this subsection, are obligations of
25 the Organization.

1 (4) *TERMINATION RIGHTS.*—*Any employee re-*
2 *ferred to in paragraph (1) or (2) of this subsection*
3 *whose employment with the Organization is termi-*
4 *nated during the 1-year period beginning on the effec-*
5 *tive date of this title shall be entitled to rights and*
6 *benefits, to be afforded by the Organization, similar*
7 *to those such employee would have had under Federal*
8 *law if termination had occurred immediately before*
9 *such date. An employee who would have been entitled*
10 *to appeal any such termination to the Merit Systems*
11 *Protection Board, if such termination had occurred*
12 *immediately before such effective date, may appeal*
13 *any such termination occurring within such 1-year*
14 *period to the Board under such procedures as it may*
15 *prescribe.*

16 (5) *TRANSITION PROVISIONS.*—(A)(i) *On or after*
17 *the effective date of this title, the President shall ap-*
18 *point a Director of the United States Patent and*
19 *Trademark Organization who shall serve until the*
20 *earlier of—*

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

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

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

3 (B) *The individual serving as the Assistant*
4 *Commissioner of Patents on the day before the effec-*
5 *tive date of this title shall serve as the Commissioner*
6 *of Patents until the date on which a Commissioner of*
7 *Patents is appointed under section 3 of title 35, Unit-*
8 *ed States Code, as amended by this Act.*

9 (C) *The individual serving as the Assistant Com-*
10 *missioner of Trademarks on the day before the effec-*
11 *tive date of this title shall serve as the Commissioner*
12 *of Trademarks until the date on which a Commis-*
13 *sioner of Trademarks is appointed under section 53*
14 *of the Act of July 5, 1946 (commonly referred to as*
15 *the Trademark Act of 1946), as amended by this Act.*

16 (j) *COMPETITIVE STATUS.—For purposes of appoint-*
17 *ment to a position in the competitive service for which an*
18 *officer or employee of the Organization is qualified, such*
19 *officer or employee shall not forfeit any competitive status,*
20 *acquired by such officer or employee before the effective date*
21 *of this title, by reason of becoming an officer or employee*
22 *of the Organization under subsection (i).*

23 (k) *SAVINGS PROVISIONS.—Compensation, benefits,*
24 *and other terms and conditions of employment in effect im-*
25 *mediately before the effective date of this title, whether pro-*

1 *vided by statute or by rules and regulations of the former*
 2 *Patent and Trademark Office or the executive branch of the*
 3 *Government of the United States, shall continue to apply*
 4 *to officers and employees of the Organization, until changed*
 5 *in accordance with this section (whether by action of the*
 6 *Director or otherwise).*

7 *(l) REMOVAL OF QUASI-JUDICIAL EXAMINERS.—The*
 8 *Organization may remove a patent examiner or examiner-*
 9 *in-chief, or a trademark examiner or member of a Trade-*
 10 *mark Trial and Appeal Board only for such cause as will*
 11 *promote the efficiency of the Organization.*

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

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

16 **“§ 1. Establishment**

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

23 *“(b) REFERENCE.—For purposes of this title, the Unit-*
 24 *ed States Patent Office shall also be referred to as the ‘Of-*
 25 *fice’ and the ‘Patent Office’.”.*

1 (b) *POWERS AND DUTIES.*—Section 2 of title 35, *Unit-*
2 *ed States Code*, is amended to read as follows:

3 **“§2. Powers and duties**

4 *“The United States Patent Office, under the policy di-*
5 *rection of the Secretary of Commerce through the Director*
6 *of the United States Patent and Trademark Organization,*
7 *shall be responsible for—*

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

9 *“(2) conducting studies, programs, or exchanges*
10 *of items or services regarding domestic and inter-*
11 *national patent law, the administration of the Orga-*
12 *nization, or any other function vested in the Organi-*
13 *zation by law, including programs to recognize, iden-*
14 *tify, assess, and forecast the technology of patented in-*
15 *ventions and their utility to industry;*

16 *“(3) authorizing or conducting studies and pro-*
17 *grams cooperatively with foreign patent offices and*
18 *international organizations, in connection with the*
19 *granting and issuing of patents; and*

20 *“(4) disseminating to the public information*
21 *with respect to patents.*

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

24 **“§3. Officers and employees**

25 *“(a) COMMISSIONER.—*

1 “(1) *IN GENERAL.*—*The management of the*
2 *United States Patent Office shall be vested in a Com-*
3 *missioner of Patents, who shall be a citizen of the*
4 *United States and who shall be appointed by the Di-*
5 *rector of the United States Patent and Trademark*
6 *Organization and shall serve at the pleasure of the*
7 *Director of the United States Patent and Trademark*
8 *Organization. The Commissioner of Patents shall be*
9 *a person who, by reason of professional background*
10 *and experience in patent law, is especially qualified*
11 *to manage the Office.*

12 “(2) *DUTIES.*—

13 “(A) *IN GENERAL.*—*The Commissioner shall*
14 *be responsible for all aspects of the management,*
15 *administration, and operation of the Office, in-*
16 *cluding the granting and issuing of patents, and*
17 *shall perform these duties in a fair, impartial,*
18 *and equitable manner.*

19 “(B) *ADVISING THE DIRECTOR OF THE*
20 *UNITED STATES PATENT AND TRADEMARK ORGA-*
21 *NIZATION.*—*The Commissioner of Patents shall*
22 *advise the Director of the United States Patent*
23 *and Trademark Organization of all activities of*
24 *the Office undertaken in response to obligations*
25 *of the United States under treaties and executive*

1 *agreements, or which relate to cooperative pro-*
2 *grams with those authorities of foreign govern-*
3 *ments that are responsible for granting patents.*
4 *The Commissioner of Patents shall advise the Di-*
5 *rector of the United States Patent and Trade-*
6 *mark Organization on matters of patent law and*
7 *shall recommend to the Director of the United*
8 *States Patent and Trademark Organization*
9 *changes in law or policy which may improve the*
10 *ability of United States citizens to secure and*
11 *enforce patent rights in the United States or in*
12 *foreign countries.*

13 “(C) *REGULATIONS.*—*The Commissioner*
14 *may establish regulations, not inconsistent with*
15 *law, for the conduct of proceedings in the Patent*
16 *Office. The Director of the United States Patent*
17 *and Trademark Organization shall determine*
18 *whether such regulations are consistent with the*
19 *policy direction of the Secretary of Commerce.*

20 “(D) *CONSULTATION WITH THE MANAGE-*
21 *MENT ADVISORY BOARD.*—*(i) The Commissioner*
22 *shall consult with the Management Advisory*
23 *Board established in section 5—*

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

1 “(II) before submitting budgetary pro-
2 posals to the Director of the United States
3 Patent and Trademark Organization for
4 submission to the Office of Management and
5 Budget or changing or proposing to change
6 patent user fees or patent regulations.

7 “(ii) The Director of the United States Pat-
8 ent and Trademark Organization shall deter-
9 mine whether such fees or regulations are con-
10 sistent with the policy direction of the Secretary
11 of Commerce.

12 “(3) OATH.—The Commissioner shall, before tak-
13 ing office, take an oath to discharge faithfully the du-
14 ties of the Office.

15 “(4) COMPENSATION.—

16 “(A) IN GENERAL.—The Commissioner shall
17 receive compensation at the rate of pay in effect
18 for level IV of the Executive Schedule under sec-
19 tion 5315 of title 5.

20 “(B) BONUS.—In addition to compensation
21 under subparagraph (A), the Commissioner may,
22 at the discretion of the Director of the United
23 States Patent and Trademark Organization, re-
24 ceive as a bonus, an amount which would raise
25 total compensation to the equivalent of the rate

1 *of pay in effect for level III of the Executive*
2 *Schedule under section 5314 of title 5.*

3 “(b) *OFFICERS AND EMPLOYEES.*—

4 “(1) *DEPUTY COMMISSIONER OF PATENTS.*—*The*
5 *Commissioner shall appoint a Deputy Commissioner*
6 *of Patents who shall be vested with the authority to*
7 *act in the capacity of the Commissioner in the event*
8 *of the absence or incapacity of the Commissioner. In*
9 *the event of a vacancy in the office of Commissioner,*
10 *the Deputy Commissioner shall fill the office of Com-*
11 *missioner until a new Commissioner is appointed*
12 *and takes office.*

13 “(2) *OMBUDSMAN.*—*The Commissioner shall ap-*
14 *point an ombudsman to advise the Commissioner on*
15 *the concerns of independent inventors, nonprofit orga-*
16 *nizations, and small business concerns.*

17 “(3) *OTHER OFFICERS AND EMPLOYEES.*—*Other*
18 *officers, attorneys, employees, and agents shall be se-*
19 *lected and appointed by the Commissioner, and shall*
20 *be vested with such powers and duties as the Commis-*
21 *sioner may determine.”.*

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

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

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

4 “(1) *APPOINTMENT.*—*The United States Patent*
5 *Office shall have a Management Advisory Board*
6 *(hereafter in this title referred to as the ‘Advisory*
7 *Board’) of 5 members, who shall be appointed by the*
8 *President and shall serve at the pleasure of the Presi-*
9 *dent. Not more than 3 of the 5 members shall be mem-*
10 *bers of the same political party. At least 1 member*
11 *shall be an independent inventor, as defined in regu-*
12 *lations issued by the Commissioner.*

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

16 “(3) *TIMING OF APPOINTMENTS.*—*Initial ap-*
17 *pointments to the Advisory Board shall be made with-*
18 *in 3 months after the effective date of the United*
19 *States Patent and Trademark Organization Act of*
20 *1997. Vacancies shall be filled in the manner in*
21 *which the original appointment was made under this*
22 *subsection within 3 months after they occur.*

23 “(b) *BASIS FOR APPOINTMENTS.*—*Members of the Ad-*
24 *visory Board shall be citizens of the United States who shall*
25 *be chosen so as to represent the interests of diverse users*
26 *of the United States Patent Office, and shall include indi-*

1 *viduals with substantial background and achievement in*
2 *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 Patent Of-*
8 *fice, and advise the Commissioner on these matters;*

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

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

13 “(B) *transmit the report to the Director of*
14 *the United States Patent and Trademark Orga-*
15 *nization, the President, and the Committees on*
16 *the Judiciary of the Senate and the House of*
17 *Representatives; and*

18 “(C) *publish the report in the Patent Office*
19 *Official Gazette.*

20 “(f) *COMPENSATION.*—*Each member of the Advisory*
21 *Board shall be compensated for each day (including travel*
22 *time) during which such member is attending meetings or*
23 *conferences of the Advisory Board or otherwise engaged in*
24 *the business of the Advisory Board, at the rate which is*
25 *the daily equivalent of the annual rate of basic pay in effect*

1 *for level III of the Executive Schedule under section 5314*
 2 *of title 5, and while away from such member's home or reg-*
 3 *ular place of business such member may be allowed travel*
 4 *expenses, including per diem in lieu of subsistence, as au-*
 5 *thorized by section 5703 of title 5.*

6 “(g) *ACCESS TO INFORMATION.*—*Members of the Advi-*
 7 *sory Board shall be provided access to records and informa-*
 8 *tion in the United States Patent Office, except for personnel*
 9 *or other privileged information and information concerning*
 10 *patent applications required to be kept in confidence by sec-*
 11 *tion 122.*

12 “(h) *APPLICABILITY OF CERTAIN ETHICS LAWS.*—
 13 *Members of the Advisory Board shall be special Government*
 14 *employees within the meaning of section 202 of title 18.”.*

15 “(e) *CONFORMING AMENDMENTS.*—*Section 6 of title 35,*
 16 *United States Code, and the item relating to such section*
 17 *in the table of contents for chapter 1 of title 35, United*
 18 *States Code, are repealed.*

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

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

23 “(a) *ESTABLISHMENT AND COMPOSITION.*—*There shall*
 24 *be in the United States Patent Office a Board of Patent*
 25 *Appeals and Interferences. The Commissioner, the Deputy*

1 *Commissioner, and the administrative patent judges shall*
 2 *constitute the Board. The administrative patent judges shall*
 3 *be persons of competent legal knowledge and scientific abil-*
 4 *ity.*

5 “(b) *DUTIES.—*

6 “(1) *IN GENERAL.—The Board of Patent Appeals*
 7 *and Interferences shall, on written appeal of an ap-*
 8 *plicant, a patent owner, or a third-party requester in*
 9 *a reexamination proceeding—*

10 “(A) *review adverse decisions of examin-*
 11 *ers—*

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

13 “(ii) *in reexamination proceedings;*

14 *and*

15 “(B) *determine priority and patentability*
 16 *of invention in interferences declared under sec-*
 17 *tion 135(a).*

18 “(2) *HEARINGS.—Each appeal and interference*
 19 *shall be heard by at least 3 members of the Board,*
 20 *who shall be designated by the Deputy Commissioner.*
 21 *Only the Board of Patent Appeals and Interferences*
 22 *may grant rehearings.”*

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

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

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

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

9 *“(2) the purposes for which the moneys were*
 10 *spent;*

11 *“(3) the quality and quantity of the work of the*
 12 *Office; and*

13 *“(4) other information relating to the Office.”.*

14 *(h) PRACTICE BEFORE PATENT OFFICE.—*

15 *(1) IN GENERAL.—Section 31 of title 35, United*
 16 *States Code, is amended to read as follows:*

17 **“§ 31. Regulations for agents and attorneys**

18 *“The Commissioner may prescribe regulations govern-*
 19 *ing the recognition and conduct of agents, attorneys, or*
 20 *other persons representing applicants or other parties before*
 21 *the Office. The regulations may require such persons, before*
 22 *being recognized as representatives of applicants or other*
 23 *persons, to show that they are of good moral character and*
 24 *reputation and are possessed of the necessary qualifications*
 25 *to render to applicants or other persons valuable service,*

1 *advice, and assistance in the presentation or prosecution*
2 *of their applications or other business before the Office.”.*

3 (2) *DESIGNATION OF ATTORNEY TO CONDUCT*
4 *HEARING.—Section 32 of title 35, United States Code,*
5 *is amended in the first sentence by striking “Patent*
6 *and Trademark Office” and inserting “Patent Office”*
7 *and by inserting before the last sentence the following:*
8 *“The Commissioner shall have the discretion to des-*
9 *ignate any attorney who is an officer or employee of*
10 *the United States Patent Office to conduct the hearing*
11 *required by this section.”.*

12 (i) *FUNDING.—*

13 (1) *ADJUSTMENT OF FEES.—Section 41(f) of*
14 *title 35, United States Code, is amended to read as*
15 *follows:*

16 *“(f) The Commissioner, after consulting with the Pat-*
17 *ent Office Management Advisory Board pursuant to section*
18 *3(a)(2)(C) of this title and after notice and opportunity for*
19 *full participation by interested public and private parties,*
20 *may, by regulation, adjust the fees established in this sec-*
21 *tion. The Director of the United States Patent and Trade-*
22 *mark Organization shall determine whether such fees are*
23 *consistent with the policy direction of the Secretary of Com-*
24 *merce.”.*

1 (2) *PATENT OFFICE FUNDING.*—Section 42 of
2 *title 35, United States Code, is amended to read as*
3 *follows:*

4 **“§42. Patent Office funding**

5 “(a) *FEES PAYABLE TO THE OFFICE.*—All fees for
6 *services performed by or materials furnished by the United*
7 *States Patent Office shall be payable to the Office.*

8 “(b) *USE OF MONEYS.*—Moneys from fees shall be
9 *available to the United States Patent Office to carry out,*
10 *to the extent provided in appropriations Acts, the functions*
11 *of the Office. Moneys of the Office not otherwise used to*
12 *carry out the functions of the Office shall be kept in cash*
13 *on hand or on deposit, or invested in obligations of the*
14 *United States or guaranteed by the United States, or in*
15 *obligations or other instruments which are lawful invest-*
16 *ments for fiduciary, trust, or public funds. Fees available*
17 *to the Commissioner under this title shall be used only for*
18 *the processing of patent applications and for other services*
19 *and materials relating to patents, including the agreed*
20 *upon share of any centralized function, as set forth in sec-*
21 *tion 113(b)(2)(E) of the United States Patent and Trade-*
22 *mark Organization Act of 1997.*

23 “(c) *CONTRIBUTION TO THE OFFICE OF THE DIREC-*
24 *TOR OF THE UNITED STATES PATENT AND TRADEMARK*
25 *ORGANIZATION.*—The Patent Office shall contribute 50 per-

1 cent of the annual budget of the Office of the Director of
2 the United States Patent and Trademark Organization.”.

3 **SEC. 115. UNITED STATES TRADEMARK OFFICE.**

4 (a) *ESTABLISHMENT OF THE UNITED STATES TRADE-*
5 *MARK OFFICE AS A SEPARATE ADMINISTRATIVE UNIT.—*

6 *The Act of July 5, 1946 (commonly referred to as the Trade-*
7 *mark Act of 1946) is amended—*

8 (1) *by redesignating titles X and XI as titles XI*
9 *and XII, respectively;*

10 (2) *by redesignating sections 45, 46, 47, 48, 49,*
11 *50, and 51 as sections 61, 71, 72, 73, 74, 75, and 76,*
12 *respectively; and*

13 (3) *by inserting after title IX the following new*
14 *title:*

15 **“TITLE X—UNITED STATES**
16 **TRADEMARK OFFICE**

17 **“SEC. 51. ESTABLISHMENT.**

18 “(a) *ESTABLISHMENT.—The United States Trademark*
19 *Office is established as a separate administrative unit of*
20 *the United States Patent and Trademark Organization.*

21 “(b) *REFERENCE.—For purposes of this chapter, the*
22 *United States Trademark Office shall also be referred to as*
23 *the ‘Office’ and the ‘Trademark Office’.*

1 **“SEC. 52. POWERS AND DUTIES.**

2 *“The United States Trademark Office, under the policy*
3 *direction of the Secretary of Commerce through the Director*
4 *of the United States Patent and Trademark Organization,*
5 *shall be responsible for—*

6 *“(1) the registration of trademarks;*

7 *“(2) conducting studies, programs, or exchanges*
8 *of items or services regarding domestic and inter-*
9 *national trademark law or the administration of the*
10 *Office;*

11 *“(3) authorizing or conducting studies and pro-*
12 *grams cooperatively with foreign trademark offices*
13 *and international organizations, in connection with*
14 *the registration of trademarks; and*

15 *“(4) disseminating to the public information*
16 *with respect to trademarks.*

17 **“SEC. 53. OFFICERS AND EMPLOYEES.**

18 *“(a) COMMISSIONER.—*

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

1 *shall be a person who, by reason of professional back-*
2 *ground and experience in trademark law, is especially*
3 *qualified 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 registration of trademarks, and shall*
9 *perform these duties in a fair, impartial, and eq-*
10 *uitable manner.*

11 “(B) *ADVISING THE DIRECTOR OF THE*
12 *UNITED STATES PATENT AND TRADEMARK ORGA-*
13 *NIZATION.—The Commissioner of Trademarks*
14 *shall advise the Director of the United States*
15 *Patent and Trademark Organization of all ac-*
16 *tivities of the Office undertaken in response to*
17 *obligations of the United States under treaties*
18 *and executive agreements, or which relate to co-*
19 *operative programs with those authorities of for-*
20 *oreign governments that are responsible for reg-*
21 *istering trademarks. The Commissioner of Trade-*
22 *marks shall advise the Director of the United*
23 *States Patent and Trademark Organization on*
24 *matters of trademark law and shall recommend*
25 *to the Director of the United States Patent and*

1 *Trademark Organization changes in law or pol-*
2 *icy which may improve the ability of United*
3 *States citizens to secure and enforce trademark*
4 *rights in the United States or in foreign coun-*
5 *tries.*

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

14 “(D) *CONSULTATION WITH THE MANAGE-*
15 *MENT ADVISORY BOARD.*—(i) *The Commissioner*
16 *shall consult with the Trademark Office Manage-*
17 *ment Advisory Board established under section*
18 *54—*

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

21 “(II) *before submitting budgetary pro-*
22 *posals to the Director of the United States*
23 *Patent and Trademark Organization for*
24 *submission to the Office of Management and*
25 *Budget or changing or proposing to change*

1 *trademark user fees or trademark regula-*
2 *tions.*

3 “(i) *The Director of the United States Pat-*
4 *ent and Trademark Organization shall deter-*
5 *mine whether such fees or regulations are con-*
6 *sistent with the policy direction of the Secretary*
7 *of Commerce.*

8 “(E) *PUBLICATIONS.—(i) The Commis-*
9 *sioner may print, or cause to be printed, the fol-*
10 *lowing:*

11 “(I) *Certificates of trademark registra-*
12 *tions, including statements and drawings,*
13 *together with copies of the same.*

14 “(II) *The Official Gazette of the United*
15 *States Trademark Office.*

16 “(III) *Annual indexes of trademarks*
17 *and registrants.*

18 “(IV) *Annual volumes of decisions in*
19 *trademark cases.*

20 “(V) *Pamphlet copies of laws and rules*
21 *relating to trademarks and circulars or*
22 *other publications relating to the business of*
23 *the Office.*

24 “(i) *The Commissioner may exchange any*
25 *of the publications specified under clause (i) for*

1 *publications desirable for the use of the Trade-*
2 *mark Office.*

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

6 “(4) *COMPENSATION.*—

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

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

19 “(b) *OFFICERS AND EMPLOYEES.*—*The Commissioner*
20 *shall appoint a Deputy Commissioner of Trademarks who*
21 *shall be vested with the authority to act in the capacity*
22 *of the Commissioner in the event of the absence or incapac-*
23 *ity of the Commissioner. In the event of a vacancy in the*
24 *office of Commissioner, the Deputy Commissioner shall fill*
25 *the office of Commissioner until a new Commissioner is ap-*

1 *pointed and takes office. Other officers, attorneys, employ-*
 2 *ees, and agents shall be selected and appointed by the Com-*
 3 *missioner, and shall be vested with such powers and duties*
 4 *as the Commissioner may determine.*

5 **“SEC. 54. TRADEMARK OFFICE MANAGEMENT ADVISORY**
 6 **BOARD.**

7 *“(a) ESTABLISHMENT OF MANAGEMENT ADVISORY*
 8 *BOARD.—*

9 *“(1) APPOINTMENT.—The United States Trade-*
 10 *mark Office shall have a Management Advisory*
 11 *Board (hereafter in this title referred to as the ‘Advi-*
 12 *sory Board’) of 5 members, who shall be appointed by*
 13 *the President and shall serve at the pleasure of the*
 14 *President. Not more than 3 of the 5 members shall be*
 15 *members of the same political party.*

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

19 *“(3) TIMING OF APPOINTMENTS.—Initial ap-*
 20 *pointments to the Advisory Board shall be made with-*
 21 *in 3 months after the effective date of the United*
 22 *States Patent and Trademark Organization Act of*
 23 *1997. Vacancies shall be filled in the manner in*
 24 *which the original appointment was made under this*
 25 *section within 3 months after they occur.*

1 “(b) *BASIS FOR APPOINTMENTS.*—*Members of the Ad-*
2 *visory Board shall be citizens of the United States who shall*
3 *be chosen so as to represent the interests of diverse users*
4 *of the United States Trademark Office, and shall include*
5 *individuals with substantial background and achievement*
6 *in corporate finance and management.*

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

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

10 “(1) *review the policies, goals, performance,*
11 *budget, and user fees of the United States Trademark*
12 *Office, and advise the Commissioner on these matters;*
13 *and*

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

16 “(A) *prepare an annual report on the mat-*
17 *ters referred to under paragraph (1);*

18 “(B) *transmit the report to the Director of*
19 *the United States Patent and Trademark Orga-*
20 *nization, the President, and the Committees on*
21 *the Judiciary of the Senate and the House of*
22 *Representatives; and*

23 “(C) *publish the report in the Trademark*
24 *Office Official Gazette.*

1 “(f) *COMPENSATION.*—*Each member of the Advisory*
2 *Board shall be compensated for each day (including travel*
3 *time) during which such member is attending meetings or*
4 *conferences of the Advisory Board or otherwise engaged in*
5 *the business of the Advisory Board, at the rate which is*
6 *the daily equivalent of the annual rate of basic pay in effect*
7 *for level III of the Executive Schedule under section 5314*
8 *of title 5, United States Code, and while away from such*
9 *member’s home or regular place of business such member*
10 *may be allowed travel expenses, including per diem in lieu*
11 *of subsistence, as authorized by section 5703 of title 5, Unit-*
12 *ed States Code.*

13 “(g) *ACCESS TO INFORMATION.*—*Members of the Advi-*
14 *sory Board shall be provided access to records and informa-*
15 *tion in the United States Trademark Office, except for per-*
16 *sonnel or other privileged information.*

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

20 “**SEC. 55. ANNUAL REPORT TO CONGRESS.**

21 “*The Commissioner shall report to the Director of the*
22 *United States Patent and Trademark Organization such*
23 *information as the Director is required to report to Con-*
24 *gress annually under chapter 91 of title 5, including—*

1 “(1) the moneys received and expended by the
2 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 **“SEC. 56. TRADEMARK OFFICE FUNDING.**

9 “(a) *FEES PAYABLE TO THE OFFICE.*—All fees for
10 services performed by or materials furnished by the United
11 States Trademark Office shall be payable to the Office.

12 “(b) *USE OF MONEYS.*—Moneys from fees shall be
13 available to the United States Trademark Office to carry
14 out, to the extent provided in appropriations Acts, the func-
15 tions of the Office. Moneys of the Office not otherwise used
16 to carry out the functions of the Office shall be kept in cash
17 on hand or on deposit, or invested in obligations of the
18 United States or guaranteed by the United States, or in
19 obligations or other instruments which are lawful invest-
20 ments for fiduciary, trust, or public funds. Fees available
21 to the Commissioner under this chapter shall be used only
22 for the registration of trademarks and for other services and
23 materials relating to trademarks, including the agreed upon
24 share of any centralized function, as set forth in section

1 113(b)(2)(E) of the United States Patent and Trademark
2 Organization Act of 1997.

3 “(c) CONTRIBUTION TO THE OFFICE OF THE DIREC-
4 TOR OF THE UNITED STATES PATENT AND TRADEMARK
5 ORGANIZATION.—The Trademark Office shall contribute 50
6 percent of the annual budget of the Office of the Director
7 of the United States Patent and Trademark Organization.”.

8 (b) TRADEMARK TRIAL AND APPEAL BOARD.—Section
9 17 of the Act of July 5, 1946 (commonly referred to as the
10 Trademark Act of 1946) (15 U.S.C. 1067) is amended to
11 read as follows:

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

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

23 (c) DETERMINATION OF FEES.—Section 31(a) of the
24 Act of July 5, 1946 (commonly referred to as the Trademark
25 Act of 1946) (15 U.S.C. 1067(a)) is amended by striking

1 *the second and third sentences and inserting the following:*
 2 *“Fees established under this subsection may be adjusted by*
 3 *the Commissioner, after consulting with the Trademark Of-*
 4 *fice Management Advisory Board in accordance with sec-*
 5 *tion 53(a)(2)(C) of this Act and after notice and oppor-*
 6 *tunity for full participation by interested public and pri-*
 7 *vate parties. The Director of the United States Patent and*
 8 *Trademark Organization shall determine whether such fees*
 9 *are consistent with the policy direction of the Secretary of*
 10 *Commerce.”.*

11 **SEC. 116. SUITS BY AND AGAINST THE ORGANIZATION.**

12 (a) *ACTIONS UNDER UNITED STATES LAW.—Any civil*
 13 *action or proceeding to which the United States Patent and*
 14 *Trademark Organization is a party is deemed to arise*
 15 *under the laws of the United States. The Federal courts*
 16 *shall have exclusive jurisdiction over all civil actions by or*
 17 *against the Organization.*

18 (b) *REPRESENTATION BY THE DEPARTMENT OF JUS-*
 19 *TICE.—The United States Patent and Trademark Organi-*
 20 *zation shall be deemed an agency of the United States for*
 21 *purposes of section 516 of title 28, United States Code.*

22 (c) *PROHIBITION ON ATTACHMENT, LIENS, OR SIMI-*
 23 *LAR PROCESS.—No attachment, garnishment, lien, or simi-*
 24 *lar process, intermediate or final, in law or equity, may*
 25 *be issued against property of the Organization.*

1 **SEC. 117. FUNDING.**

2 (a) *IN GENERAL.*—*The activities of the United States*
3 *Patent and Trademark Organization and each office of the*
4 *Organization shall be funded entirely through fees payable*
5 *to the United States Patent Office (under section 42 of title*
6 *35, United States Code) and the United States Trademark*
7 *Office (under section 56 of the Act of July 5, 1946 (com-*
8 *monly known as the Trademark Act of 1946)), and sur-*
9 *charges appropriated by Congress, to the extent provided*
10 *in appropriations Acts and subject to the provisions of sub-*
11 *section (b).*

12 (b) *BORROWING AUTHORITY.*—

13 (1) *IN GENERAL.*—*The United States Patent and*
14 *Trademark Organization is authorized to issue from*
15 *time to time for purchase by the Secretary of the*
16 *Treasury its debentures, bonds, notes, and other evi-*
17 *dences of indebtedness (hereafter in this subsection re-*
18 *ferred to as “obligations”) to assist in financing the*
19 *activities of the United States Patent Office and the*
20 *United States Trademark Office. Borrowing under*
21 *this section shall be subject to prior approval in ap-*
22 *propriations Acts. Such borrowing shall not exceed*
23 *amounts approved in appropriations Acts.*

24 (2) *BORROWING AUTHORITY.*—*Any borrowing*
25 *under this subsection shall be repaid only from fees*
26 *paid to the Office for which such obligations were is-*

1 *sued and surcharges appropriated by Congress. Such*
2 *obligations shall be redeemable at the option of the*
3 *United States Patent and Trademark Organization*
4 *before maturity in the manner stipulated in such ob-*
5 *ligations and shall have such maturity as is deter-*
6 *mined by the United States Patent and Trademark*
7 *Organization with the approval of the Secretary of*
8 *the Treasury. Each such obligation issued to the*
9 *Treasury shall bear interest at a rate not less than the*
10 *current yield on outstanding marketable obligations of*
11 *the United States of comparable maturity during the*
12 *month preceding the issuance of the obligation as de-*
13 *termined by the Secretary of the Treasury.*

14 (3) *PURCHASE OF OBLIGATIONS.*—*The Secretary*
15 *of the Treasury shall purchase any obligations of the*
16 *United States Patent and Trademark Organization*
17 *issued under this subsection and for such purpose the*
18 *Secretary of the Treasury is authorized to use as a*
19 *public-debt transaction the proceeds of any securities*
20 *issued under chapter 31 of title 31, United States*
21 *Code, and the purposes for which securities may be is-*
22 *sued under that chapter are extended to include such*
23 *purpose.*

24 (4) *TREATMENT.*—*Payment under this sub-*
25 *section of the purchase price of such obligations of the*

1 *United States Patent and Trademark Organization*
2 *shall be treated as public debt transactions of the*
3 *United States.*

4 **SEC. 118. TRANSFERS.**

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

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

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

3 **SEC. 119. USE OF ORGANIZATION NAME.**

4 *The use of the terms “United States Patent and Trade-*
 5 *mark Organization”, “Patent and Trademark Office”,*
 6 *“United States Patent Office”, “Patent Office”, “United*
 7 *States Trademark Office”, “Trademark Office”, or any*
 8 *combination of such terms, as the name or part thereof*
 9 *under which an individual or entity does business, is pro-*
 10 *hibited. A violation of this section may be enjoined by any*
 11 *Federal court at the suit of the Organization. In any such*
 12 *suit, the Organization shall be entitled to statutory damages*
 13 *of \$1,000 for each day during which such violation contin-*
 14 *ues or is repeated following notice by the Organization and,*
 15 *in addition, may recover actual damages flowing from such*
 16 *violations.*

17 ***Subtitle B—Effective Date;***
 18 ***Technical Amendments***

19 **SEC. 131. EFFECTIVE DATE.**

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

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

24 *(a) AMENDMENTS TO TITLE 35.—*

1 (1) *TABLE OF PARTS.*—*The item relating to part*
 2 *I in the table of parts for title 35, United States Code,*
 3 *is amended to read as follows:*

“*I. United States Patent Office 1.*”.

4 (2) *HEADING.*—*The heading for part I of title*
 5 *35, United States Code, is amended to read as follows:*

6 **“PART I—UNITED STATES PATENT OFFICE”.**

7 (3) *TABLE OF CHAPTERS.*—*The table of chapters*
 8 *for part I of title 35, United States Code, is amended*
 9 *by amending the item relating to chapter 1 to read*
 10 *as follows:*

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

11 (4) *TABLE OF SECTIONS.*—*The table of sections*
 12 *for chapter 1 of title 35, United States Code, is*
 13 *amended to read as follows:*

14 **“CHAPTER 1—ESTABLISHMENT, OFFICERS**
 15 **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.*”.

1 (5) *COMMISSIONER OF PATENTS AND TRADE-*
2 *MARKS.—(A) Section 41(h)(1) of title 35, United*
3 *States Code, is amended by striking “Commissioner of*
4 *Patents and Trademarks” and inserting “Commis-*
5 *sioner”.*

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

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

12 (6) *PATENT AND TRADEMARK OFFICE.—The pro-*
13 *visions of title 35, United States Code, are amended*
14 *by striking “Patent and Trademark Office” each*
15 *place it appears and inserting “Patent Office”.*

16 (7) *SECRETARY OF COMMERCE.—Section 157(d)*
17 *of title 35, United States Code, is amended by strik-*
18 *ing “Secretary of Commerce” and inserting “Director*
19 *of the United States Patent and Trademark Organi-*
20 *zation”.*

21 (b) *AMENDMENTS TO THE TRADEMARK ACT OF*
22 *1946.—*

23 (1) *REFERENCES.—All amendments in this sub-*
24 *section refer to the Act of July 5, 1946 (commonly re-*
25 *ferred to as the Trademark Act of 1946).*

1 (2) *AMENDMENTS RELATING TO COMMIS-*
2 *SIONER.—Section 61 (as redesignated by section*
3 *115(a)(2) of this Act) is amended by striking the un-*
4 *designated paragraph relating to the definition of the*
5 *term “Commissioner” and inserting the following:*

6 *“The term ‘Commissioner’ means the Commissioner of*
7 *Trademarks.”.*

8 (3) *AMENDMENTS RELATING TO PATENT AND*
9 *TRADEMARK OFFICE.—(A) Section 1(a)(1) is amended*
10 *by striking “Patent and Trademark Office” and in-*
11 *serting “Trademark Office”.*

12 (B) *Section 1(a)(2) is amended by striking “Pat-*
13 *ent and Trademark Office” and inserting “Trade-*
14 *mark Office”.*

15 (C) *Section 1(b)(1) is amended by striking “Pat-*
16 *ent and Trademark Office” and inserting “Trade-*
17 *mark Office”.*

18 (D) *Section 1(b)(2) is amended by striking “Pat-*
19 *ent and Trademark Office” and inserting “Trade-*
20 *mark Office”.*

21 (E) *Section 1(d)(1) is amended by striking “Pat-*
22 *ent and Trademark Office” each place such term ap-*
23 *pears and inserting “Trademark Office”.*

1 (F) Section 1(e) is amended by striking “Patent
2 and Trademark Office” and inserting “Trademark
3 Office”.

4 (G) Section 2(d) is amended by striking “Patent
5 and Trademark Office” and inserting “Trademark
6 Office”.

7 (H) Section 7(a) is amended by striking “Patent
8 and Trademark Office” each place such term appears
9 and inserting “Trademark Office”.

10 (I) Section 7(d) is amended by striking “Patent
11 and Trademark Office” and inserting “Trademark
12 Office”.

13 (J) Section 7(e) is amended by striking “Patent
14 and Trademark Office” each place such term appears
15 and inserting “Trademark Office”.

16 (K) Section 7(f) is amended by striking “Patent
17 and Trademark Office” each place such term appears
18 and inserting “Trademark Office”.

19 (L) Section 7(g) is amended by striking “Patent
20 and Trademark Office” each place such term appears
21 and inserting “Trademark Office”.

22 (M) Section 8(a) is amended by striking “Patent
23 and Trademark Office” and inserting “Trademark
24 Office”.

1 (N) Section 8(b) is amended by striking “Patent
2 and Trademark Office” and inserting “Trademark
3 Office”.

4 (O) Section 10 is amended by striking “Patent
5 and Trademark Office” each place such term appears
6 and inserting “Trademark Office”.

7 (P) Section 12(a) is amended by striking “Pat-
8 ent and Trademark Office” and inserting “Trade-
9 mark Office”.

10 (Q) Section 13(a) is amended by striking “Pat-
11 ent and Trademark Office” and inserting “Trade-
12 mark Office”.

13 (R) Section 13(b)(1) is amended by striking
14 “Patent and Trademark Office” each place such term
15 appears and inserting “Trademark Office”.

16 (S) Section 15(2) is amended by striking “Pat-
17 ent and Trademark Office” and inserting “Trade-
18 mark Office”.

19 (T) Section 17 is amended by striking “Patent
20 and Trademark Office” and inserting “Trademark
21 Office”.

22 (U) Section 21(a)(2) is amended by striking
23 “Patent and Trademark Office” and inserting
24 “Trademark Office”.

1 (V) Section 21(a)(3) is amended by striking
2 “Patent and Trademark Office” each place such term
3 appears and inserting “Trademark Office”.

4 (W) Section 21(a)(4) is amended by striking
5 “Patent and Trademark Office” each place such term
6 appears and inserting “Trademark Office”.

7 (X) Section 21(b)(3) is amended by striking
8 “Patent and Trademark Office” each place such term
9 appears and inserting “Trademark Office”.

10 (Y) Section 21(b)(4) is amended by striking
11 “Patent and Trademark Office” and inserting
12 “Trademark Office”.

13 (Z) Section 24 is amended by striking “Patent
14 and Trademark Office” and inserting “Trademark
15 Office”.

16 (AA) Section 29 is amended by striking “Patent
17 and Trademark Office” each place such term appears
18 and inserting “Trademark Office”.

19 (BB) Section 30 is amended by striking “Patent
20 and Trademark Office” and inserting “Trademark
21 Office”.

22 (CC) Section 31(a) is amended by striking “Pat-
23 ent and Trademark Office” and inserting “Trade-
24 mark Office”.

1 *(DD) Section 34(a) is amended by striking*
2 *“Patent and Trademark Office” and inserting*
3 *“Trademark Office”.*

4 *(EE) Section 34(d)(1)(B)(i) is amended by strik-*
5 *ing “Patent and Trademark Office” and inserting*
6 *“Trademark Office”.*

7 *(FF) Section 35(a) is amended by striking “Pat-*
8 *ent and Trademark Office” and inserting “Trade-*
9 *mark Office”.*

10 *(GG) Section 36 is amended by striking “Patent*
11 *and Trademark Office” and inserting “Trademark*
12 *Office”.*

13 *(HH) Section 37 is amended by striking “Patent*
14 *and Trademark Office” and inserting “Trademark*
15 *Office”.*

16 *(II) Section 38 is amended by striking “Patent*
17 *and Trademark Office” and inserting “Trademark*
18 *Office”.*

19 *(JJ) Section 39(b) is amended by striking “Pat-*
20 *ent and Trademark Office” and inserting “Trade-*
21 *mark Office”.*

22 *(KK) Section 41 is amended by striking “Patent*
23 *and Trademark Office” and inserting “Trademark*
24 *Office”.*

1 (LL) Section 61 (as redesignated under section
2 115(a)(2) of this Act) is amended in the undesignated
3 paragraph relating to the definition of “registered
4 mark”—

5 (i) by striking “Patent and Trade Mark Of-
6 fice” and inserting “Trademark Office; and

7 (ii) by striking “Patent and Trade Office”
8 and inserting “Trademark Office”.

9 (MM) Section 72(a) (as redesignated under sec-
10 tion 115(a)(2) of this Act) is amended by striking
11 “Patent and Trademark Office” and inserting
12 “Trademark Office”.

13 (NN) Section 75 (as redesignated under section
14 115(a)(2) of this Act) is amended by striking “Patent
15 and Trademark Office” and inserting “Trademark
16 Office”.

17 (c) AMENDMENTS TO TITLE 5.—Title 5, United States
18 Code, is amended—

19 (1) in section 5102(c)(23)—

20 (A) by striking “examiners-in-chief” in each
21 place it appears and inserting “administrative
22 patent judges”; and

23 (B) by striking “Office, Department of
24 Commerce” and inserting “Organization”; and

25 (2) in section 5316—

1 (A) by striking “Commissioner of Patents,
2 Department of Commerce.”; and

3 (B) by striking:

4 “Deputy Commissioner of Patents and Trade-
5 marks.

6 “Assistant Commissioner for Patents.

7 “Assistant Commissioner for Trademarks.”.

8 (d) AMENDMENT TO TITLE 31.—Section 9101(3) of
9 title 31, United States Code, is amended by adding at the
10 end the following:

11 “(O) the United States Patent and Trade-
12 mark Organization.”.

13 (e) AMENDMENTS TO INSPECTOR GENERAL ACT OF
14 1978.—Section 11 of the Inspector General Act of 1978 (5
15 U.S.C. App.) is amended—

16 (1) in paragraph (1) by striking “or the Com-
17 missioner of Social Security, Social Security Admin-
18 istration;” and inserting “the Commissioner of Social
19 Security, Social Security Administration; or the Di-
20 rector of the United States Patent and Trademark
21 Organization, United States Patent and Trademark
22 Organization;”; and

23 (2) in paragraph (2) by striking “or the Veter-
24 ans’ Administration, or the Social Security Adminis-
25 tration;” and inserting “the Veterans’ Administra-

1 *tion, the Social Security Administration, or the Unit-*
2 *ed States Patent and Trademark Organization;”.*

3 ***Subtitle C—Miscellaneous***
4 ***Provisions***

5 **SEC. 141. REFERENCES.**

6 *Any reference in any other Federal law, Executive*
7 *order, rule, regulation, or delegation of authority, or any*
8 *document of or pertaining to a department, agency, or office*
9 *from which a function is transferred by this title—*

10 *(1) to the head of such department, agency, or of-*
11 *fice is deemed to refer to the head of the department,*
12 *agency, or office to which such function is transferred;*
13 *or*

14 *(2) to such department, agency, or office is*
15 *deemed to refer to the department, agency, or office to*
16 *which such function is transferred.*

17 **SEC. 142. EXERCISE OF AUTHORITIES.**

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

1 **SEC. 143. SAVINGS PROVISIONS.**

2 (a) *LEGAL DOCUMENTS.*—All orders, determinations,
3 rules, regulations, permits, grants, loans, contracts, agree-
4 ments, certificates, licenses, and privileges that—

5 (1) have been issued, made, granted, or allowed
6 to become effective by the President, the Secretary of
7 Commerce, any officer or employee of any office
8 transferred by this title, or any other Government of-
9 ficial, or by a court of competent jurisdiction, in the
10 performance of any function that is transferred by
11 this title, and

12 (2) are in effect on the effective date of such
13 transfer (or become effective after such date pursuant
14 to their terms as in effect on such effective date), shall
15 continue in effect according to their terms until modi-
16 fied, terminated, superseded, set aside, or revoked in
17 accordance with law by the President, any other au-
18 thorized official, a court of competent jurisdiction, or
19 operation of law.

20 (b) *PROCEEDINGS.*—This title shall not affect any pro-
21 ceedings or any application for any benefits, service, license,
22 permit, certificate, or financial assistance pending on the
23 effective date of this title before an office transferred by this
24 title, but such proceedings and applications shall be contin-
25 ued. Orders shall be issued in such proceedings, appeals
26 shall be taken therefrom, and payments shall be made pur-

1 *suant to such orders, as if this title had not been enacted,*
2 *and orders issued in any such proceeding shall continue in*
3 *effect until modified, terminated, superseded, or revoked by*
4 *a duly authorized official, by a court of competent jurisdic-*
5 *tion, or by operation of law. Nothing in this subsection shall*
6 *be considered to prohibit the discontinuance or modification*
7 *of any such proceeding under the same terms and condi-*
8 *tions and to the same extent that such proceeding could have*
9 *been discontinued or modified if this title had not been en-*
10 *acted.*

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

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

22 *(e) CONTINUANCE OF SUITS.—If any Government offi-*
23 *cer in the official capacity of such officer is party to a suit*
24 *with respect to a function of the officer, and under this title*
25 *such function is transferred to any other officer or office,*

1 *then such suit shall be continued with the other officer or*
 2 *the head of such other office, as applicable, substituted or*
 3 *added as a party.*

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

12 **SEC. 144. TRANSFER OF ASSETS.**

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

22 **SEC. 145. DELEGATION AND ASSIGNMENT.**

23 (a) *IN GENERAL.—Except as otherwise expressly pro-*
 24 *hibited by law or otherwise provided in this title, an official*
 25 *to whom functions are transferred under this title (includ-*

1 *ing the head of any office to which functions are transferred*
2 *under this title) may—*

3 *(1) delegate any of the functions so transferred to*
4 *such officers and employees of the office of the official*
5 *as the official may designate; and*

6 *(2) authorize successive redelegations of such*
7 *functions as may be necessary or appropriate.*

8 *(b) RESPONSIBILITY FOR ADMINISTRATION.—No dele-*
9 *gation of functions under this section or under any other*
10 *provision of this title shall relieve the official to whom a*
11 *function is transferred under this title of responsibility for*
12 *the administration of the function.*

13 **SEC. 146. AUTHORITY OF DIRECTOR OF THE OFFICE OF**
14 **MANAGEMENT AND BUDGET WITH RESPECT**
15 **TO FUNCTIONS TRANSFERRED.**

16 *(a) DETERMINATIONS.—If necessary, the Director of*
17 *the Office of Management and Budget shall make any deter-*
18 *mination of the functions that are transferred under this*
19 *title.*

20 *(b) INCIDENTAL TRANSFERS.—The Director of the Of-*
21 *fice of Management and Budget, at such time or times as*
22 *the Director shall provide, may make such determinations*
23 *as may be necessary with regard to the functions transferred*
24 *by this title, and to make such additional incidental dis-*
25 *positions of personnel, assets, liabilities, grants, contracts,*

1 *property, records, and unexpended balances of appropri-*
2 *tions, authorizations, allocations, and other funds held,*
3 *used, arising from, available to, or to be made available*
4 *in connection with such functions, as may be necessary to*
5 *carry out the provisions of this title.*

6 (c) *TERMINATION OF AFFAIRS.—The Director shall*
7 *provide for the termination of the affairs of all entities ter-*
8 *minated by this title and for such further measures and*
9 *dispositions as may be necessary to effectuate the purposes*
10 *of this title.*

11 **SEC. 147. CERTAIN VESTING OF FUNCTIONS CONSIDERED**
12 **TRANSFERS.**

13 *For purposes of this title, the vesting of a function in*
14 *a department, agency, or office pursuant to reestablishment*
15 *of an office shall be considered to be the transfer of the func-*
16 *tion.*

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

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

24 **SEC. 149. DEFINITIONS.**

25 *For purposes of this title—*

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

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

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

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

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

24 “(C)(i) *Where an applicant makes a request*
25 *upon filing, certifying that the invention disclosed in*

1 *the application has not and will not be the subject of*
2 *an application filed in a foreign country, the applica-*
3 *tion shall not be published as provided in paragraph*
4 *(1).*

5 “(ii) *An applicant may rescind a request made*
6 *under clause (i) at any time. An applicant has a*
7 *duty to notify the Director within 1 month of filing*
8 *an application in a foreign country.*

9 “(iii) *Where an applicant rescinds a request*
10 *made under clause (i) or notifies the Director that an*
11 *application was filed in a foreign country, the appli-*
12 *cation shall be published in accordance with the pro-*
13 *visions of paragraph (1).*

14 “(c) *PRE-ISSUANCE OPPOSITION.—The provisions of*
15 *this section shall not operate to create any new opportunity*
16 *for pre-issuance opposition. The Commissioner may estab-*
17 *lish appropriate procedures to ensure that this section does*
18 *not create any new opportunity for pre-issuance opposition*
19 *that did not exist prior to the adoption of this section.*

20 “(d) *STUDY.—*

21 “(1) *IN GENERAL.—The General Accounting Of-*
22 *ice shall conduct a 3-year study of the applicants*
23 *who file only in the United States after the effective*
24 *date of this title.*

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

3 “(A) *consider the number of such applicants*
4 *in relation to the number of applicants who file*
5 *in the United States and outside the United*
6 *States;*

7 “(B) *examine how many domestic-only fil-*
8 *ers request at the time of filing not to be pub-*
9 *lished;*

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

12 “(D) *examine the manner of entity seeking*
13 *an application and any correlation that may*
14 *exist between such manner and publication of*
15 *patent applications.”.*

16 **SEC. 203. TIME FOR CLAIMING BENEFIT OF EARLIER FILING**
17 **DATE.**

18 (a) *IN A FOREIGN COUNTRY.*—*Section 119(b) of title*
19 *35, United States Code, is amended to read as follows:*

20 “(b)(1) *No application for patent shall be entitled to*
21 *this right of priority unless a claim, identifying the foreign*
22 *application by specifying its application number, country,*
23 *and the day, month, and year of its filing, is filed in the*
24 *Patent Office at such time during the pendency of the appli-*
25 *cation as required by the Commissioner.*

1 “(2) *The Commissioner may consider the failure of the*
2 *applicant to file a timely claim for priority as a waiver*
3 *of any such claim. The Commissioner may establish proce-*
4 *dures, including the payment of a surcharge, to accept an*
5 *unintentionally delayed claim under this section.*

6 “(3) *The Commissioner may require a certified copy*
7 *of the original foreign application, specification, and draw-*
8 *ings upon which it is based, a translation if not in the*
9 *English language, and such other information as the Com-*
10 *missioner considers necessary. Any such certification shall*
11 *be made by the foreign intellectual property authority in*
12 *which the foreign application was filed and show the date*
13 *of the application and of the filing of the specification and*
14 *other papers.”.*

15 (b) *IN THE UNITED STATES.—Section 120 of title 35,*
16 *United States Code, is amended by adding at the end the*
17 *following: “The Commissioner may determine the time pe-*
18 *riod during the pendency of the application within which*
19 *an amendment containing the specific reference to the ear-*
20 *lier filed application is submitted. The Commissioner may*
21 *consider the failure to submit such an amendment within*
22 *that time period as a waiver of any benefit under this sec-*
23 *tion. The Commissioner may establish procedures, includ-*
24 *ing the payment of a surcharge, to accept unavoidably late*
25 *submissions of amendments under this section.”.*

1 **SEC. 204. PROVISIONAL RIGHTS.**

2 *Section 154 of title 35, United States Code, is amend-*
3 *ed—*

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

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

8 *“(d) PROVISIONAL RIGHTS.—*

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

20 *“(A)(i) makes, uses, offers for sale, or sells*
21 *in the United States the invention as claimed in*
22 *the published patent application or imports such*
23 *an invention into the United States; or*

24 *“(ii) if the invention as claimed in the pub-*
25 *lished patent application is a process, uses, offers*
26 *for sale, or sells in the United States or imports*

1 *into the United States products made by that*
2 *process as claimed in the published patent appli-*
3 *cation; and*

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

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

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

24 “(4) *REQUIREMENTS FOR INTERNATIONAL APPLI-*
25 *CATIONS.—*

1 “(A) *EFFECTIVE DATE.*—*The right under*
2 *paragraph (1) to obtain a reasonable royalty*
3 *based upon the publication under the treaty of*
4 *an international application designating the*
5 *United States shall commence from the date that*
6 *the Patent Office receives a copy of the publica-*
7 *tion under the treaty defined in section 351(a)*
8 *of this title of the international application, or,*
9 *if the publication under the treaty of the inter-*
10 *national application is in a language other than*
11 *English, from the date that the Patent Office re-*
12 *ceives a translation of the international applica-*
13 *tion in the English language.*

14 “(B) *COPIES.*—*The Commissioner may re-*
15 *quire the applicant to provide a copy of the*
16 *international application and a translation*
17 *thereof.*

18 “(5) *ISSUANCE OF PATENTS ON INDIVIDUAL*
19 *CLAIMS.*—*Where the Director in a notification to the*
20 *applicant under section 132 of this title indicates that*
21 *one or more claims of a published application are al-*
22 *lowable, the applicant may request the issuance of a*
23 *patent incorporating those claims. The applicant may*
24 *continue prosecution of the remaining claims as pro-*
25 *vided in chapter 12 of this title. Any subsequently al-*

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

2 *The Commissioner shall recover the cost of early publi-*
3 *cation required by the amendment made by section 202 by*
4 *adjusting the filing, issue, and maintenance fees under title*
5 *35, United States Code, by charging a separate publication*
6 *fee, or by any combination of these methods.*

7 **SEC. 207. CONFORMING CHANGES.**

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

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

13 (2) *Section 12 is amended—*

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

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

18 (3) *Section 13 is amended—*

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

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

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

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

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

8 (7) *Section 181 is amended—*

9 (A) *in the first undesignated paragraph—*

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

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

14 (B) *in the second undesignated paragraph*
15 *by inserting “by the publication of an applica-*
16 *tion or” after “disclosure of an invention”;*

17 (C) *in the third undesignated paragraph—*

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

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

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

1 *application shall be extended to the next succeeding business*
2 *day.”.*

3 **SEC. 209. EFFECTIVE DATE.**

4 (a) *SECTIONS 202 THROUGH 207.—Sections 202*
5 *through 207, and the amendments made by such sections,*
6 *shall take effect on the date that is 1 year after the date*
7 *of enactment of this Act and shall apply to all applications*
8 *filed under section 111 of title 35, United States Code, on*
9 *or after that date, and all applications complying with sec-*
10 *tion 371 of title 35, United States Code, that resulted from*
11 *international applications filed on or after that date. The*
12 *amendment made by section 204 shall also apply to inter-*
13 *national applications designating the United States that*
14 *are filed on or after the date that is 1 year after the date*
15 *of enactment of this Act.*

16 (b) *SECTION 208.—The amendments made by section*
17 *208 shall take effect on the date of the enactment of this*
18 *Act and, except for a design patent application filed under*
19 *chapter 16 of title 35, United States Code, shall apply to*
20 *any application filed on or after June 8, 1995.*

21 **TITLE III—PATENT TERM**

22 **RESTORATION**

23 **SEC. 301. PATENT TERM RESTORATION AUTHORITY.**

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

1 “(b) *ADJUSTMENT OF PATENT TERM.*—

2 “(1) *BASIS FOR PATENT TERM RESTORATION.*—

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

6 “(i) *a proceeding under section 135(a)*
7 *of this title;*

8 “(ii) *the imposition of an order pursu-*
9 *ant to section 181 of this title;*

10 “(iii) *appellate review by the Board of*
11 *Patent Appeals and Interferences or by a*
12 *Federal court where the patent was issued*
13 *pursuant to a decision in the review revers-*
14 *ing an adverse determination of patentabil-*
15 *ity; or*

16 “(iv) *an unusual administrative delay*
17 *by the Patent Office in issuing the patent,*
18 *the term of the patent shall be adjusted for the*
19 *period of delay.*

20 “(B) *ADMINISTRATIVE DELAY.*—*For pur-*
21 *poses of subparagraph (A)(iv), an unusual ad-*
22 *ministrative delay by the Patent Office is the*
23 *failure to—*

24 “(i) *make a notification of the rejection*
25 *of any claim for a patent or any objection*

1 *or argument under section 132 of this title*
2 *or give or mail a written notice of allow-*
3 *ance under section 151 of this title not later*
4 *than 14 months after the date on which the*
5 *application was filed;*

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

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

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

23 *“(v) issue a patent within 3 years after*
24 *the actual filing date of the application in*
25 *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 Unit-
4 ed States of a product or service which is used
5 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 (d) *APPEAL TO COURT OF APPEALS FOR THE FED-*
10 *ERAL CIRCUIT.*—*Section 141 of title 35, United States*
11 *Code, is amended by amending the first sentence to read*
12 *as follows: “An applicant, a patent owner, or a third-party*
13 *requester, dissatisfied with the final decision in an appeal*
14 *to the Board of Patent Appeals and Interferences under sec-*
15 *tion 134 of this title, may appeal the decision to the United*
16 *States Court of Appeals for the Federal Circuit.*”.

17 (e) *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 (f) *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.*