

106<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# **H. R. 1907**

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## **AN ACT**

To amend title 35, United States Code, to provide enhanced protection for inventors and innovators, protect patent terms, reduce patent litigation, and for other purposes.

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## AN ACT

To amend title 35, United States Code, to provide enhanced protection for inventors and innovators, protect patent terms, reduce patent litigation, and for other purposes.

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 “American Inventors  
3 Protection Act of 1999”.

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

5 The table of contents is as follows:

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

TITLE I—INVENTORS’ RIGHTS

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

TITLE II—FIRST INVENTOR DEFENSE

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

TITLE III—PATENT TERM GUARANTEE

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

TITLE IV—UNITED STATES PUBLICATION OF PATENT  
APPLICATIONS PUBLISHED ABROAD

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

TITLE V—OPTIONAL INTER PARTES REEXAMINATION  
PROCEDURE

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

## TITLE VI—PATENT AND TRADEMARK OFFICE

Sec. 601. Short title.

Subtitle A—United States Patent and Trademark Office

Sec. 611. Establishment of Patent and Trademark Office.

Sec. 612. Powers and duties.

Sec. 613. Organization and management.

Sec. 614. Public Advisory Committees.

Sec. 615. Patent and Trademark Office funding.

Sec. 616. Conforming amendments.

Sec. 617. Trademark Trial and Appeal Board.

Sec. 618. Board of Patent Appeals and Interferences.

Sec. 619. Annual report of Director.

Sec. 620. Suspension or exclusion from practice.

Sec. 621. Pay of Director and Deputy Director.

Sec. 622. Study on Alternative Fee Structures.

Subtitle B—Effective Date; Technical Amendments

Sec. 631. Effective date.

Sec. 632. Technical and conforming amendments.

Subtitle C—Miscellaneous Provisions

Sec. 641. References.

Sec. 642. Exercise of authorities.

Sec. 643. Savings provisions.

Sec. 644. Transfer of assets.

Sec. 645. Delegation and assignment.

Sec. 646. Authority of Director of the Office of Management and Budget with respect to functions transferred.

Sec. 647. Certain vesting of functions considered transfers.

Sec. 648. Availability of existing funds.

Sec. 649. Definitions.

## TITLE VII—MISCELLANEOUS PATENT PROVISIONS

Sec. 701. Provisional applications.

Sec. 702. International applications.

Sec. 703. Certain limitations on damages for patent infringement not applicable.

Sec. 704. Electronic filing and publications.

Sec. 705. Study and report on biological deposits in support of biotechnology patents.

Sec. 706. Prior invention.

Sec. 707. Prior art exclusion for certain commonly assigned patents.

# 1 TITLE I—INVENTORS' RIGHTS

## 2 SEC. 101. SHORT TITLE.

3 This title may be cited as the “Inventors’ Rights  
4 Act”.

1 **SEC. 102. INVENTION PROMOTION SERVICES.**

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

4 **“CHAPTER 5—INVENTION PROMOTION**  
5 **SERVICES**

“Sec.

“51. Definitions.

“52. Contracting requirements.

“53. Standard provisions for cover notice.

“54. Reports to customer required.

“55. Mandatory contract terms.

“56. Remedies.

“57. Records of complaints.

“58. Fraudulent representation by an invention promoter.

“59. Rule of construction.

6 **“§ 51. Definitions**

7 “For purposes of this chapter—

8 “(1) the term ‘contract for invention promotion  
9 services’ means a contract by which an invention  
10 promoter undertakes invention promotion services  
11 for a customer;

12 “(2) the term ‘customer’ means any person,  
13 firm, partnership, corporation, or other entity who  
14 enters into a financial relationship or a contract with  
15 an invention promoter for invention promotion serv-  
16 ices;

17 “(3) the term ‘invention promoter’ means any  
18 person, firm, partnership, corporation, or other enti-  
19 ty who offers to perform or performs for, or on be-

1 half of, a customer any act described under para-  
2 graph (4), but does not include—

3 “(A) any department or agency of the Fed-  
4 eral Government or of a State or local govern-  
5 ment;

6 “(B) any nonprofit, charitable, scientific,  
7 or educational organization, qualified under ap-  
8 plicable State law or described under section  
9 170(b)(1)(A) of the Internal Revenue Code of  
10 1986;

11 “(C) any person duly registered with, and  
12 in good standing before, the United States Pat-  
13 ent and Trademark Office acting within the  
14 scope of that person’s registration to practice  
15 before the Patent and Trademark Office, except  
16 when that person performs any act described in  
17 subparagraph (B) or (C) of paragraph (4); or

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

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

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

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

10           “(C) marketing, brokering, offering to li-  
11           cense or sell, or promoting the invention or a  
12           product or service in which the invention is in-  
13           corporated or used, except that the display only  
14           of an invention at a trade show or exhibit shall  
15           not be considered to be invention promotion  
16           services.

17 **“§ 52. Contracting requirements**

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

23           “(2) If a contract is entered into for the benefit of  
24           a third party, the identity and address of such party shall

1 be disclosed by such party's agent and such party shall  
2 be considered a customer for purposes of this chapter.

3 “(b) REQUIREMENTS OF INVENTION PROMOTER.—

4 The invention promoter shall—

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

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

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

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

19 “(A) the usual business terms of contracts;  
20 and

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

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

2 (1) Notwithstanding any contractual provision to the con-  
3 trary, a customer shall have the right to terminate a con-  
4 tract for invention promotion services by sending a written  
5 letter to the invention promoter stating the customer’s in-  
6 tent to cancel the contract. The letter of termination must  
7 be deposited with the United States Postal Service on or  
8 before 5 business days after the date upon which the cus-  
9 tomer or the invention promoter executes the contract,  
10 whichever is later.

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

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

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

23           ‘YOU HAVE THE RIGHT TO TERMINATE THIS  
24 CONTRACT. TO TERMINATE THIS CONTRACT,  
25 YOU MUST SEND A WRITTEN LETTER TO THE

1 COMPANY STATING YOUR INTENT TO CANCEL  
2 THIS CONTRACT.

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

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

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

21 'THE TOTAL NUMBER OF CUSTOMERS WHO  
22 HAVE CONTRACTED WITH THE INVENTION PRO-  
23 MOTER IN THE PAST FIVE (5) YEARS IS XXXXX.  
24 THE TOTAL NUMBER OF CUSTOMERS KNOWN  
25 BY THIS INVENTION PROMOTER TO HAVE RE-

1 CEIVED, BY VIRTUE OF THIS INVENTION PRO-  
2 MOTER'S PERFORMANCE, AN AMOUNT OF  
3 MONEY IN EXCESS OF THE AMOUNT PAID BY  
4 THE CUSTOMER TO THIS INVENTION PRO-  
5 MOTER IS XXXXXXXX. AS A RESULT OF THE EF-  
6 FORTS OF THIS INVENTION PROMOTER, XXXXX  
7 NUMBER OF CUSTOMERS HAVE RECEIVED LI-  
8 CENSE AGREEMENTS FOR THEIR INVENTIONS.  
9 'THE OFFICERS OF THIS INVENTION PRO-  
10 MOTER HAVE COLLECTIVELY OR INDIVIDUALLY  
11 BEEN AFFILIATED IN THE LAST TEN (10) YEARS  
12 WITH THE FOLLOWING INVENTION PROMOTION  
13 COMPANIES: (LIST THE NAMES AND ADDRESSES  
14 OF ALL PREVIOUS INVENTION PROMOTION  
15 COMPANIES WITH WHICH THE PRINCIPAL OFFI-  
16 CERS HAVE BEEN AFFILIATED AS OWNERS,  
17 AGENTS, OR EMPLOYEES). YOU ARE ENCOUR-  
18 AGED TO CHECK WITH THE UNITED STATES  
19 PATENT AND TRADEMARK OFFICE, THE FED-  
20 ERAL TRADE COMMISSION, YOUR STATE ATTOR-  
21 NEY GENERAL'S OFFICE, AND THE BETTER  
22 BUSINESS BUREAU FOR ANY COMPLAINTS  
23 FILED AGAINST ANY OF THESE COMPANIES  
24 WHICH RESULTED IN REGULATORY SANCTIONS  
25 OR OTHER CORRECTIVE ACTIONS.

1       ‘YOU ARE ENCOURAGED TO CONSULT WITH  
2 AN ATTORNEY OF YOUR OWN CHOOSING BE-  
3 FORE SIGNING THIS CONTRACT. BY PRO-  
4 CEEDING WITHOUT THE ADVICE OF AN ATTOR-  
5 NEY REGISTERED TO PRACTICE BEFORE THE  
6 UNITED STATES PATENT AND TRADEMARK OF-  
7 FICE, YOU COULD LOSE ANY RIGHTS YOU  
8 MIGHT HAVE IN YOUR IDEA OR INVENTION.’.

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

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

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

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

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

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

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

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

23 “(1) the terms and conditions of payment and  
24 contract termination rights required under section  
25 52;

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

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

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

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

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

1           “(7) the name and address of the custodian of  
2 all records and correspondence relating to the con-  
3 tracted for invention promotion services, and a state-  
4 ment that the invention promoter is required to  
5 maintain all records and correspondence relating to  
6 performance of the invention promotion services for  
7 such customer for a period of not less than 2 years  
8 after expiration of the term of such contract; and

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

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

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

1 **“§ 56. Remedies**

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

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

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

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

23       “(b) CIVIL ACTION.—(1) Any customer who is in-  
24 jured by a violation of this chapter by an invention pro-  
25 moter or by any material false or fraudulent statement  
26 or representation, or any omission of material fact, by an

1 invention promoter (or any agent, employee, director, offi-  
2 cer, partner, or independent contractor of such invention  
3 promoter) or by failure of an invention promoter to make  
4 all the disclosures required under this chapter, may re-  
5 cover in a civil action against the invention promoter (or  
6 the officers, directors, or partners of such invention pro-  
7 moter) in addition to reasonable costs and attorneys' fees,  
8 the greater of—

9           “(A) \$5,000; or

10           “(B) the amount of actual damages sustained  
11       by the customer.

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

18       “(c) REBUTTABLE PRESUMPTION OF INJURY.—For  
19 purposes of this section, substantial violation of any provi-  
20 sion of this chapter by an invention promoter or execution  
21 by the customer of a contract for invention promotion  
22 services in reliance on any material false or fraudulent  
23 statements or representations or omissions of material  
24 fact shall establish a rebuttable presumption of injury.

1 **“§ 57. Records of complaints**

2       “(a) RELEASE OF COMPLAINTS.—The Director shall  
3 make all complaints received by the United States Patent  
4 and Trademark Office involving invention promoters pub-  
5 licly available, together with any response of the invention  
6 promoters.

7       “(b) REQUEST FOR COMPLAINTS.—The Director  
8 may request complaints relating to invention promotion  
9 services from any Federal or State agency and include  
10 such complaints in the records maintained under sub-  
11 section (a), together with any response of the invention  
12 promoters.

13 **“§ 58. Fraudulent representation by an invention pro-**  
14 **moter**

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

21 **“§ 59. Rule of construction**

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

1 **SEC. 103. EFFECTIVE DATE.**

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

5 **TITLE II—FIRST INVENTOR**  
6 **DEFENSE**

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

8 This title may be cited as the “First Inventor Defense  
9 Act”.

10 **SEC. 202. DEFENSE TO PATENT INFRINGEMENT BASED ON**  
11 **EARLIER INVENTOR.**

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

15 **“§ 273. Defense to infringement based on earlier in-**  
16 **ventor**

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

18 “(1) the terms ‘commercially used’ and ‘com-  
19 mercial use’ mean use of a method in the United  
20 States, so long as such use is in connection with an  
21 internal commercial use or an actual arm’s-length  
22 sale or other arm’s-length commercial transfer of a  
23 useful end result, whether or not the subject matter  
24 at issue is accessible to or otherwise known to the  
25 public, except that the subject matter for which com-  
26 mercial marketing or use is subject to a premar-

1       keting regulatory review period during which the  
2       safety or efficacy of the subject matter is estab-  
3       lished, including any period specified in section  
4       156(g), shall be deemed ‘commercially used’ and in  
5       ‘commercial use’ during such regulatory review pe-  
6       riod;

7               “(2) in the case of activities performed by a  
8       nonprofit research laboratory, or nonprofit entity  
9       such as a university, research center, or hospital, a  
10      use for which the public is the intended beneficiary  
11      shall be considered to be a use described in para-  
12      graph (1), except that the use—

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

16               “(B) may not be asserted as a defense  
17      with respect to any subsequent commercializa-  
18      tion or use outside such laboratory or nonprofit  
19      entity;

20               “(3) the term ‘method’ means a method of  
21      doing or conducting business; and

22               “(4) the ‘effective filing date’ of a patent is the  
23      earlier of the actual filing date of the application for  
24      the patent or the filing date of any earlier United  
25      States, foreign, or international application to which

1 the subject matter at issue is entitled under section  
2 119, 120, or 365 of this title.

3 “(b) DEFENSE TO INFRINGEMENT.—

4 “(1) IN GENERAL.—It shall be a defense to an  
5 action for infringement under section 271 of this  
6 title with respect to any subject matter that would  
7 otherwise infringe one or more claims for a method  
8 in the patent being asserted against a person, if  
9 such person had, acting in good faith, actually re-  
10 duced the subject matter to practice at least one  
11 year before the effective filing date of such patent,  
12 and commercially used the subject matter before the  
13 effective filing date of such patent.

14 “(2) EXHAUSTION OF RIGHT.—The sale or  
15 other disposition, of a useful end result produced by  
16 a patented method, by a person entitled to assert a  
17 defense under this section with respect to that useful  
18 end result shall exhaust the patent owner’s rights  
19 under the patent to the extent such rights would  
20 have been exhausted had such sale or other disposi-  
21 tion been made by the patent owner.

22 “(3) LIMITATIONS AND QUALIFICATIONS OF DE-  
23 FENSE.—The defense to infringement under this  
24 section is subject to the following:

1           “(A) PATENT.—A person may not assert  
2 the defense under this section unless the inven-  
3 tion for which the defense is asserted is for a  
4 method.

5           “(B) DERIVATION.—A person may not as-  
6 sert the defense under this section if the subject  
7 matter on which the defense is based was de-  
8 rived from the patentee or persons in privity  
9 with the patentee.

10           “(C) NOT A GENERAL LICENSE.—The de-  
11 fense asserted by a person under this section is  
12 not a general license under all claims of the  
13 patent at issue, but extends only to the specific  
14 subject matter claimed in the patent with re-  
15 spect to which the person can assert a defense  
16 under this chapter, except that the defense shall  
17 also extend to variations in the quantity or vol-  
18 ume of use of the claimed subject matter, and  
19 to improvements in the claimed subject matter  
20 that do not infringe additional specifically  
21 claimed subject matter of the patent.

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

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

7           “(6) PERSONAL DEFENSE.—The defense under  
8           this section may be asserted only by the person who  
9           performed the acts necessary to establish the defense  
10          and, except for any transfer to the patent owner, the  
11          right to assert the defense shall not be licensed or  
12          assigned or transferred to another person except as  
13          an ancillary and subordinate part of a good faith as-  
14          signment or transfer for other reasons of the entire  
15          enterprise or line of business to which the defense  
16          relates.

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

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

8           “(9) INVALIDITY.—A patent shall not be  
9           deemed to be invalid under section 102 or 103 of  
10          this title solely because a defense is raised or estab-  
11          lished under this section.”.

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

          “273. Defense to infringement based on earlier inventor.”.

16          **SEC. 203. EFFECTIVE DATE AND APPLICABILITY.**

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

1           **TITLE III—PATENT TERM**  
2                           **GUARANTEE**

3   **SEC. 301. SHORT TITLE.**

4           This title may be cited as the “Patent Term Guar-  
5   antee Act”.

6   **SEC. 302. PATENT TERM GUARANTEE AUTHORITY.**

7           (a) ADJUSTMENT OF PATENT TERM.—Section  
8   154(b) of title 35, United States Code, is amended to read  
9   as follows:

10           “(b) ADJUSTMENT OF PATENT TERM.—

11                   “(1) PATENT TERM GUARANTEES.—

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

18                                   “(i) make a notification of the rejec-  
19                                   tion of any claim for a patent or any objec-  
20                                   tion or argument under section 132, or  
21                                   give or mail a written notice of allowance  
22                                   under section 151, within 14 months after  
23                                   the date on which the application was filed;

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

1           134, within 4 months after the date on  
2           which the reply was filed or the appeal was  
3           taken;

4           “(iii) act on an application within 4  
5           months after the date of a decision by the  
6           Board of Patent Appeals and Interferences  
7           under section 134 or 135 or a decision by  
8           a Federal court under section 141, 145, or  
9           146 in a case in which allowable claims re-  
10          main in the application; or

11          “(iv) issue a patent within 4 months  
12          after the date on which the issue fee was  
13          paid under section 151 and all outstanding  
14          requirements were satisfied,

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

20          “(B) GUARANTEE OF NO MORE THAN 3-  
21          YEAR APPLICATION PENDENCY.—Subject to the  
22          limitations under paragraph (2), if the issue of  
23          an original patent is delayed due to the failure  
24          of the Patent and Trademark Office to issue a  
25          patent within 3 years after the actual filing

1 date of the application in the United States, not  
2 including—

3 “(i) any time consumed by continued  
4 examination of the application requested  
5 by the applicant under section 132(b);

6 “(ii) any time consumed by a pro-  
7 ceeding under section 135(a), any time  
8 consumed by the imposition of an order  
9 pursuant to section 181, or any time con-  
10 sumed by appellate review by the Board of  
11 Patent Appeals and Interferences or by a  
12 Federal court; or

13 “(iii) any delay in the processing of  
14 the application by the Patent and Trade-  
15 mark Office requested by the applicant ex-  
16 cept as permitted by paragraph (3)(C),

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

20 “(C) GUARANTEE OR ADJUSTMENTS FOR  
21 DELAYS DUE TO INTERFERENCES, SECRECY OR-  
22 DERS, AND APPEALS.—Subject to the limita-  
23 tions under paragraph (2), if the issue of an  
24 original patent is delayed due to—

1                   “(i) a proceeding under section  
2                   135(a);

3                   “(ii) the imposition of an order pursu-  
4                   ant to section 181; or

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

11                  the term of the patent shall be extended one  
12                  day for each day of the pendency of the pro-  
13                  ceeding, order, or review, as the case may be.

14                  “(2) LIMITATIONS.—

15                  “(A) IN GENERAL.—To the extent that pe-  
16                  riods of delay attributable to grounds specified  
17                  in paragraph (1) overlap, the period of any ad-  
18                  justment granted under this subsection shall  
19                  not exceed the actual number of days the  
20                  issuance of the patent was delayed.

21                  “(B) DISCLAIMED TERM.—No patent the  
22                  term of which has been disclaimed beyond a  
23                  specified date may be adjusted under this sec-  
24                  tion beyond the expiration date specified in the  
25                  disclaimer.

1                   “(C) REDUCTION OF PERIOD OF ADJUST-  
2                   MENT.—

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

9                   “(ii) With respect to adjustments to  
10                  patent term made under the authority of  
11                  paragraph (1)(B), an applicant shall be  
12                  deemed to have failed to engage in reason-  
13                  able efforts to conclude processing or ex-  
14                  amination of an application for the cumu-  
15                  lative total of any periods of time in excess  
16                  of 3 months that are taken to respond to  
17                  a notice from the Office making any rejec-  
18                  tion, objection, argument, or other request,  
19                  measuring such 3-month period from the  
20                  date the notice was given or mailed to the  
21                  applicant.

22                  “(iii) The Director shall prescribe reg-  
23                  ulations establishing the circumstances  
24                  that constitute a failure of an applicant to  
25                  engage in reasonable efforts to conclude

1 processing or examination of an applica-  
2 tion.

3 “(3) PROCEDURES FOR PATENT TERM ADJUST-  
4 MENT DETERMINATION.—

5 “(A) The Director shall prescribe regula-  
6 tions establishing procedures for the application  
7 for and determination of patent term adjust-  
8 ments under this subsection.

9 “(B) Under the procedures established  
10 under subparagraph (A), the Director shall—

11 “(i) make a determination of the pe-  
12 riod of any patent term adjustment under  
13 this subsection, and shall transmit a notice  
14 of that determination with the written no-  
15 tice of allowance of the application under  
16 section 151; and

17 “(ii) provide the applicant one oppor-  
18 tunity to request reconsideration of any  
19 patent term adjustment determination  
20 made by the Director.

21 “(C) The Director shall reinstate all or  
22 part of the cumulative period of time of an ad-  
23 justment under paragraph (2)(C) if the appli-  
24 cant, prior to the issuance of the patent, makes  
25 a showing that, in spite of all due care, the ap-

1           applicant was unable to respond within the 3-  
2           month period, but in no case shall more than 3  
3           additional months for each such response be-  
4           yond the original 3-month period be reinstated.

5           “(D) The Director shall proceed to grant  
6           the patent after completion of the Director’s de-  
7           termination of a patent term adjustment under  
8           the procedures established under this sub-  
9           section, notwithstanding any appeal taken by  
10          the applicant of such determination.

11          “(4) APPEAL OF PATENT TERM ADJUSTMENT  
12          DETERMINATION.—

13          “(A) An applicant dissatisfied with a de-  
14          termination made by the Director under para-  
15          graph (3) shall have remedy by a civil action  
16          against the Director filed in the United States  
17          District Court for the District of Columbia  
18          within 180 days after the grant of the patent.  
19          Chapter 7 of title 5 shall apply to such action.  
20          Any final judgment resulting in a change to the  
21          period of adjustment of the patent term shall be  
22          served on the Director, and the Director shall  
23          thereafter alter the term of the patent to reflect  
24          such change.

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

5           (b) CONFORMING AMENDMENTS.—

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

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

13   **SEC. 303. CONTINUED EXAMINATION OF PATENT APPLICA-**  
14                                   **TIONS.**

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

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

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

20           “(b) The Director shall prescribe regulations to pro-  
21          vide for the continued examination of applications for pat-  
22          ent at the request of the applicant. The Director may es-  
23          tablish appropriate fees for such continued examination  
24          and shall provide a 50 percent reduction in such fees for

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

3 **SEC. 304. TECHNICAL CLARIFICATION.**

4 Section 156(a) of title 35, United States Code, is  
5 amended in the matter preceding paragraph (1) by insert-  
6 ing “, which shall include any patent term adjustment  
7 granted under section 154(b),” after “the original expira-  
8 tion date of the patent”.

9 **SEC. 305. EFFECTIVE DATE.**

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

16 (b) SECTION 303.—The amendments made by sec-  
17 tion 303 shall take effect 6 months after the date of the  
18 enactment of this Act.

19 **TITLE IV—UNITED STATES PUB-**  
20 **LICATION OF PATENT APPLI-**  
21 **CATIONS PUBLISHED**  
22 **ABROAD**

23 **SEC. 401. SHORT TITLE.**

24 This title may be referred to as the “Publication of  
25 Foreign Filed Applications Act”.

1 **SEC. 402. PUBLICATION.**

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

4 **“§ 122. Confidential status of applications; publica-**  
5 **tion of patent applications**

6 “(a) CONFIDENTIALITY.—Except as provided in sub-  
7 section (b), applications for patents shall be kept in con-  
8 fidence by the Patent and Trademark Office and no infor-  
9 mation concerning any such application shall be given  
10 without authority of the applicant or owner unless nec-  
11 essary to carry out the provisions of an Act of Congress  
12 or in such special circumstances as may be determined by  
13 the Director.

14 “(b) UNITED STATES PUBLICATION OF APPLICA-  
15 TIONS PUBLISHED ABROAD.—

16 “(1) IN GENERAL.—(A) Subject to paragraph  
17 (2), each application for patent, except applications  
18 for design patents filed under chapter 16 and provi-  
19 sional applications filed under section 111(b), shall  
20 be published, in accordance with procedures deter-  
21 mined by the Director, promptly upon the expiration  
22 of a period of 18 months after the earliest filing date  
23 for which a benefit is sought under this title. At the  
24 request of the applicant, an application may be pub-  
25 lished earlier than the end of such 18-month period.

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

4           “(C) Pursuant to this title and notwithstanding  
5           any other provision of law, a determination by the  
6           Director to release or not to release information con-  
7           cerning a published patent application shall be final  
8           and nonreviewable.

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

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

13          “(C)(i) If an applicant, upon filing, makes a re-  
14          quest that an application not be published pursuant  
15          to paragraph (1), and states in such request that the  
16          invention disclosed in the application has not been  
17          the subject of an application filed in another coun-  
18          try, or under a multilateral international agreement,  
19          that requires publication of applications 18 months  
20          after filing, the application shall not be published as  
21          provided in paragraph (1).

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

24          “(iii) An applicant who has made a request  
25          under clause (i) but who subsequently files, in a for-

1        foreign country or under a multilateral international  
2        agreement specified in clause (i), an application di-  
3        rected to the invention disclosed in the application  
4        filed in the Patent and Trademark Office, shall no-  
5        tify the Director of such filing not later than 45  
6        days after the date of the filing of such foreign or  
7        international application. A failure of the applicant  
8        to provide such notice within the prescribed period  
9        shall result in the application being regarded as  
10       abandoned, unless it is shown to the satisfaction of  
11       the Director that the delay in submitting the notice  
12       was unintentional.

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

18               “(v) If an applicant has filed applications in  
19       one or more foreign countries, directly or through a  
20       multilateral international agreement, and such for-  
21       eign filed applications corresponding to an applica-  
22       tion filed in the Patent and Trademark Office or the  
23       description of the invention in such foreign filed ap-  
24       plications is less extensive than the application or  
25       description of the invention in the application filed

1 in the Patent and Trademark Office, the applicant  
2 may submit a redacted copy of the application filed  
3 in the Patent and Trademark Office eliminating any  
4 part or description of the invention in such applica-  
5 tion that is not also contained in any of the cor-  
6 responding applications filed in a foreign country.  
7 The Director may only publish the redacted copy of  
8 the application unless the redacted copy of the appli-  
9 cation is not received within 16 months after the  
10 earliest effective filing date for which a benefit is  
11 sought under this title. The provisions of section  
12 154(d) shall not apply to a claim if the description  
13 of the invention published in the redacted applica-  
14 tion filed under this clause with respect to the claim  
15 does not enable a person skilled in the art to make  
16 and use the subject matter of the claim.

17 “(c) PROTEST AND PRE-ISSUANCE OPPOSITION.—  
18 The Director shall establish appropriate procedures to en-  
19 sure that no protest or other form of pre-issuance opposi-  
20 tion to the grant of a patent on an application may be  
21 initiated after publication of the application without the  
22 express written consent of the applicant.”.

23 (b) STUDY BY GAO.—

24 (1) IN GENERAL.—The Comptroller General of  
25 the United States shall conduct a study of appli-

1 cants for patents who file only in the United States  
2 during the 3-year period beginning on the effective  
3 date of this title.

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

6 (A) consider the number of such applicants  
7 for patent in relation to the number of appli-  
8 cants who file in the United States and outside  
9 the United States;

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

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

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

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

1 **SEC. 403. TIME FOR CLAIMING BENEFIT OF EARLIER FIL-**  
2 **ING DATE.**

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

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

11 “(2) The Director may consider the failure of the ap-  
12 plicant to file a timely claim for priority as a waiver of  
13 any such claim. The Director may establish procedures,  
14 including the payment of a surcharge, to accept an unin-  
15 tentiously delayed claim under this section.

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

25 (b) IN THE UNITED STATES.—Section 120 of title  
26 35, United States Code, is amended by adding at the end

1 the following: “The Director may determine the time pe-  
2 riod during the pendency of the application within which  
3 an amendment containing the specific reference to the ear-  
4 lier filed application is submitted. The Director may con-  
5 sider the failure to submit such an amendment within that  
6 time period as a waiver of any benefit under this section.  
7 The Director may establish procedures, including the pay-  
8 ment of a surcharge, to accept unintentionally late submis-  
9 sions of amendments under this section.”.

10 **SEC. 404. PROVISIONAL RIGHTS.**

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

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

15 (2) by adding at the end the following new sub-  
16 section:

17 “(d) PROVISIONAL RIGHTS.—

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

1 21(2)(a) of such treaty, the date of publication of  
2 the application, and ending on the date the patent  
3 is issued—

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

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

14 “(B) had actual notice of the published  
15 patent application, and in a case in which the  
16 right arising under this paragraph is based  
17 upon an international application designating  
18 the United States that is published in a lan-  
19 guage other than English, a translation of the  
20 international application into the English lan-  
21 guage.

22 “(2) RIGHT BASED ON SUBSTANTIALLY IDEN-  
23 TICAL INVENTIONS.—The right under paragraph (1)  
24 to obtain a reasonable royalty shall not be available  
25 under this subsection unless the invention as claimed

1 in the patent is substantially identical to the inven-  
2 tion as claimed in the published patent application.

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

11 “(4) REQUIREMENTS FOR INTERNATIONAL AP-  
12 PPLICATIONS.—

13 “(A) EFFECTIVE DATE.—The right under  
14 paragraph (1) to obtain a reasonable royalty  
15 based upon the publication under the treaty de-  
16 fined in section 351(a) of an international ap-  
17 plication designating the United States shall  
18 commence on the date on which the Patent and  
19 Trademark Office receives a copy of the publi-  
20 cation under the treaty of the international ap-  
21 plication, or, if the publication under the treaty  
22 of the international application is in a language  
23 other than English, on the date on which the  
24 Patent and Trademark Office receives a trans-

1           lation of the international application in the  
2           English language.

3                   “(B) COPIES.—The Director may require  
4           the applicant to provide a copy of the inter-  
5           national application and a translation thereof.”.

6 **SEC. 405. PRIOR ART EFFECT OF PUBLISHED APPLICA-**  
7                   **TIONS.**

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

10          “(e) the invention was described in—

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

21                   “(B) a patent granted on an application for  
22           patent by another filed in the United States before  
23           the invention by the applicant for patent, except that  
24           a patent shall not be deemed filed in the United  
25           States for the purposes of this subsection based on

1 the filing of an international application filed under  
2 the treaty defined in section 351(a); or”.

3 **SEC. 406. COST RECOVERY FOR PUBLICATION.**

4 The Director of the United States Patent and Trade-  
5 mark Office shall recover the cost of early publication re-  
6 quired by the amendment made by section 402 by charg-  
7 ing a separate publication fee after notice of allowance is  
8 given pursuant to section 151 of title 35, United States  
9 Code.

10 **SEC. 407. CONFORMING AMENDMENTS.**

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

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

16 (2) Section 12 is amended—

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

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

21 (3) Section 13 is amended—

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

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

1           (4) 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           (5) 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           (6) 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) by inserting “the publication of  
13 the application 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) by inserting “the publication of  
22 the application 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           (7) Section 252 is amended in the first undesig-  
2           nated paragraph by inserting “substantially” before  
3           “identical” each place it appears.

4           (8) Section 284 is amended by adding at the  
5           end of the second undesignated paragraph the fol-  
6           lowing: “Increased damages under this paragraph  
7           shall not apply to provisional rights under section  
8           154(d) of this title.”.

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

10 **“§ 374. Publication of international application: effect**

11           “The publication under the treaty defined in section  
12 351(a) of this title of an international application desig-  
13 nating the United States shall confer the same rights and  
14 shall have the same effect under this title as an application  
15 for patent published under section 122(b), except as pro-  
16 vided in sections 102(e) and 154(d).”.

17 **SEC. 408. EFFECTIVE DATE.**

18           This title and the amendments made by this title,  
19 shall take effect on the date that is 1 year after the date  
20 of the enactment of this Act and shall apply to all applica-  
21 tions filed under section 111 of title 35, United States  
22 Code, on or after that date, and all applications complying  
23 with section 371 of title 35, United States Code, that re-  
24 sulted from international applications filed on or after that  
25 date. The amendments made by sections 404 and 405

1 shall apply to any such application voluntarily published  
2 by the applicant under procedures established under this  
3 title that is pending on the date that is 1 year after the  
4 date of the enactment of this Act. The amendment made  
5 by section 404 shall also apply to international applica-  
6 tions designating the United States that are filed on or  
7 after the date that is 1 year after the date of the enact-  
8 ment of this Act.

9 **TITLE V—OPTIONAL INTER**  
10 **PARTES REEXAMINATION**  
11 **PROCEDURE**

12 **SEC. 501. SHORT TITLE.**

13 This title may be cited as the “Optional Inter Partes  
14 Reexamination Procedure Act”.

15 **SEC. 502. EX PARTE REEXAMINATION OF PATENTS.**

16 Chapter 30 of title 35, United States Code, is amend-  
17 ed in the title by inserting “**EX PARTE**” before “**RE-**  
18 **EXAMINATION OF PATENTS**”.

19 **SEC. 503. DEFINITIONS.**

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

23 “(e) The term ‘third-party requester’ means a person  
24 requesting ex parte reexamination under section 302 or

1 inter partes reexamination under section 311 who is not  
2 the patent owner.”.

3 **SEC. 504. OPTIONAL INTER PARTES REEXAMINATION PRO-**  
4 **CEDURES.**

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

8 **“CHAPTER 31—OPTIONAL INTER PARTES**  
9 **REEXAMINATION PROCEDURES**

“Sec.

“311. Request for inter partes reexamination.

“312. Determination of issue by Director.

“313. Inter partes reexamination order by Director.

“314. Conduct of inter partes reexamination proceedings.

“315. Appeal.

“316. Certificate of patentability, unpatentability, and claim cancellation.

“317. Inter partes reexamination prohibited.

“318. Stay of litigation.

10 **“§ 311. Request for inter partes reexamination**

11 “(a) IN GENERAL.—Any person at any time may file  
12 a request for inter partes reexamination by the Office of  
13 a patent on the basis of any prior art cited under the pro-  
14 visions of section 301.

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 an inter partes reexamination fee estab-  
19 lished by the Director under section 41; and

1           “(2) set forth the pertinency and manner of ap-  
2           plying cited prior art to every claim for which reex-  
3           amination is requested.

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

7           **“§ 312. Determination of issue by Director**

8           “(a) REEXAMINATION.—Not later than 3 months  
9           after the filing of a request for inter partes reexamination  
10          under section 311, the Director shall determine whether  
11          a substantial new question of patentability affecting any  
12          claim of the patent concerned is raised by the request,  
13          with or without consideration of other patents or printed  
14          publications. On the Director’s initiative, and at any time,  
15          the Director may determine whether a substantial new  
16          question of patentability is raised by patents and publica-  
17          tions.

18          “(b) RECORD.—A record of the Director’s determina-  
19          tion under subsection (a) shall be placed in the official  
20          file of the patent, and a copy shall be promptly given or  
21          mailed to the owner of record of the patent and to the  
22          third-party requester, if any.

23          “(c) FINAL DECISION.—A determination by the Di-  
24          rector pursuant to subsection (a) shall be final and non-  
25          appealable. Upon a determination that no substantial new



1       “(b) RESPONSE.—(1) This subsection shall apply to  
2 any inter partes reexamination proceeding in which the  
3 order for inter partes reexamination is based upon a re-  
4 quest by a third-party requester.

5       “(2) With the exception of the inter partes reexam-  
6 ination request, any document filed by either the patent  
7 owner or the third-party requester shall be served on the  
8 other party. In addition, the third-party requester shall  
9 receive a copy of any communication sent by the Office  
10 to the patent owner concerning the patent subject to the  
11 inter partes reexamination proceeding.

12       “(3) Each time that the patent owner files a response  
13 to an action on the merits from the Patent and Trademark  
14 Office, the third-party requester shall have one oppor-  
15 tunity to file written comments addressing issues raised  
16 by the action of the Office or the patent owner’s response  
17 thereto, if those written comments are received by the Of-  
18 fice within 30 days after the date of service of the patent  
19 owner’s response.

20       “(c) SPECIAL DISPATCH.—Unless otherwise provided  
21 by the Director for good cause, all inter partes reexamina-  
22 tion proceedings under this section, including any appeal  
23 to the Board of Patent Appeals and Interferences, shall  
24 be conducted with special dispatch within the Office.

1 **“§ 315. Appeal**

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

5           “(1) may appeal under the provisions of section  
6 134, and may appeal under the provisions of sec-  
7 tions 141 through 144, with respect to any decision  
8 adverse to the patentability of any original or pro-  
9 posed amended or new claim of the patent; and

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

12       “(b) THIRD-PARTY REQUESTER.—A third-party re-  
13 quester may—

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

18           “(2) be a party to any appeal taken by the pat-  
19 ent owner under the provisions of section 134, sub-  
20 ject to subsection (c).

21       “(c) CIVIL ACTION.—A third-party requester whose  
22 request for an inter partes reexamination results in an  
23 order under section 313 is estopped from asserting at a  
24 later time, in any civil action arising in whole or in part  
25 under section 1338 of title 28, the invalidity of any claim  
26 finally determined to be valid and patentable on any

1 ground which the third-party requester raised or could  
2 have raised during the inter partes reexamination pro-  
3 ceedings. This subsection does not prevent the assertion  
4 of invalidity based on newly discovered prior art unavail-  
5 able to the third-party requester and the Patent and  
6 Trademark Office at the time of the inter partes reexam-  
7 ination proceedings.

8 **“§ 316. Certificate of patentability, unpatentability,**  
9 **and claim cancellation**

10 “(a) IN GENERAL.—In an inter partes reexamination  
11 proceeding under this chapter, when the time for appeal  
12 has expired or any appeal proceeding has terminated, the  
13 Director shall issue and publish a certificate canceling any  
14 claim of the patent finally determined to be unpatentable,  
15 confirming any claim of the patent determined to be pat-  
16 entable, and incorporating in the patent any proposed  
17 amended or new claim determined to be patentable.

18 “(b) AMENDED OR NEW CLAIM.—Any proposed  
19 amended or new claim determined to be patentable and  
20 incorporated into a patent following an inter partes reex-  
21 amination proceeding shall have the same effect as that  
22 specified in section 252 of this title for reissued patents  
23 on the right of any person who made, purchased, or used  
24 within the United States, or imported into the United  
25 States, anything patented by such proposed amended or

1 new claim, or who made substantial preparation for the  
2 same, prior to issuance of a certificate under the provi-  
3 sions of subsection (a) of this section.

4 **“§ 317. Inter partes reexamination prohibited**

5       “(a) ORDER FOR REEXAMINATION.—Notwith-  
6 standing any provision of this chapter, once an order for  
7 inter partes reexamination of a patent has been issued  
8 under section 313, neither the patent owner nor the third-  
9 party requester, if any, nor privies of either, may file a  
10 subsequent request for inter partes reexamination of the  
11 patent until an inter partes reexamination certificate is  
12 issued and published under section 316, unless authorized  
13 by the Director.

14       “(b) FINAL DECISION.—Once a final decision has  
15 been entered against a party in a civil action arising in  
16 whole or in part under section 1338 of title 28 that the  
17 party has not sustained its burden of proving the invalidity  
18 of any patent claim in suit or if a final decision in an  
19 inter partes reexamination proceeding instituted by a  
20 third-party requester is favorable to the patentability of  
21 any original or proposed amended or new claim of the pat-  
22 ent then neither that party nor its privies may thereafter  
23 request inter partes reexamination of any such patent  
24 claim on the basis of issues which that party or its privies  
25 raised or could have raised in such civil action or inter

1 partes reexamination proceeding, and an inter partes reex-  
 2 amination requested by that party or its privies on the  
 3 basis of such issues may not thereafter be maintained by  
 4 the Office, notwithstanding any other provision of this  
 5 chapter. This subsection does not prevent the assertion of  
 6 invalidity based on newly discovered prior art unavailable  
 7 to the third-party requester and the Patent and Trade-  
 8 mark Office at the time of the inter partes reexamination  
 9 proceedings.

10 **“§ 318. Stay of litigation**

11 “Once an order for inter partes reexamination of a  
 12 patent has been issued under section 313, the patent  
 13 owner may obtain a stay of any pending litigation which  
 14 involves an issue of patentability of any claims of the pat-  
 15 ent which are the subject of the inter partes reexamination  
 16 order, unless the court before which such litigation is  
 17 pending determines that a stay would not serve the inter-  
 18 ests of justice.”.

19 (b) CONFORMING AMENDMENTS.—The table of chap-  
 20 ters for part III of title 35, United States Code, is amend-  
 21 ed by striking the item relating to chapter 30 and insert-  
 22 ing the following:

<b>“30. Prior Art Citations to Office and Ex Parte Reexam-          ination of Patents .....</b>	<b>301</b>
<b>“31. Optional Inter Partes Reexamination of Patents .....</b>	<b>311”.</b>

1 **SEC. 505. 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 any reexam-  
10 ination proceeding, \$1,210, unless the petition is  
11 filed under section 133 or 151 of this title, in which  
12 case 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 any reex-  
24 amination proceeding may appeal from the final rejection  
25 of any claim by the primary examiner to the Board of Pat-

1 ent Appeals and Interferences, having once paid the fee  
2 for such appeal.

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

11       (c) APPEAL TO COURT OF APPEALS FOR THE FED-  
12 ERAL CIRCUIT.—Section 141 of title 35, United States  
13 Code, is amended by adding the following after the second  
14 sentence: “A patent owner in any reexamination pro-  
15 ceeding dissatisfied with the final decision in an appeal  
16 to the Board of Patent Appeals and Interferences under  
17 section 134 may appeal the decision only to the United  
18 States Court of Appeals for the Federal Circuit.”.

19       (d) PROCEEDINGS ON APPEAL.—Section 143 of title  
20 35, United States Code, is amended by amending the third  
21 sentence to read as follows: “In any reexamination cases,  
22 the Director shall submit to the court in writing the  
23 grounds for the decision of the Patent and Trademark Of-  
24 fice, addressing all the issues involved in the appeal.”.

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

4 **SEC. 506. REPORT TO CONGRESS.**

5 Not later than 5 years after the effective date of this  
6 title, the Director of the United States Patent and Trade-  
7 mark Office shall submit to the Congress a report evalu-  
8 ating whether the inter partes reexamination proceedings  
9 established under the amendments made by this title are  
10 inequitable to any of the parties in interest and, if so, the  
11 report shall contain recommendations for changes to the  
12 amendments made by this title to remove such inequity.

13 **SEC. 507. ESTOPPEL EFFECT OF REEXAMINATION.**

14 Any party who requests an inter partes reexamina-  
15 tion under section 311 of title 35, United States Code,  
16 is estopped from challenging at a later time, in any civil  
17 action, any fact determined during the process of such re-  
18 examination, except with respect to a fact determination  
19 later proved to be erroneous based on information unavail-  
20 able at the time of the inter partes reexamination decision.  
21 If this section is held to be unenforceable, the enforce-  
22 ability of the rest of this title or of this Act shall not be  
23 denied as a result.

1 **SEC. 508. EFFECTIVE DATE.**

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

6 **TITLE VI—PATENT AND**  
7 **TRADEMARK OFFICE**

8 **SEC. 601. SHORT TITLE.**

9 This title may be cited as the “Patent and Trade-  
10 mark Office Efficiency Act”.

11 **Subtitle A—United States Patent**  
12 **and Trademark Office**

13 **SEC. 611. ESTABLISHMENT OF PATENT AND TRADEMARK**  
14 **OFFICE.**

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

17 **“§ 1. Establishment**

18 **“(a) ESTABLISHMENT.—**The United States Patent  
19 and Trademark Office is established as an agency of the  
20 United States, within the Department of Commerce. In  
21 carrying out its functions, the United States Patent and  
22 Trademark Office shall be subject to the policy direction  
23 of the Secretary of Commerce, but otherwise shall retain  
24 responsibility for decisions regarding the management and  
25 administration of its operations and shall exercise inde-  
26 pendent control of its budget allocations and expenditures,

1 personnel decisions and processes, procurements, and  
2 other administrative and management functions in accord-  
3 ance with this title and applicable provisions of law. Those  
4 operations designed to grant and issue patents and those  
5 operations which are designed to facilitate the registration  
6 of trademarks shall be treated as separate operating units  
7 within the Office.

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

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

1 **SEC. 612. POWERS AND DUTIES.**

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

4 **“§ 2. Powers and duties**

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

8 “(1) shall be responsible for the granting and  
9 issuing of patents and the registration of trade-  
10 marks; and

11 “(2) shall be responsible for disseminating to  
12 the public information with respect to patents and  
13 trademarks.

14 “(b) SPECIFIC POWERS.—The Office—

15 “(1) shall adopt and use a seal of the Office,  
16 which shall be judicially noticed and with which let-  
17 ters patent, certificates of trademark registrations,  
18 and papers issued by the Office shall be authenti-  
19 cated;

20 “(2) may establish regulations, not inconsistent  
21 with law, which—

22 “(A) shall govern the conduct of pro-  
23 ceedings in the Office;

24 “(B) shall be made in accordance with sec-  
25 tion 553 of title 5;

1           “(C) shall facilitate and expedite the proc-  
2           essing of patent applications, particularly those  
3           which can be filed, stored, processed, searched,  
4           and retrieved electronically, subject to the provi-  
5           sions of section 122 relating to the confidential  
6           status of applications;

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

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

24          “(F) provide for the development of a per-  
25          formance-based process that includes quan-

1           titative and qualitative measures and standards  
2           for evaluating cost-effectiveness and is con-  
3           sistent with the principles of impartiality and  
4           competitiveness;

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

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

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

1       gard to sections 501 through 517 and 1101 through  
2       1123 of title 44, United States Code;

3           “(5) may use, with their consent, services,  
4       equipment, personnel, and facilities of other depart-  
5       ments, agencies, and instrumentalities of the Fed-  
6       eral Government, on a reimbursable basis, and co-  
7       operate with such other departments, agencies, and  
8       instrumentalities in the establishment and use of  
9       services, equipment, and facilities of the Office;

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

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

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

1           “(9) shall advise Federal departments and  
2 agencies on matters of intellectual property policy in  
3 the United States and intellectual property protec-  
4 tion in other countries;

5           “(10) shall provide guidance, as appropriate,  
6 with respect to proposals by agencies to assist for-  
7 eign governments and international intergovern-  
8 mental organizations on matters of intellectual prop-  
9 erty protection;

10           “(11) may conduct programs, studies, or ex-  
11 changes of items or services regarding domestic and  
12 international intellectual property law and the effec-  
13 tiveness of intellectual property protection domesti-  
14 cally and throughout the world;

15           “(12)(A) shall advise the Secretary of Com-  
16 merce on programs and studies relating to intellec-  
17 tual property policy that are conducted, or author-  
18 ized to be conducted, cooperatively with foreign in-  
19 tellectual property offices and international intergov-  
20 ernmental organizations; and

21           “(B) may conduct programs and studies de-  
22 scribed in subparagraph (A); and

23           “(13)(A) in coordination with the Department  
24 of State, may conduct programs and studies coop-  
25 eratively with foreign intellectual property offices

1 and international intergovernmental organizations;  
2 and

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

11 “(c) CLARIFICATION OF SPECIFIC POWERS.—(1) The  
12 special payments under subsection (b)(13)(B) shall be in  
13 addition to any other payments or contributions to inter-  
14 national organizations described in subsection (b)(13)(B)  
15 and shall not be subject to any limitations imposed by law  
16 on the amounts of such other payments or contributions  
17 by the United States Government.

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

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

1       “(4) In exercising the Director’s powers under para-  
2 graphs (3) and (4)(A) of subsection (b), the Director shall  
3 consult with the Administrator of General Services.

4       “(d) CONSTRUCTION.—Nothing in this section shall  
5 be construed to nullify, void, cancel, or interrupt any pend-  
6 ing request-for-proposal let or contract issued by the Gen-  
7 eral Services Administration for the specific purpose of re-  
8 locating or leasing space to the United States Patent and  
9 Trademark Office.”.

10 **SEC. 613. ORGANIZATION AND MANAGEMENT.**

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

13 **“§ 3. Officers and employees**

14       “(a) UNDER SECRETARY AND DIRECTOR.—

15           “(1) IN GENERAL.—The powers and duties of  
16 the United States Patent and Trademark Office  
17 shall be vested in an Under Secretary of Commerce  
18 for Intellectual Property and Director of the United  
19 States Patent and Trademark Office (in this title re-  
20 ferred to as the ‘Director’), who shall be a citizen of  
21 the United States and who shall be appointed by the  
22 President, by and with the advice and consent of the  
23 Senate. The Director shall be a person who has a  
24 professional background and experience in patent or  
25 trademark law.

1           “(2) DUTIES.—

2                   “(A) IN GENERAL.—The Director shall be  
3 responsible for providing policy direction and  
4 management supervision for the Office and for  
5 the issuance of patents and the registration of  
6 trademarks. The Director shall perform these  
7 duties in a fair, impartial, and equitable man-  
8 ner.

9                   “(B) CONSULTING WITH THE PUBLIC AD-  
10 VISORY COMMITTEES.—The Director shall con-  
11 sult with the Patent Public Advisory Committee  
12 established in section 5 on a regular basis on  
13 matters relating to the patent operations of the  
14 Office, shall consult with the Trademark Public  
15 Advisory Committee established in section 5 on  
16 a regular basis on matters relating to the trade-  
17 mark operations of the Office, and shall consult  
18 with the respective Public Advisory Committee  
19 before submitting budgetary proposals to the  
20 Office of Management and Budget or changing  
21 or proposing to change patent or trademark  
22 user fees or patent or trademark regulations  
23 which are subject to the requirement to provide  
24 notice and opportunity for public comment pur-

1           suant to section 553 of title 5, as the case may  
2           be.

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

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

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

11           “(1) DEPUTY UNDER SECRETARY AND DEPUTY  
12           DIRECTOR.—The Secretary of Commerce, upon nom-  
13           ination by the Director, shall appoint a Deputy  
14           Under Secretary of Commerce for Intellectual Prop-  
15           erty and Deputy Director of the United States Pat-  
16           ent and Trademark Office who shall be vested with  
17           the authority to act in the capacity of the Director  
18           in the event of the absence or incapacity of the Di-  
19           rector. The Deputy Director shall be a citizen of the  
20           United States who has a professional background  
21           and experience in patent or trademark law.

22          “(2) COMMISSIONERS.—

23           “(A) APPOINTMENT AND DUTIES.—The  
24           Secretary of Commerce shall appoint a Commis-  
25           sioner for Patents and a Commissioner for

1 Trademarks, without regard to chapter 33, 51,  
2 or 53 of title 5. The Commissioner for Patents  
3 shall be a citizen of the United States with  
4 demonstrated management ability and profes-  
5 sional background and experience in patent law  
6 and serve for a term of 5 years. The Commis-  
7 sioner for Trademarks shall be a citizen of the  
8 United States with demonstrated management  
9 ability and professional background and experi-  
10 ence in trademark law and serve for a term of  
11 5 years. The Commissioner for Patents and the  
12 Commissioner for Trademarks shall serve as  
13 the chief operating officers for the operations of  
14 the Office relating to patents and trademarks,  
15 respectively, and shall be responsible for the  
16 management and direction of all aspects of the  
17 activities of the Office that affect the adminis-  
18 tration of patent and trademark operations, re-  
19 spectively. The Secretary may reappoint a Com-  
20 missioner to subsequent terms of 5 years as  
21 long as the performance of the Commissioner as  
22 set forth in the performance agreement in sub-  
23 paragraph (B) is satisfactory.

24 “(B) SALARY AND PERFORMANCE AGREE-  
25 MENT.—The Commissioners shall be paid an

1 annual rate of basic pay not to exceed the max-  
2 imum rate of basic pay for the Senior Executive  
3 Service established under section 5382 of title  
4 5, including any applicable locality-based com-  
5 parability payment that may be authorized  
6 under section 5304(h)(2)(C) of title 5. The  
7 compensation of the Commissioners shall be  
8 considered, for purposes of section 207(c)(2)(A)  
9 of title 18, to be the equivalent of that de-  
10 scribed under clause (ii) of section 207(c)(2)(A)  
11 of title 18. In addition, the Commissioners may  
12 receive a bonus in an amount of up to, but not  
13 in excess of, 50 percent of the Commissioner's  
14 annual rate of basic pay, based upon an evalua-  
15 tion by the Secretary of Commerce, acting  
16 through the Director, of the Commissioners'  
17 performance as defined in an annual perform-  
18 ance agreement between the Commissioners and  
19 the Secretary. The annual performance agree-  
20 ments shall incorporate measurable organiza-  
21 tion and individual goals in key operational  
22 areas as delineated in an annual performance  
23 plan agreed to by the Commissioners and the  
24 Secretary. Payment of a bonus under this sub-  
25 paragraph may be made to the Commissioners

1           only to the extent that such payment does not  
2           cause the Commissioners' total aggregate com-  
3           pensation in a calendar year to equal or exceed  
4           the amount of the salary of the Vice President  
5           under section 104 of title 3, United States  
6           Code.

7           “(C) REMOVAL.—The Commissioners may  
8           be removed from office by the Secretary for  
9           misconduct or nonsatisfactory performance  
10          under the performance agreement described in  
11          subparagraph (B), without regard to the provi-  
12          sions of title 5. The Secretary shall provide no-  
13          tification of any such removal to both Houses  
14          of Congress.

15          “(3) OTHER OFFICERS AND EMPLOYEES.—The  
16          Director shall—

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

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

1 The Office shall not be subject to any administra-  
2 tively or statutorily imposed limitation on positions  
3 or personnel, and no positions or personnel of the  
4 Office shall be taken into account for purposes of  
5 applying any such limitation.

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

13 “(c) CONTINUED APPLICABILITY OF TITLE 5.—Offi-  
14 cers and employees of the Office shall be subject to the  
15 provisions of title 5 relating to Federal employees.

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

21 “(e) CARRYOVER OF PERSONNEL.—

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

1 date shall become officers and employees of the Of-  
2 fice, without a break in service.

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

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

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

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

23 Any transfer under this paragraph shall be effective  
24 as of the same effective date as referred to in para-

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

3 “(f) TRANSITION PROVISIONS.—

4 “(1) INTERIM APPOINTMENT OF DIRECTOR.—

5 On or after the effective date of the Patent and  
6 Trademark Office Efficiency Act, the President shall  
7 appoint an individual to serve as the Director until  
8 the date on which a Director qualifies under sub-  
9 section (a). The President shall not make more than  
10 one such appointment under this subsection.

11 “(2) CONTINUATION IN OFFICE OF CERTAIN

12 OFFICERS.—(A) The individual serving as the As-  
13 sistant Commissioner for Patents on the day before  
14 the effective date of the Patent and Trademark Of-  
15 fice Efficiency Act may serve as the Commissioner  
16 for Patents until the date on which a Commissioner  
17 for Patents is appointed under subsection (b).

18 “(B) The individual serving as the Assistant  
19 Commissioner for Trademarks on the day before the  
20 effective date of the Patent and Trademark Office  
21 Efficiency Act may serve as the Commissioner for  
22 Trademarks until the date on which a Commissioner  
23 for Trademarks is appointed under subsection (b).”.

1 **SEC. 614. PUBLIC ADVISORY COMMITTEES.**

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

4 **“§ 5. Patent and Trademark Office Public Advisory**  
5 **Committees**

6 “(a) ESTABLISHMENT OF PUBLIC ADVISORY COM-  
7 MITTEES.—

8 “(1) APPOINTMENT.—The United States Pat-  
9 ent and Trademark Office shall have a Patent Pub-  
10 lic Advisory Committee and a Trademark Public Ad-  
11 visory Committee, each of which shall have nine vot-  
12 ing members who shall be appointed by the Sec-  
13 retary of Commerce and serve at the pleasure of the  
14 Secretary of Commerce. Members of each Public Ad-  
15 visory Committee shall be appointed for a term of 3  
16 years, except that of the members first appointed,  
17 three shall be appointed for a term of 1 year, and  
18 three shall be appointed for a term of 2 years. In  
19 making appointments to each Committee, the Sec-  
20 retary of Commerce shall consider the risk of loss of  
21 competitive advantage in international commerce or  
22 other harm to United States companies as a result  
23 of such appointments.

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

1           “(3) TIMING OF APPOINTMENTS.—Initial ap-  
2           pointments to each Advisory Committee shall be  
3           made within 3 months after the effective date of the  
4           Patent and Trademark Office Efficiency Act. Vacan-  
5           cies shall be filled within 3 months after they occur.

6           “(b) BASIS FOR APPOINTMENTS.—Members of each  
7           Advisory Committee—

8           “(1) shall be citizens of the United States who  
9           shall be chosen so as to represent the interests of di-  
10          verse users of the United States Patent and Trade-  
11          mark Office with respect to patents, in the case of  
12          the Patent Public Advisory Committee, and with re-  
13          spect to trademarks, in the case of the Trademark  
14          Public Advisory Committee;

15          “(2) shall include members who represent small  
16          and large entity applicants located in the United  
17          States in proportion to the number of applications  
18          filed by such applicants, but in no case shall mem-  
19          bers who represent small entity patent applicants,  
20          including small business concerns, independent in-  
21          ventors, and nonprofit organizations, constitute less  
22          than 25 percent of the members of the Patent Pub-  
23          lic Advisory Committee, and such members shall in-  
24          clude at least one independent inventor; and

1           “(3) shall include individuals with substantial  
2           background and achievement in finance, manage-  
3           ment, labor relations, science, technology, and office  
4           automation.

5 In addition to the voting members, each Advisory Com-  
6 mittee shall include a representative of each labor organi-  
7 zation recognized by the United States Patent and Trade-  
8 mark Office. Such representatives shall be nonvoting  
9 members of the Advisory Committee to which they are ap-  
10 pointed.

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

14       “(d) DUTIES.—Each Advisory Committee shall—

15           “(1) review the policies, goals, performance,  
16           budget, and user fees of the United States Patent  
17           and Trademark Office with respect to patents, in the  
18           case of the Patent Public Advisory Committee, and  
19           with respect to Trademarks, in the case of the  
20           Trademark Public Advisory Committee, and advise  
21           the Director on these matters;

22           “(2) within 60 days after the end of each fiscal  
23           year—

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

1           “(B) transmit the report to the Secretary  
2           of Commerce, the President, and the Commit-  
3           tees on the Judiciary of the Senate and the  
4           House of Representatives; and

5           “(C) publish the report in the Official Ga-  
6           zette of the United States Patent and Trade-  
7           mark Office.

8           “(e) COMPENSATION.—Each member of each Advi-  
9           sory Committee shall be compensated for each day (includ-  
10          ing travel time) during which such member is attending  
11          meetings or conferences of that Advisory Committee or  
12          otherwise engaged in the business of that Advisory Com-  
13          mittee, at the rate which is the daily equivalent of the an-  
14          nual rate of basic pay in effect for level III of the Execu-  
15          tive Schedule under section 5314 of title 5. While away  
16          from such member’s home or regular place of business  
17          such member shall be allowed travel expenses, including  
18          per diem in lieu of subsistence, as authorized by section  
19          5703 of title 5, United States Code.

20          “(f) ACCESS TO INFORMATION.—Members of each  
21          Advisory Committee shall be provided access to records  
22          and information in the United States Patent and Trade-  
23          mark Office, except for personnel or other privileged infor-  
24          mation and information concerning patent applications re-  
25          quired to be kept in confidence by section 122.

1           “(g) APPLICABILITY OF CERTAIN ETHICS LAWS.—  
2 Members of each Advisory Committee shall be special Gov-  
3 ernment employees within the meaning of section 202 of  
4 title 18, United States Code.

5           “(h) INAPPLICABILITY OF FEDERAL ADVISORY COM-  
6 MITTEE ACT.—The Federal Advisory Committee Act (5  
7 U.S.C. App.) shall not apply to each Advisory Committee.

8           “(i) OPEN MEETINGS.—The meetings of each Advi-  
9 sory Committee shall be open to the public, except that  
10 each Advisory Committee may by majority vote meet in  
11 executive session when considering personnel or other con-  
12 fidential information.”.

13 **SEC. 615. PATENT AND TRADEMARK OFFICE FUNDING.**

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

16           (1) by striking “Fees available” and inserting  
17           “‘All fees available’”; and

18           (2) by striking “may” and inserting “shall”.

19 **SEC. 616. CONFORMING AMENDMENTS.**

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

22           (b) REGULATIONS FOR AGENTS AND ATTORNEYS.—  
23 Section 31 of title 35, United States Code, and the item  
24 relating to such section in the table of sections for chapter  
25 3 of title 35, United States Code, are repealed.

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

4 **SEC. 617. TRADEMARK TRIAL AND APPEAL BOARD.**

5 Section 17 of the Act of July 5, 1946 (commonly re-  
6 ferred to as the “Trademark Act of 1946”) (15 U.S.C.  
7 1067) is amended to read as follows:

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

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

18 **SEC. 618. BOARD OF PATENT APPEALS AND INTER-**  
19 **FERENCES.**

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

22 (1) by striking section 7 and redesignating sec-  
23 tions 8 through 14 as sections 7 through 13, respec-  
24 tively; and

25 (2) by inserting after section 5 the following:

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

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

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

19 **SEC. 619. ANNUAL REPORT OF DIRECTOR.**

20 Section 13 of title 35, United States Code, as redesign-  
21 nated by section 618 of this Act, is amended to read as  
22 follows:

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

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

1 which the moneys were spent, the quality and quantity of  
2 the work of the Office, the nature of training provided to  
3 examiners, the evaluation of the Commissioner of Patents  
4 and the Commissioner of Trademarks by the Secretary of  
5 Commerce, the compensation of the Commissioners, and  
6 other information relating to the Office.”.

7 **SEC. 620. SUSPENSION OR EXCLUSION FROM PRACTICE.**

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

14 **SEC. 621. PAY OF DIRECTOR AND DEPUTY DIRECTOR.**

15 (a) PAY OF DIRECTOR.—Section 5314 of title 5,  
16 United States Code, is amended by striking:

17 “Assistant Secretary of Commerce and Com-  
18 missioner of Patents and Trademarks.”.

19 and inserting:

20 “Under Secretary of Commerce for Intellectual  
21 Property and Director of the United States Patent  
22 and Trademark Office.”.

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

1           “Deputy Under Secretary of Commerce for In-  
2           tellectual Property and Deputy Director of the  
3           United States Patent and Trademark Office.”.

4 **SEC. 622. STUDY ON ALTERNATIVE FEE STRUCTURES.**

5           The Under Secretary of Commerce for Intellectual  
6           Property and Director of the United States Patent and  
7           Trademark Office shall conduct a study of alternative fee  
8           structures that could be adopted by the United States Pat-  
9           ent and Trademark Office to encourage maximum partici-  
10          pation by the inventor community in the United States.  
11          The Director shall submit to the Committees on the Judi-  
12          ciary of the House of Representatives and the Senate a  
13          report on the study not later than 1 year after the date  
14          of the enactment of this Act.

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

17 **SEC. 631. EFFECTIVE DATE.**

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

21 **SEC. 632. TECHNICAL AND CONFORMING AMENDMENTS.**

22          (a) AMENDMENTS TO TITLE 35.—

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

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

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

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

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

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

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

11 **“CHAPTER 1—ESTABLISHMENT, OFFICERS**  
12 **AND EMPLOYEES, FUNCTIONS**

“Sec.

“ 1. Establishment.

“ 2. Powers and duties.

“ 3. Officers and employees.

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

“ 5. Patent and Trademark Office Public Advisory Committees.

“ 6. Board of Patent Appeals and Interferences.

“ 7. Library.

“ 8. Classification of patents.

“ 9. Certified copies of records.

“10. Publications.

“11. Exchange of copies of patents and applications with foreign countries.

“12. Copies of patents and applications for public libraries.

“13. Annual report to Congress.”.

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

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

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

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

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

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

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

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

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

1 (A) by striking “iv)” and inserting “(iv)”;

2 and

3 (B) by striking the second period after  
4 “Department of Energy” at the end of the first  
5 sentence.

6 (b) OTHER PROVISIONS OF LAW.—

7 (1)(A) Section 45 of the Act of July 5, 1946  
8 (commonly referred to as the “Trademark Act of  
9 1946”; 15 U.S.C. 1127), is amended by striking  
10 “The term ‘Commissioner’ means the Commissioner  
11 of Patents and Trademarks.’ and inserting “The  
12 term ‘Director’ means the Director of the United  
13 States Patent and Trademark Office.”.

14 (B) The Act of July 5, 1946 (commonly re-  
15 ferred to as the “Trademark Act of 1946”; 15  
16 U.S.C. 1051 and following), except for section 17, as  
17 amended by section 617 of this Act, is amended by  
18 striking “Commissioner” each place it appears and  
19 inserting “Director”.

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

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

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

4           (4) Section 5316 of title 5, United States Code  
5           (5 U.S.C. 5316) is amended by striking “Commis-  
6           sioner of Patents, Department of Commerce.”,  
7           “Deputy Commissioner of Patents and Trade-  
8           marks.”, “Assistant Commissioner for Patents.”,  
9           and “Assistant Commissioner for Trademarks.”.

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

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

15          (6) Section 12 of the Act of February 14, 1903  
16          (15 U.S.C. 1511) is amended—

17                 (A) by striking “(d) Patent and Trade-  
18                 mark Office;” and inserting:

19                 “(4) United States Patent and Trademark Of-  
20                 fice”; and

21                 (B) by redesignating subsections (a), (b),  
22                 (c), (e), (f), and (g) as paragraphs (1), (2), (3),  
23                 (5), (6), and (7), respectively and indenting the  
24                 paragraphs as so redesignated 2 ems to the  
25                 right.

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

3                   (A) by striking “Patent Office of the  
4                   United States” and inserting “United States  
5                   Patent and Trademark Office”; and

6                   (B) by striking “Commissioner of Patents”  
7                   and inserting “Director of the United States  
8                   Patent and Trademark Office”.

9           (8) Section 182(b)(2)(A) of the Trade Act of  
10           1974 (19 U.S.C. 2242(b)(2)(A)) is amended by  
11           striking “Commissioner of Patents and Trade-  
12           marks” and inserting “Director of the United States  
13           Patent and Trademark Office”.

14           (9) Section 302(b)(2)(D) of the Trade Act of  
15           1974 (19 U.S.C. 2412(b)(2)(D)) is amended by  
16           striking “Commissioner of Patents and Trade-  
17           marks” and inserting “Director of the United States  
18           Patent and Trademark Office”.

19           (10) The Act of April 12, 1892 (27 Stat. 395;  
20           20 U.S.C. 91) is amended by striking “Patent Of-  
21           fice” and inserting “United States Patent and  
22           Trademark Office”.

23           (11) Sections 505(m) and 512(o) of the Federal  
24           Food, Drug, and Cosmetic Act (21 U.S.C. 355(m)  
25           and 360b(o)) are each amended by striking “Patent

1 and Trademark Office of the Department of Com-  
2 merce” and inserting “United States Patent and  
3 Trademark Office”.

4 (12) Section 702(d) of the Federal Food, Drug,  
5 and Cosmetic Act (21 U.S.C. 372(d)) is amended by  
6 striking “Commissioner of Patents” and inserting  
7 “Director of the United States Patent and Trade-  
8 mark Office” and by striking “Commissioner” and  
9 inserting “Director”.

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

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

16 (A) in subparagraph (A) by inserting  
17 “United States” before “Patent and Trade-  
18 mark”; and

19 (B) in subparagraph (B) by striking  
20 “Commissioner of Patents and Trademarks”  
21 and inserting “Director of the United States  
22 Patent and Trademark Office”.

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

1 (A) in the item relating to section 1744 in  
2 the table of sections by striking “Patent Office”  
3 and inserting “United States Patent and  
4 Trademark Office”;

5 (B) in section 1744—

6 (i) by striking “Patent Office” each  
7 place it appears in the text and section  
8 heading and inserting “United States Pat-  
9 ent and Trademark Office”; and

10 (ii) by striking “Commissioner of Pat-  
11 ents” and inserting “Director of the  
12 United States Patent and Trademark Of-  
13 fice”; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## 18           **Subtitle C—Miscellaneous** 19           **Provisions**

### 20   **SEC. 641. REFERENCES.**

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

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

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

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

11           (1) to the Commissioner of Patents and Trade-  
12 marks is deemed to refer to the Under Secretary of  
13 Commerce for Intellectual Property and Director of  
14 the United States Patent and Trademark Office;

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

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

21 **SEC. 642. EXERCISE OF AUTHORITIES.**

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

1 able with respect to the performance of that function to  
2 the official responsible for the performance of the function  
3 immediately before the effective date of the transfer of the  
4 function under this title.

5 **SEC. 643. SAVINGS PROVISIONS.**

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

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

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

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

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

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

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

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

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

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

18 **SEC. 644. TRANSFER OF ASSETS.**

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

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

4 **SEC. 645. DELEGATION AND ASSIGNMENT.**

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

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

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

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

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

14 **SEC. 647. CERTAIN VESTING OF FUNCTIONS CONSIDERED**  
15 **TRANSFERS.**

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

20 **SEC. 648. AVAILABILITY OF EXISTING FUNDS.**

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

1 of such functions, programs, and activities, subject to the  
2 submission of a plan to the Committees on Appropriations  
3 of the House and Senate in accordance with the proce-  
4 dures set forth in section 605 of the Departments of Com-  
5 merce, Justice, and State, the Judiciary, and Related  
6 Agencies Appropriations Act, 1999, as contained in Public  
7 Law 105–277.

8 **SEC. 649. DEFINITIONS.**

9 For purposes of this title—

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

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

16 **TITLE VII—MISCELLANEOUS**  
17 **PATENT PROVISIONS**

18 **SEC. 701. PROVISIONAL APPLICATIONS.**

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

21 “(5) ABANDONMENT.—Notwithstanding the ab-  
22 sence of a claim, upon timely request and as pre-  
23 scribed by the Commissioner, a provisional applica-  
24 tion may be treated as an application filed under  
25 subsection (a). Subject to section 119(e)(3) of this

1 title, if no such request is made, the provisional ap-  
2 plication shall be regarded as abandoned 12 months  
3 after the filing date of such application and shall not  
4 be subject to revival thereafter.”.

5 (b) TECHNICAL AMENDMENT RELATING TO WEEK-  
6 ENDS AND HOLIDAYS.—Section 119(e) of title 35, United  
7 States code, is amended by adding at the end the fol-  
8 lowing:

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

14 (c) ELIMINATION OF COPENENCY REQUIRE-  
15 MENT.—Section 119(e)(2) of title 35, United States Code,  
16 is amended by striking “and the provisional application  
17 was pending on the filing date of the application for patent  
18 under section 111(a) or section 363 of this title”.

19 (d) EFFECTIVE DATE.—The amendments made by  
20 this section shall take effect on the date of the enactment  
21 of this Act and shall apply to any provisional application  
22 filed on or after June 8, 1995, except that the amend-  
23 ments made by subsections (b) and (c) shall have no effect  
24 with respect to any patent which is the subject of litigation

1 in an action commenced before such date of the enact-  
2 ment.

3 **SEC. 702. INTERNATIONAL APPLICATIONS.**

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

6 (1) in subsection (a)—

7 (A) by inserting “in a WTO member coun-  
8 try or” after “patent for the same invention”;  
9 and

10 (B) by inserting “such WTO member  
11 country or” after “first filed in”;

12 (2) in subsection (c), by inserting “WTO mem-  
13 ber country or” after “application in the same”; and

14 (3) by adding at the end the following:

15 “(f) Applications for plant breeder’s rights filed in  
16 a WTO member country (or in a foreign UPOV Con-  
17 tracting Party) shall have the same effect for the purpose  
18 of the right of priority under subsections (a) through (c)  
19 of this section as applications for patent, subject to the  
20 same conditions and requirements of this section as apply  
21 to applications for patents.

22 “(g) As used in this section—

23 “(1) the term ‘WTO member country’ has the  
24 meaning given that term in section 2(10) of the  
25 Uruguay Round Agreements Act; and

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

4 **SEC. 703. CERTAIN LIMITATIONS ON DAMAGES FOR PAT-**  
5 **ENT INFRINGEMENT NOT APPLICABLE.**

6           Section 287(c)(4) of title 35, United States Code, is  
7           amended by striking “before the date of enactment of this  
8           subsection” and inserting “based on an application the  
9           earliest effective filing date of which is prior to September  
10          30, 1996”.

11 **SEC. 704. ELECTRONIC FILING AND PUBLICATIONS.**

12          (a) **PRINTING OF PAPERS FILED.**—Section 22 of title  
13          35, United States Code, is amended by striking “printed  
14          or typewritten” and inserting “printed, typewritten, or on  
15          an electronic medium”.

16          (b) **PUBLICATIONS.**—Section 11(a) of title 35, United  
17          States Code, is amended by amending the matter pre-  
18          ceding paragraph 1 to read as follows:

19                 “(a) The Director may publish in printed, type-  
20                 written, or electronic form, the following:”.

21          (c) **COPIES OF PATENTS FOR PUBLIC LIBRARIES.**—  
22          Section 13 of title 35, United States Code, is amended  
23          by striking “The Commissioner may supply printed copies  
24          of specifications and drawings of patents” and inserting

1 “The Director may supply copies of specifications and  
2 drawings of patents in printed or electronic form”.

3 (d) MAINTENANCE OF COLLECTIONS.—Section  
4 41(i)(1) of title 35, United States Code, is amended by  
5 striking “The Commissioner shall maintain, for use by the  
6 public, paper or microform” and inserting “The Director  
7 shall maintain, for use by the public, paper, microform,  
8 or electronic”.

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

11 (a) IN GENERAL.—No later than 6 months after the  
12 date of the enactment of this Act, the Comptroller General  
13 of the United States, in consultation with the Director of  
14 the United States Patent and Trademark Office, shall  
15 conduct a study and submit a report to the Congress on  
16 the potential risks to the United States biotechnology in-  
17 dustry relating to biological deposits in support of bio-  
18 technology patents.

19 (b) CONTENTS.—The study conducted under this sec-  
20 tion shall include—

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

1           (2) an analysis of comparative legal and regu-  
2           latory regimes; and

3           (3) any related recommendations.

4           (c) CONSIDERATION OF REPORT.—In drafting regu-  
5           lations affecting biological deposits (including any modi-  
6           fication of title 37, Code of Federal Regulations, section  
7           1.801 et seq.), the Patent and Trademark Office shall con-  
8           sider the recommendations of the study conducted under  
9           this section.

10 **SEC. 706. PRIOR INVENTION.**

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

13           “(g)(1) during the course of an interference con-  
14           ducted under section 135 or section 291, another inventor  
15           involved therein establishes, to the extent permitted in sec-  
16           tion 104, that before such person’s invention thereof the  
17           invention was made by such other inventor and not aban-  
18           doned, suppressed, or concealed, or (2) before such per-  
19           son’s invention thereof, the invention was made in this  
20           country by another inventor who had not abandoned, sup-  
21           pressed, or concealed it. In determining priority of inven-  
22           tion under this subsection, there shall be considered not  
23           only the respective dates of conception and reduction to  
24           practice of the invention, but also the reasonable diligence

1 of one who was first to conceive and last to reduce to prac-  
2 tice, from a time prior to conception by the other.”.

3 **SEC. 707. PRIOR ART EXCLUSION FOR CERTAIN COMMONLY**  
4 **ASSIGNED PATENTS.**

5 (a) **PRIOR ART EXCLUSION.**—Section 103(c) of title  
6 35, United States Code, is amended by striking “sub-  
7 section (f) or (g)” and inserting “one or more of sub-  
8 sections (e), (f), and (g)”.

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

Passed the House of Representatives August 4,  
1999.

Attest:

*Clerk.*