

Calendar No. 400

106TH CONGRESS
1ST SESSION

H. R. 1907

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.

NOVEMBER 5, 1999

Reported with an amendment

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1ST SESSION**H. R. 1907**

IN THE SENATE OF THE UNITED STATES

AUGUST 4, 1999

Received

OCTOBER 8, 1999

Read twice and referred to the Committee on the Judiciary

NOVEMBER 5, 1999

Reported by Mr. HATCH, with an amendment

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

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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “American Inventors
5 Protection Act of 1999”.

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

7 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”.

5 **SEC. 102. INVENTION PROMOTION SERVICES.**

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

1 **“CHAPTER 5—INVENTION PROMOTION**
 2 **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.

3 **“§ 51. Definitions**

4 “For purposes of this chapter—

5 “(1) the term ‘contract for invention promotion
 6 services’ means a contract by which an invention
 7 promoter undertakes invention promotion services
 8 for a customer;

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

14 “(3) the term ‘invention promoter’ means any
 15 person, firm, partnership, corporation, or other enti-
 16 ty who offers to perform or performs for, or on be-
 17 half of, a customer any act described under para-
 18 graph (4), but does not include—

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

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

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

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

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

24 “(A) evaluating the invention to determine
25 its protectability as some form of intellectual

1 property, other than evaluation by a person li-
2 censed by a State to practice law who is acting
3 solely within the scope of that person's profes-
4 sional license;

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

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

15 **“§ 52. Contracting requirements**

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

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

1 “(b) REQUIREMENTS OF INVENTION PROMOTER.—

2 The invention promoter shall—

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

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

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

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

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

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

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

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

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

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

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

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

20 ‘YOU HAVE THE RIGHT TO TERMINATE THIS
21 CONTRACT. TO TERMINATE THIS CONTRACT,
22 YOU MUST SEND A WRITTEN LETTER TO THE
23 COMPANY STATING YOUR INTENT TO CANCEL
24 THIS CONTRACT.

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

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

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

19 ‘THE TOTAL NUMBER OF CUSTOMERS WHO
20 HAVE CONTRACTED WITH THE INVENTION PRO-
21 MOTER IN THE PAST FIVE (5) YEARS IS XXXXX.
22 THE TOTAL NUMBER OF CUSTOMERS KNOWN
23 BY THIS INVENTION PROMOTER TO HAVE RE-
24 CEIVED, BY VIRTUE OF THIS INVENTION PRO-
25 MOTER’S PERFORMANCE, AN AMOUNT OF

1 MONEY IN EXCESS OF THE AMOUNT PAID BY
2 THE CUSTOMER TO THIS INVENTION PRO-
3 MOTER IS XXXXXXXX. AS A RESULT OF THE EF-
4 FORTS OF THIS INVENTION PROMOTER, XXXXX
5 NUMBER OF CUSTOMERS HAVE RECEIVED LI-
6 CENSE AGREEMENTS FOR THEIR INVENTIONS.

7 ‘THE OFFICERS OF THIS INVENTION PRO-
8 MOTER HAVE COLLECTIVELY OR INDIVIDUALLY
9 BEEN AFFILIATED IN THE LAST TEN (10) YEARS
10 WITH THE FOLLOWING INVENTION PROMOTION
11 COMPANIES: (LIST THE NAMES AND ADDRESSES
12 OF ALL PREVIOUS INVENTION PROMOTION
13 COMPANIES WITH WHICH THE PRINCIPAL OFFI-
14 CERS HAVE BEEN AFFILIATED AS OWNERS,
15 AGENTS, OR EMPLOYEES). YOU ARE ENCOUR-
16 AGED TO CHECK WITH THE UNITED STATES
17 PATENT AND TRADEMARK OFFICE, THE FED-
18 ERAL TRADE COMMISSION, YOUR STATE ATTOR-
19 NEY GENERAL’S OFFICE, AND THE BETTER
20 BUSINESS BUREAU FOR ANY COMPLAINTS
21 FILED AGAINST ANY OF THESE COMPANIES
22 WHICH RESULTED IN REGULATORY SANCTIONS
23 OR OTHER CORRECTIVE ACTIONS.

24 ‘YOU ARE ENCOURAGED TO CONSULT WITH
25 AN ATTORNEY OF YOUR OWN CHOOSING BE-

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20 **“§ 56. Remedies**

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

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

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

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

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

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

5 “(A) \$5,000; or

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

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

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

21 **“§ 57. Records of complaints**

22 “(a) RELEASE OF COMPLAINTS.—The Director shall
 23 make all complaints received by the United States Patent
 24 and Trademark Office involving invention promoters pub-

1 liely available, together with any response of the invention
2 promoters.

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

9 **“§ 58. Fraudulent representation by an invention pro-**
10 **moter**

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

17 **“§ 59. Rule of construction**

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

22 **SEC. 103. EFFECTIVE DATE.**

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

1 **TITLE II—FIRST INVENTOR**
2 **DEFENSE**

3 **SEC. 201. SHORT TITLE.**

4 This title may be cited as the “First Inventor Defense
5 Act”.

6 **SEC. 202. DEFENSE TO PATENT INFRINGEMENT BASED ON**
7 **EARLIER INVENTOR.**

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

11 **“§ 273. Defense to infringement based on earlier in-**
12 **ventor**

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

14 “(1) the terms ‘commercially used’ and ‘com-

15 mercial use’ mean use of a method in the United

16 States, so long as such use is in connection with an

17 internal commercial use or an actual arm’s-length

18 sale or other arm’s-length commercial transfer of a

19 useful end result, whether or not the subject matter

20 at issue is accessible to or otherwise known to the

21 public, except that the subject matter for which com-

22 mercial marketing or use is subject to a premar-

23 keting regulatory review period during which the

24 safety or efficacy of the subject matter is estab-

25 lished, including any period specified in section

1 156(g), shall be deemed ‘commercially used’ and in
2 ‘commercial use’ during such regulatory review pe-
3 riod;

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

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

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

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

19 “(4) the ‘effective filing date’ of a patent is the
20 earlier of the actual filing date of the application for
21 the patent or the filing date of any earlier United
22 States, foreign, or international application to which
23 the subject matter at issue is entitled under section
24 119, 120, or 365 of this title.

25 “(b) DEFENSE TO INFRINGEMENT.—

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

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

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

22 “(A) PATENT.—A person may not assert
23 the defense under this section unless the inven-
24 tion for which the defense is asserted is for a
25 method.

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

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

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

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

1 this section with respect to actions taken after the
2 date of such abandonment.

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

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

22 “(8) UNSUCCESSFUL ASSERTION OF DE-
23 FENSE.—If the defense under this section is pleaded
24 by a person who is found to infringe the patent and
25 who subsequently fails to demonstrate a reasonable

1 basis for asserting the defense, the court shall find
 2 the case exceptional for the purpose of awarding at-
 3 torney's fees under section 285 of this title.

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

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

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

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

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

20 **TITLE III—PATENT TERM**
 21 **GUARANTEE**

22 **SEC. 301. SHORT TITLE.**

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

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

2 (a) **ADJUSTMENT OF PATENT TERM.**—Section
3 154(b) of title 35, United States Code, is amended to read
4 as follows:

5 “(b) **ADJUSTMENT OF PATENT TERM.**—

6 “(1) **PATENT TERM GUARANTEES.**—

7 “(A) **GUARANTEE OF PROMPT PATENT**
8 **AND TRADEMARK OFFICE RESPONSES.**—Subject
9 to the limitations under paragraph (2), if the
10 issue of an original patent is delayed due to the
11 failure of the Patent and Trademark Office
12 to—

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

19 “(ii) respond to a reply under section
20 132, or to an appeal taken under section
21 134, within 4 months after the date on
22 which the reply was filed or the appeal was
23 taken;

24 “(iii) act on an application within 4
25 months after the date of a decision by the
26 Board of Patent Appeals and Interferences

1 under section ~~134~~ or ~~135~~ or a decision by
2 a Federal court under section ~~141~~, ~~145~~, or
3 ~~146~~ in a case in which allowable claims re-
4 main in the application; or

5 “(iv) issue a patent within 4 months
6 after the date on which the issue fee was
7 paid under section ~~151~~ and all outstanding
8 requirements were satisfied;

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

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

22 “(i) any time consumed by continued
23 examination of the application requested
24 by the applicant under section ~~132~~(b);

1 “(ii) any time consumed by a pro-
2 ceeding under section 135(a), any time
3 consumed by the imposition of an order
4 pursuant to section 181, or any time con-
5 sumed by appellate review by the Board of
6 Patent Appeals and Interferences or by a
7 Federal court; or

8 “(iii) any delay in the processing of
9 the application by the Patent and Trade-
10 mark Office requested by the applicant ex-
11 cept as permitted by paragraph (3)(C),

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

15 “(C) GUARANTEE OR ADJUSTMENTS FOR
16 DELAYS DUE TO INTERFERENCES, SECRECY OR-
17 DERS, AND APPEALS.—Subject to the limita-
18 tions under paragraph (2), if the issue of an
19 original patent is delayed due to—

20 “(i) a proceeding under section
21 135(a);

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

24 “(iii) appellate review by the Board of
25 Patent Appeals and Interferences or by a

1 Federal court in a case in which the patent
2 was issued pursuant to a decision in the
3 review reversing an adverse determination
4 of patentability;

5 the term of the patent shall be extended one
6 day for each day of the pendency of the pro-
7 ceeding, order, or review, as the case may be.

8 “(2) LIMITATIONS.—

9 “(A) IN GENERAL.—To the extent that pe-
10 riods of delay attributable to grounds specified
11 in paragraph (1) overlap, the period of any ad-
12 justment granted under this subsection shall
13 not exceed the actual number of days the
14 issuance of the patent was delayed.

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

20 “(C) REDUCTION OF PERIOD OF ADJUST-
21 MENT.—

22 “(i) The period of adjustment of the
23 term of a patent under paragraph (1) shall
24 be reduced by a period equal to the period
25 of time during which the applicant failed

1 to engage in reasonable efforts to conclude
2 prosecution of the application.

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

16 “(iii) The Director shall prescribe reg-
17 ulations establishing the circumstances
18 that constitute a failure of an applicant to
19 engage in reasonable efforts to conclude
20 processing or examination of an applica-
21 tion.

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

24 “(A) The Director shall prescribe regula-
25 tions establishing procedures for the application

1 for and determination of patent term adjust-
2 ments under this subsection.

3 “(B) Under the procedures established
4 under subparagraph (A), the Director shall—

5 “(i) make a determination of the pe-
6 riod of any patent term adjustment under
7 this subsection; and shall transmit a notice
8 of that determination with the written no-
9 tice of allowance of the application under
10 section 151; and

11 “(ii) provide the applicant one oppor-
12 tunity to request reconsideration of any
13 patent term adjustment determination
14 made by the Director.

15 “(C) The Director shall reinstate all or
16 part of the cumulative period of time of an ad-
17 justment under paragraph (2)(C) if the appli-
18 cant, prior to the issuance of the patent, makes
19 a showing that, in spite of all due care, the ap-
20 plicant was unable to respond within the 3-
21 month period; but in no case shall more than 3
22 additional months for each such response be-
23 yond the original 3-month period be reinstated.

24 “(D) The Director shall proceed to grant
25 the patent after completion of the Director’s de-

1 termination of a patent term adjustment under
2 the procedures established under this sub-
3 section, notwithstanding any appeal taken by
4 the applicant of such determination.

5 “(4) APPEAL OF PATENT TERM ADJUSTMENT
6 DETERMINATION.—

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

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

23 (b) CONFORMING AMENDMENTS.—

24 (1) Section 282 of title 35, United States Code,
25 is amended in the fourth paragraph by striking “156

1 of this title” and inserting “154(b) or 156 of this
2 title”.

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

6 **SEC. 303. CONTINUED EXAMINATION OF PATENT APPLICA-**
7 **TIONS.**

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

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

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

13 “(b) The Director shall prescribe regulations to pro-
14 vide for the continued examination of applications for pat-
15 ent at the request of the applicant. The Director may es-
16 tablish appropriate fees for such continued examination
17 and shall provide a 50 percent reduction in such fees for
18 small entities that qualify for reduced fees under section
19 41(h)(1) of this title.”.

20 **SEC. 304. TECHNICAL CLARIFICATION.**

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

1 **SEC. 305. EFFECTIVE DATE.**

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

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

11 **TITLE IV—UNITED STATES PUB-**
12 **LICATION OF PATENT APPLI-**
13 **CATIONS PUBLISHED**
14 **ABROAD**

15 **SEC. 401. SHORT TITLE.**

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

18 **SEC. 402. PUBLICATION.**

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

21 **“§ 122. Confidential status of applications; publica-**
22 **tion of patent applications**

23 **“(a) CONFIDENTIALITY.—**Except as provided in sub-
24 section (b), applications for patents shall be kept in con-
25 fidence by the Patent and Trademark Office and no infor-
26 mation concerning any such application shall be given

1 without authority of the applicant or owner unless nec-
2 essary to carry out the provisions of an Act of Congress
3 or in such special circumstances as may be determined by
4 the Director.

5 “(b) UNITED STATES PUBLICATION OF APPLICA-
6 TIONS PUBLISHED ABROAD.—

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

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

20 “(C) Pursuant to this title and notwithstanding
21 any other provision of law, a determination by the
22 Director to release or not to release information con-
23 cerning a published patent application shall be final
24 and nonreviewable.

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

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

5 “(C)(i) If an applicant, upon filing, makes a re-
6 quest that an application not be published pursuant
7 to paragraph (1), and states in such request that the
8 invention disclosed in the application has not been
9 the subject of an application filed in another coun-
10 try, or under a multilateral international agreement,
11 that requires publication of applications 18 months
12 after filing, the application shall not be published as
13 provided in paragraph (1).

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

16 “(iii) An applicant who has made a request
17 under clause (i) but who subsequently files, in a for-
18 eign country or under a multilateral international
19 agreement specified in clause (i), an application di-
20 rected to the invention disclosed in the application
21 filed in the Patent and Trademark Office, shall no-
22 tify the Director of such filing not later than 45
23 days after the date of the filing of such foreign or
24 international application. A failure of the applicant
25 to provide such notice within the prescribed period

1 shall result in the application being regarded as
2 abandoned, unless it is shown to the satisfaction of
3 the Director that the delay in submitting the notice
4 was unintentional.

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

10 “(v) If an applicant has filed applications in
11 one or more foreign countries, directly or through a
12 multilateral international agreement, and such for-
13 eign filed applications corresponding to an applica-
14 tion filed in the Patent and Trademark Office or the
15 description of the invention in such foreign filed ap-
16 plications is less extensive than the application or
17 description of the invention in the application filed
18 in the Patent and Trademark Office, the applicant
19 may submit a redacted copy of the application filed
20 in the Patent and Trademark Office eliminating any
21 part or description of the invention in such applica-
22 tion that is not also contained in any of the cor-
23 responding applications filed in a foreign country.
24 The Director may only publish the redacted copy of
25 the application unless the redacted copy of the appli-

1 eation is not received within 16 months after the
2 earliest effective filing date for which a benefit is
3 sought under this title. The provisions of section
4 154(d) shall not apply to a claim if the description
5 of the invention published in the redacted applica-
6 tion filed under this clause with respect to the claim
7 does not enable a person skilled in the art to make
8 and use the subject matter of the claim.

9 “(c) PROTEST AND PRE-ISSUANCE OPPOSITION.—

10 The Director shall establish appropriate procedures to en-
11 sure that no protest or other form of pre-issuance opposi-
12 tion to the grant of a patent on an application may be
13 initiated after publication of the application without the
14 express written consent of the applicant.”

15 (b) STUDY BY GAO.—

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

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

23 (A) consider the number of such applicants
24 for patent in relation to the number of appli-

1 cants who file in the United States and outside
2 the United States;

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

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

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

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

16 **SEC. 403. TIME FOR CLAIMING BENEFIT OF EARLIER FIL-**
17 **ING DATE.**

18 (a) IN A FOREIGN COUNTRY.—Section 119(b) of title
19 35, United States Code, is amended to read as follows:

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

1 “(2) The Director may consider the failure of the ap-
2 plicant to file a timely claim for priority as a waiver of
3 any such claim. The Director may establish procedures,
4 including the payment of a surcharge, to accept an unin-
5 tentionally delayed claim under this section.

6 “(3) The Director may require a certified copy of the
7 original foreign application, specification, and drawings
8 upon which it is based, a translation if not in the English
9 language, and such other information as the Director con-
10 siderers necessary. Any such certification shall be made by
11 the foreign intellectual property authority in which the for-
12 eign application was filed and show the date of the appli-
13 cation and of the filing of the specification and other pa-
14 pers.”.

15 (b) IN THE UNITED STATES.—Section 120 of title
16 35, United States Code, is amended by adding at the end
17 the following: “The Director may determine the time pe-
18 riod during the pendency of the application within which
19 an amendment containing the specific reference to the ear-
20 lier filed application is submitted. The Director may con-
21 sider the failure to submit such an amendment within that
22 time period as a waiver of any benefit under this section.
23 The Director may establish procedures, including the pay-
24 ment of a surcharge, to accept unintentionally late submis-
25 sions of amendments under this section.”.

1 **SEC. 404. PROVISIONAL RIGHTS.**

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

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

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

8 “(d) **PROVISIONAL RIGHTS.**—

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

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

24 “(ii) if the invention as claimed in the pub-
25 lished patent application is a process, uses, of-
26 fers for sale, or sells in the United States or

1 imports into the United States products made
2 by that process as claimed in the published pat-
3 ent application; and

4 “(B) had actual notice of the published
5 patent application; and in a case in which the
6 right arising under this paragraph is based
7 upon an international application designating
8 the United States that is published in a lan-
9 guage other than English, a translation of the
10 international application into the English lan-
11 guage.

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

18 “(3) TIME LIMITATION ON OBTAINING A REA-
19 SONABLE ROYALTY.—The right under paragraph (1)
20 to obtain a reasonable royalty shall be available only
21 in an action brought not later than 6 years after the
22 patent is issued. The right under paragraph (1) to
23 obtain a reasonable royalty shall not be affected by
24 the duration of the period described in paragraph
25 (1).

1 “(4) REQUIREMENTS FOR INTERNATIONAL AP-
2 PLICATIONS.—

3 “(A) EFFECTIVE DATE.—The right under
4 paragraph (1) to obtain a reasonable royalty
5 based upon the publication under the treaty de-
6 fined in section 351(a) of an international ap-
7 plication designating the United States shall
8 commence on the date on which the Patent and
9 Trademark Office receives a copy of the publi-
10 cation under the treaty of the international ap-
11 plication, or, if the publication under the treaty
12 of the international application is in a language
13 other than English, on the date on which the
14 Patent and Trademark Office receives a trans-
15 lation of the international application in the
16 English language.

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

20 **SEC. 405. PRIOR ART EFFECT OF PUBLISHED APPLICA-**
21 **TIONS.**

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

24 “(e) the invention was described in—

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

11 “(B) a patent granted on an application for
12 patent by another filed in the United States before
13 the invention by the applicant for patent, except that
14 a patent shall not be deemed filed in the United
15 States for the purposes of this subsection based on
16 the filing of an international application filed under
17 the treaty defined in section 351(a); or”.

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

19 The Director of the United States Patent and Trade-
20 mark Office shall recover the cost of early publication re-
21 quired by the amendment made by section 402 by charg-
22 ing a separate publication fee after notice of allowance is
23 given pursuant to section 151 of title 35, United States
24 Code.

1 **SEC. 407. CONFORMING AMENDMENTS.**

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

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

7 (2) Section 12 is amended—

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

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

12 (3) Section 13 is amended—

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

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

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

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

24 (6) Section 181 is amended—

25 (A) in the first undesignated paragraph—

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

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

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

8 (C) in the third undesignated paragraph—

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

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

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

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

20 (8) Section 284 is amended by adding at the
21 end of the second undesignated paragraph the fol-
22 lowing: “Increased damages under this paragraph
23 shall not apply to provisional rights under section
24 154(d) of this title.”.

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

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

2 “The publication under the treaty defined in section
3 351(a) of this title of an international application design-
4 nating the United States shall confer the same rights and
5 shall have the same effect under this title as an application
6 for patent published under section 122(b), except as pro-
7 vided in sections 102(e) and 154(d).”.

8 **SEC. 408. EFFECTIVE DATE.**

9 This title and the amendments made by this title,
10 shall take effect on the date that is 1 year after the date
11 of the enactment of this Act and shall apply to all applica-
12 tions filed under section 111 of title 35, United States
13 Code, on or after that date, and all applications complying
14 with section 371 of title 35, United States Code, that re-
15 sulted from international applications filed on or after that
16 date. The amendments made by sections 404 and 405
17 shall apply to any such application voluntarily published
18 by the applicant under procedures established under this
19 title that is pending on the date that is 1 year after the
20 date of the enactment of this Act. The amendment made
21 by section 404 shall also apply to international applica-
22 tions designating the United States that are filed on or
23 after the date that is 1 year after the date of the enact-
24 ment of this Act.

1 **TITLE V—OPTIONAL INTER**
 2 **PARTES REEXAMINATION**
 3 **PROCEDURE**

4 **SEC. 501. SHORT TITLE.**

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

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

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

11 **SEC. 503. DEFINITIONS.**

12 Section 100 of title 35, United States Code, is
 13 amended by adding at the end the following new sub-
 14 section:

15 “(e) The term ‘third-party requester’ means a person
 16 requesting ex parte reexamination under section 302 or
 17 inter partes reexamination under section 311 who is not
 18 the patent owner.”.

19 **SEC. 504. OPTIONAL INTER PARTES REEXAMINATION PRO-**
 20 **CEDURES.**

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

1 **“CHAPTER 31—OPTIONAL INTER PARTES**
2 **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.

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

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

8 “(b) **REQUIREMENTS.**—The request shall—

9 “(1) be in writing, include the identity of the
10 real party in interest, and be accompanied by pay-
11 ment of an inter partes reexamination fee estab-
12 lished by the Director under section 41; and

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

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

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

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

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

17 “(c) FINAL DECISION.—A determination by the Di-
18 rector pursuant to subsection (a) shall be final and non-
19 appealable. Upon a determination that no substantial new
20 question of patentability has been raised, the Director may
21 refund a portion of the inter partes reexamination fee re-
22 quired under section 311.

23 **“§ 313. Inter partes reexamination order by Director**

24 “‘If, in a determination made under section 312(a),
25 the Director finds that a substantial new question of pat-
26 entability affecting a claim of a patent is raised, the deter-

1 mination shall include an order for inter partes reexamina-
2 tion of the patent for resolution of the question. The order
3 may be accompanied by the initial action of the Patent
4 and Trademark Office on the merits of the inter partes
5 reexamination conducted in accordance with section 314.

6 **“§ 314. Conduct of inter partes reexamination pro-**
7 **ceedings**

8 “(a) IN GENERAL.—Subject to subsection (b), reex-
9 amination shall be conducted according to the procedures
10 established for initial examination under the provisions of
11 sections 132 and 133, except as provided for under this
12 section. In any inter partes reexamination proceeding
13 under this chapter, the patent owner shall be permitted
14 to propose any amendment to the patent and a new claim
15 or claims, except that no proposed amended or new claim
16 enlarging the scope of the claims of the patent shall be
17 permitted.

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

22 “(2) With the exception of the inter partes reexam-
23 ination request, any document filed by either the patent
24 owner or the third-party requester shall be served on the
25 other party. In addition, the third-party requester shall

1 receive a copy of any communication sent by the Office
2 to the patent owner concerning the patent subject to the
3 inter partes reexamination proceeding.

4 “(3) Each time that the patent owner files a response
5 to an action on the merits from the Patent and Trademark
6 Office, the third-party requester shall have one oppor-
7 tunity to file written comments addressing issues raised
8 by the action of the Office or the patent owner’s response
9 thereto, if those written comments are received by the Of-
10 fice within 30 days after the date of service of the patent
11 owner’s response.

12 “(e) SPECIAL DISPATCH.—Unless otherwise provided
13 by the Director for good cause, all inter partes reexamina-
14 tion proceedings under this section, including any appeal
15 to the Board of Patent Appeals and Interferences, shall
16 be conducted with special dispatch within the Office.

17 **“§ 315. Appeal**

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

21 “(1) may appeal under the provisions of section
22 134, and may appeal under the provisions of sec-
23 tions 141 through 144, with respect to any decision
24 adverse to the patentability of any original or pro-
25 posed amended or new claim of the patent; and

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

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

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

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

12 “(c) ~~CIVIL ACTION.~~—A third-party requester whose
13 request for an inter partes reexamination results in an
14 order under section 313 is estopped from asserting at a
15 later time, in any civil action arising in whole or in part
16 under section 1338 of title 28, the invalidity of any claim
17 finally determined to be valid and patentable on any
18 ground which the third-party requester raised or could
19 have raised during the inter partes reexamination pro-
20 ceedings. This subsection does not prevent the assertion
21 of invalidity based on newly discovered prior art unavail-
22 able to the third-party requester and the Patent and
23 Trademark Office at the time of the inter partes reexam-
24 ination proceedings.

1 **“§ 316. Certificate of patentability, unpatentability,**
2 **and claim cancellation**

3 “(a) IN GENERAL.—In an inter partes reexamination
4 proceeding under this chapter, when the time for appeal
5 has expired or any appeal proceeding has terminated, the
6 Director shall issue and publish a certificate canceling any
7 claim of the patent finally determined to be unpatentable,
8 confirming any claim of the patent determined to be pat-
9 entable, and incorporating in the patent any proposed
10 amended or new claim determined to be patentable.

11 “(b) AMENDED OR NEW CLAIM.—Any proposed
12 amended or new claim determined to be patentable and
13 incorporated into a patent following an inter partes reex-
14 amination proceeding shall have the same effect as that
15 specified in section 252 of this title for reissued patents
16 on the right of any person who made, purchased, or used
17 within the United States, or imported into the United
18 States, anything patented by such proposed amended or
19 new claim, or who made substantial preparation for the
20 same, prior to issuance of a certificate under the provi-
21 sions of subsection (a) of this section.

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

23 “(a) ORDER FOR REEXAMINATION.—Notwith-
24 standing any provision of this chapter, once an order for
25 inter partes reexamination of a patent has been issued
26 under section 312, neither the patent owner nor the third-

1 party requester, if any, nor privies of either, may file a
2 subsequent request for inter partes reexamination of the
3 patent until an inter partes reexamination certificate is
4 issued and published under section 316, unless authorized
5 by the Director.

6 “(b) FINAL DECISION.—Once a final decision has
7 been entered against a party in a civil action arising in
8 whole or in part under section 1338 of title 28 that the
9 party has not sustained its burden of proving the invalidity
10 of any patent claim in suit or if a final decision in an
11 inter partes reexamination proceeding instituted by a
12 third-party requester is favorable to the patentability of
13 any original or proposed amended or new claim of the pat-
14 ent then neither that party nor its privies may thereafter
15 request inter partes reexamination of any such patent
16 claim on the basis of issues which that party or its privies
17 raised or could have raised in such civil action or inter
18 partes reexamination proceeding, and an inter partes reex-
19 amination requested by that party or its privies on the
20 basis of such issues may not thereafter be maintained by
21 the Office, notwithstanding any other provision of this
22 chapter. This subsection does not prevent the assertion of
23 invalidity based on newly discovered prior art unavailable
24 to the third-party requester and the Patent and Trade-

1 mark Office at the time of the inter partes reexamination
2 proceedings.

3 **“§ 318. Stay of litigation**

4 “Once an order for inter partes reexamination of a
5 patent has been issued under section 313, the patent
6 owner may obtain a stay of any pending litigation which
7 involves an issue of patentability of any claims of the pat-
8 ent which are the subject of the inter partes reexamination
9 order, unless the court before which such litigation is
10 pending determines that a stay would not serve the inter-
11 ests of justice.”.

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

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

16 **SEC. 505. CONFORMING AMENDMENTS.**

17 (a) PATENT FEES; PATENT SEARCH SYSTEMS.—Sec-
18 tion 41(a)(7) of title 35, United States Code, is amended
19 to read as follows:

20 “(7) On filing each petition for the revival of an
21 unintentionally abandoned application for a patent,
22 for the unintentionally delayed payment of the fee
23 for issuing each patent, or for an unintentionally de-

1 layed response by the patent owner in any reexam-
 2 ination proceeding, \$1,210, unless the petition is
 3 filed under section 133 or 151 of this title, in which
 4 case the fee shall be \$110.”.

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

8 “§ 134. Appeal to the Board of Patent Appeals and
 9 **Interferences**

10 “(a) PATENT APPLICANT.—An applicant for a pat-
 11 ent, any of whose claims has been twice rejected, may ap-
 12 peal from the decision of the primary examiner to the
 13 Board of Patent Appeals and Interferences, having once
 14 paid the fee for such appeal.

15 “(b) PATENT OWNER.—A patent owner in any reex-
 16 amination proceeding may appeal from the final rejection
 17 of any claim by the primary examiner to the Board of Pat-
 18 ent Appeals and Interferences, having once paid the fee
 19 for such appeal.

20 “(c) THIRD-PARTY.—A third-party requester in an
 21 inter partes proceeding may appeal to the Board of Patent
 22 Appeals and Interferences from the final decision of the
 23 primary examiner favorable to the patentability of any
 24 original or proposed amended or new claim of a patent,
 25 having once paid the fee for such appeal. The third-party

1 requester may not appeal the decision of the Board of Pat-
2 ent Appeals and Interferences.”.

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

11 (d) PROCEEDINGS ON APPEAL.—Section 143 of title
12 35, United States Code, is amended by amending the third
13 sentence to read as follows: “In any reexamination cases,
14 the Director shall submit to the court in writing the
15 grounds for the decision of the Patent and Trademark Of-
16 fice, addressing all the issues involved in the appeal.”.

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

20 **SEC. 506. REPORT TO CONGRESS.**

21 Not later than 5 years after the effective date of this
22 title, the Director of the United States Patent and Trade-
23 mark Office shall submit to the Congress a report evalu-
24 ating whether the inter partes reexamination proceedings
25 established under the amendments made by this title are

1 inequitable to any of the parties in interest and, if so, the
2 report shall contain recommendations for changes to the
3 amendments made by this title to remove such inequity.

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

5 Any party who requests an inter partes reexamina-
6 tion under section 311 of title 35, United States Code,
7 is estopped from challenging at a later time, in any civil
8 action, any fact determined during the process of such re-
9 examination, except with respect to a fact determination
10 later proved to be erroneous based on information unavail-
11 able at the time of the inter partes reexamination decision.
12 If this section is held to be unenforceable, the enforce-
13 ability of the rest of this title or of this Act shall not be
14 denied as a result.

15 **SEC. 508. EFFECTIVE DATE.**

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

20 **TITLE VI—PATENT AND**
21 **TRADEMARK OFFICE**

22 **SEC. 601. SHORT TITLE.**

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

1 **Subtitle A—United States Patent**
2 **and Trademark Office**

3 **SEC. 611. ESTABLISHMENT OF PATENT AND TRADEMARK**
4 **OFFICE.**

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

7 **“§ 1. Establishment**

8 “(a) ESTABLISHMENT.—The United States Patent
9 and Trademark Office is established as an agency of the
10 United States, within the Department of Commerce. In
11 carrying out its functions, the United States Patent and
12 Trademark Office shall be subject to the policy direction
13 of the Secretary of Commerce, but otherwise shall retain
14 responsibility for decisions regarding the management and
15 administration of its operations and shall exercise inde-
16 pendent control of its budget allocations and expenditures,
17 personnel decisions and processes, procurements, and
18 other administrative and management functions in accord-
19 ance with this title and applicable provisions of law. Those
20 operations designed to grant and issue patents and those
21 operations which are designed to facilitate the registration
22 of trademarks shall be treated as separate operating units
23 within the Office.

24 “(b) OFFICES.—The United States Patent and
25 Trademark Office shall maintain its principal office in the

1 metropolitan Washington, DC, area, for the service of
2 process and papers and for the purpose of carrying out
3 its functions. The United States Patent and Trademark
4 Office shall be deemed, for purposes of venue in civil ac-
5 tions, to be a resident of the district in which its principal
6 office is located, except where jurisdiction is otherwise pro-
7 vided by law. The United States Patent and Trademark
8 Office may establish satellite offices in such other places
9 in the United States as it considers necessary and appro-
10 priate in the conduct of its business.

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

15 **SEC. 612. POWERS AND DUTIES.**

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

18 **“§ 2. Powers and duties**

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

22 “(1) shall be responsible for the granting and
23 issuing of patents and the registration of trade-
24 marks; and

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

4 “(b) SPECIFIC POWERS.—The Office—

5 “(1) shall adopt and use a seal of the Office,
6 which shall be judicially noticed and with which let-
7 ters patent, certificates of trademark registrations,
8 and papers issued by the Office shall be authenti-
9 cated;

10 “(2) may establish regulations, not inconsistent
11 with law, which—

12 “(A) shall govern the conduct of pro-
13 ceedings in the Office;

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

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

22 “(D) may govern the recognition and con-
23 duct of agents, attorneys, or other persons rep-
24 resenting applicants or other parties before the
25 Office, and may require them, before being rec-

1 ognized as representatives of applicants or
2 other persons; to show that they are of good
3 moral character and reputation and are pos-
4 sessed of the necessary qualifications to render
5 to applicants or other persons valuable service;
6 advice; and assistance in the presentation or
7 prosecution of their applications or other busi-
8 ness before the Office;

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

14 “(F) provide for the development of a per-
15 formance-based process that includes quan-
16 titative and qualitative measures and standards
17 for evaluating cost-effectiveness and is con-
18 sistent with the principles of impartiality and
19 competitiveness;

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

1 “(4)(A) may make such purchases, contracts
2 for the construction, maintenance, or management
3 and operation of facilities, and contracts for supplies
4 or services, without regard to the provisions of the
5 Federal Property and Administrative Services Act of
6 1949 (40 U.S.C. 471 et seq.); the Public Buildings
7 Act (40 U.S.C. 601 et seq.); and the Stewart B.
8 McKinney Homeless Assistance Act (42 U.S.C.
9 11301 et seq.); and

10 “(B) may enter into and perform such pur-
11 chases and contracts for printing services, including
12 the process of composition, platemaking, presswork,
13 silk screen processes, binding, microform, and the
14 products of such processes, as it considers necessary
15 to carry out the functions of the Office, without re-
16 gard to sections 501 through 517 and 1101 through
17 1123 of title 44, United States Code;

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

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

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

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

17 “(9) shall advise Federal departments and
18 agencies on matters of intellectual property policy in
19 the United States and intellectual property protec-
20 tion in other countries;

21 “(10) shall provide guidance, as appropriate,
22 with respect to proposals by agencies to assist for-
23 eign governments and international intergovern-
24 mental organizations on matters of intellectual prop-
25 erty protection;

1 “(11) may conduct programs, studies, or ex-
2 changes of items or services regarding domestic and
3 international intellectual property law and the effec-
4 tiveness of intellectual property protection domesti-
5 cally and throughout the world;

6 “(12)(A) shall advise the Secretary of Com-
7 merce on programs and studies relating to intellec-
8 tual property policy that are conducted, or author-
9 ized to be conducted, cooperatively with foreign in-
10 tellectual property offices and international intergov-
11 ernmental organizations; and

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

14 “(13)(A) in coordination with the Department
15 of State, may conduct programs and studies coop-
16 eratively with foreign intellectual property offices
17 and international intergovernmental organizations;
18 and

19 “(B) with the concurrence of the Secretary of
20 State, may authorize the transfer of not to exceed
21 \$100,000 in any year to the Department of State
22 for the purpose of making special payments to inter-
23 national intergovernmental organizations for studies
24 and programs for advancing international coopera-

1 tion concerning patents, trademarks, and other mat-
2 ters.

3 “(c) CLARIFICATION OF SPECIFIC POWERS.—(1) The
4 special payments under subsection (b)(13)(B) shall be in
5 addition to any other payments or contributions to inter-
6 national organizations described in subsection (b)(13)(B)
7 and shall not be subject to any limitations imposed by law
8 on the amounts of such other payments or contributions
9 by the United States Government.

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

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

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

21 “(d) CONSTRUCTION.—Nothing in this section shall
22 be construed to nullify, void, cancel, or interrupt any pend-
23 ing request-for-proposal let or contract issued by the Gen-
24 eral Services Administration for the specific purpose of re-

1 locating or leasing space to the United States Patent and
2 Trademark Office.”.

3 **SEC. 613. ORGANIZATION AND MANAGEMENT.**

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

6 **“§ 3. Officers and employees**

7 **“(a) UNDER SECRETARY AND DIRECTOR.—**

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

19 **“(2) DUTIES.—**

20 **“(A) IN GENERAL.—**The Director shall be
21 responsible for providing policy direction and
22 management supervision for the Office and for
23 the issuance of patents and the registration of
24 trademarks. The Director shall perform these

1 duties in a fair, impartial, and equitable man-
2 ner.

3 “(B) CONSULTING WITH THE PUBLIC AD-
4 VISORY COMMITTEES.—The Director shall con-
5 sult with the Patent Public Advisory Committee
6 established in section 5 on a regular basis on
7 matters relating to the patent operations of the
8 Office, shall consult with the Trademark Public
9 Advisory Committee established in section 5 on
10 a regular basis on matters relating to the trade-
11 mark operations of the Office, and shall consult
12 with the respective Public Advisory Committee
13 before submitting budgetary proposals to the
14 Office of Management and Budget or changing
15 or proposing to change patent or trademark
16 user fees or patent or trademark regulations
17 which are subject to the requirement to provide
18 notice and opportunity for public comment pur-
19 suant to section 552 of title 5, as the case may
20 be.

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

24 “(4) REMOVAL.—The Director may be removed
25 from office by the President. The President shall

1 provide notification of any such removal to both
2 Houses of Congress.

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

4 “(1) DEPUTY UNDER SECRETARY AND DEPUTY
5 DIRECTOR.—The Secretary of Commerce, upon nomi-
6 nation by the Director, shall appoint a Deputy
7 Under Secretary of Commerce for Intellectual Prop-
8 erty and Deputy Director of the United States Pat-
9 ent and Trademark Office who shall be vested with
10 the authority to act in the capacity of the Director
11 in the event of the absence or incapacity of the Di-
12 rector. The Deputy Director shall be a citizen of the
13 United States who has a professional background
14 and experience in patent or trademark law.

15 “(2) COMMISSIONERS.—

16 “(A) APPOINTMENT AND DUTIES.—The
17 Secretary of Commerce shall appoint a Commis-
18 sioner for Patents and a Commissioner for
19 Trademarks, without regard to chapter 33, 51,
20 or 53 of title 5. The Commissioner for Patents
21 shall be a citizen of the United States with
22 demonstrated management ability and profes-
23 sional background and experience in patent law
24 and serve for a term of 5 years. The Commis-
25 sioner for Trademarks shall be a citizen of the

1 United States with demonstrated management
2 ability and professional background and experi-
3 ence in trademark law and serve for a term of
4 5 years. The Commissioner for Patents and the
5 Commissioner for Trademarks shall serve as
6 the chief operating officers for the operations of
7 the Office relating to patents and trademarks,
8 respectively, and shall be responsible for the
9 management and direction of all aspects of the
10 activities of the Office that affect the adminis-
11 tration of patent and trademark operations, re-
12 spectively. The Secretary may reappoint a Com-
13 missioner to subsequent terms of 5 years as
14 long as the performance of the Commissioner as
15 set forth in the performance agreement in sub-
16 paragraph (B) is satisfactory.

17 “(B) SALARY AND PERFORMANCE AGREE-
18 MENT.—The Commissioners shall be paid an
19 annual rate of basic pay not to exceed the max-
20 imum rate of basic pay for the Senior Executive
21 Service established under section 5382 of title
22 5, including any applicable locality-based com-
23 parability payment that may be authorized
24 under section 5304(h)(2)(C) of title 5. The
25 compensation of the Commissioners shall be

1 considered, for purposes of section 207(c)(2)(A)
2 of title 18, to be the equivalent of that de-
3 scribed under clause (ii) of section 207(c)(2)(A)
4 of title 18. In addition, the Commissioners may
5 receive a bonus in an amount of up to, but not
6 in excess of, 50 percent of the Commissioner's
7 annual rate of basic pay, based upon an evalua-
8 tion by the Secretary of Commerce, acting
9 through the Director, of the Commissioners'
10 performance as defined in an annual perform-
11 ance agreement between the Commissioners and
12 the Secretary. The annual performance agree-
13 ments shall incorporate measurable organiza-
14 tion and individual goals in key operational
15 areas as delineated in an annual performance
16 plan agreed to by the Commissioners and the
17 Secretary. Payment of a bonus under this sub-
18 paragraph may be made to the Commissioners
19 only to the extent that such payment does not
20 cause the Commissioners' total aggregate com-
21 pensation in a calendar year to equal or exceed
22 the amount of the salary of the Vice President
23 under section 104 of title 3, United States
24 Code.

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

9 “(3) OTHER OFFICERS AND EMPLOYEES.—The
10 Director shall—

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

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

19 The Office shall not be subject to any administra-
20 tively or statutorily imposed limitation on positions
21 or personnel, and no positions or personnel of the
22 Office shall be taken into account for purposes of
23 applying any such limitation.

24 “(4) TRAINING OF EXAMINERS.—The Office
25 shall submit to the Congress a proposal to provide

1 an incentive program to retain as employees patent
2 and trademark examiners of the primary examiner
3 grade or higher who are eligible for retirement, for
4 the sole purpose of training patent and trademark
5 examiners.

6 “(e) CONTINUED APPLICABILITY OF TITLE 5.—Offi-
7 cers and employees of the Office shall be subject to the
8 provisions of title 5 relating to Federal employees.

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

14 “(e) CARRYOVER OF PERSONNEL.—

15 “(1) FROM PTO.—Effective as of the effective
16 date of the Patent and Trademark Office Efficiency
17 Act, all officers and employees of the Patent and
18 Trademark Office on the day before such effective
19 date shall become officers and employees of the Of-
20 fice, without a break in service.

21 “(2) OTHER PERSONNEL.—Any individual who,
22 on the day before the effective date of the Patent
23 and Trademark Office Efficiency Act, is an officer
24 or employee of the Department of Commerce (other
25 than an officer or employee under paragraph (1))

1 shall be transferred to the Office, as necessary to
2 carry out the purposes of this Act, if—

3 “(A) such individual serves in a position
4 for which a major function is the performance
5 of work reimbursed by the Patent and Trade-
6 mark Office, as determined by the Secretary of
7 Commerce;

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

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

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

20 “(f) TRANSITION PROVISIONS.—

21 “(1) INTERIM APPOINTMENT OF DIRECTOR.—

22 On or after the effective date of the Patent and
23 Trademark Office Efficiency Act, the President shall
24 appoint an individual to serve as the Director until
25 the date on which a Director qualifies under sub-

1 section (a). The President shall not make more than
 2 one such appointment under this subsection.

3 ~~“(2) CONTINUATION IN OFFICE OF CERTAIN~~
 4 ~~OFFICERS.—(A) The individual serving as the As-~~
 5 ~~sistant Commissioner for Patents on the day before~~
 6 ~~the effective date of the Patent and Trademark Of-~~
 7 ~~fice Efficiency Act may serve as the Commissioner~~
 8 ~~for Patents until the date on which a Commissioner~~
 9 ~~for Patents is appointed under subsection (b).~~

10 ~~“(B) The individual serving as the Assistant~~
 11 ~~Commissioner for Trademarks on the day before the~~
 12 ~~effective date of the Patent and Trademark Office~~
 13 ~~Efficiency Act may serve as the Commissioner for~~
 14 ~~Trademarks until the date on which a Commissioner~~
 15 ~~for Trademarks is appointed under subsection (b).”.~~

16 **SEC. 614. PUBLIC ADVISORY COMMITTEES.**

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

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

21 ~~“(a) ESTABLISHMENT OF PUBLIC ADVISORY COM-~~
 22 ~~MITTEES.—~~

23 ~~“(1) APPOINTMENT.—The United States Pat-~~
 24 ~~ent and Trademark Office shall have a Patent Pub-~~
 25 ~~lic Advisory Committee and a Trademark Public Ad-~~

1 visory Committee, each of which shall have nine vot-
2 ing members who shall be appointed by the Sec-
3 retary of Commerce and serve at the pleasure of the
4 Secretary of Commerce. Members of each Public Ad-
5 visory Committee shall be appointed for a term of 3
6 years, except that of the members first appointed,
7 three shall be appointed for a term of 1 year, and
8 three shall be appointed for a term of 2 years. In
9 making appointments to each Committee, the Sec-
10 retary of Commerce shall consider the risk of loss of
11 competitive advantage in international commerce or
12 other harm to United States companies as a result
13 of such appointments.

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

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

22 “(b) BASIS FOR APPOINTMENTS.—Members of each
23 Advisory Committee—

24 “(1) shall be citizens of the United States who
25 shall be chosen so as to represent the interests of di-

1 verse users of the United States Patent and Trade-
2 mark Office with respect to patents, in the case of
3 the Patent Public Advisory Committee, and with re-
4 spect to trademarks, in the case of the Trademark
5 Public Advisory Committee;

6 “(2) shall include members who represent small
7 and large entity applicants located in the United
8 States in proportion to the number of applications
9 filed by such applicants, but in no case shall mem-
10 bers who represent small entity patent applicants,
11 including small business concerns, independent in-
12 ventors, and nonprofit organizations, constitute less
13 than 25 percent of the members of the Patent Pub-
14 lic Advisory Committee, and such members shall in-
15 clude at least one independent inventor; and

16 “(3) shall include individuals with substantial
17 background and achievement in finance, manage-
18 ment, labor relations, science, technology, and office
19 automation.

20 In addition to the voting members, each Advisory Com-
21 mittee shall include a representative of each labor organi-
22 zation recognized by the United States Patent and Trade-
23 mark Office. Such representatives shall be nonvoting
24 members of the Advisory Committee to which they are ap-
25 pointed.

1 “(e) MEETINGS.—Each Advisory Committee shall
2 meet at the call of the chair to consider an agenda set
3 by the chair.

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

5 “(1) review the policies, goals, performance,
6 budget, and user fees of the United States Patent
7 and Trademark Office with respect to patents, in the
8 case of the Patent Public Advisory Committee, and
9 with respect to Trademarks, in the case of the
10 Trademark Public Advisory Committee, and advise
11 the Director on these matters;

12 “(2) within 60 days after the end of each fiscal
13 year—

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

16 “(B) transmit the report to the Secretary
17 of Commerce, the President, and the Commit-
18 tees on the Judiciary of the Senate and the
19 House of Representatives; and

20 “(C) publish the report in the Official Ga-
21 zette of the United States Patent and Trade-
22 mark Office.

23 “(e) COMPENSATION.—Each member of each Advi-
24 sory Committee shall be compensated for each day (includ-
25 ing travel time) during which such member is attending

1 meetings or conferences of that Advisory Committee or
2 otherwise engaged in the business of that Advisory Com-
3 mittee, at the rate which is the daily equivalent of the an-
4 nual rate of basic pay in effect for level III of the Execu-
5 tive Schedule under section 5314 of title 5. While away
6 from such member's home or regular place of business
7 such member shall be allowed travel expenses, including
8 per diem in lieu of subsistence, as authorized by section
9 5703 of title 5, United States Code.

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

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

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

23 “(i) OPEN MEETINGS.—The meetings of each Advi-
24 sory Committee shall be open to the public, except that
25 each Advisory Committee may by majority vote meet in

1 executive session when considering personnel or other con-
2 fidential information.”.

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

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

6 (1) by striking “Fees available” and inserting
7 “All fees available”; and

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

9 **SEC. 616. CONFORMING AMENDMENTS.**

10 (a) DUTIES.—Chapter 4 of title 35, United States
11 Code, is amended by striking section 6.

12 (b) REGULATIONS FOR AGENTS AND ATTORNEYS.—
13 Section 31 of title 35, United States Code, and the item
14 relating to such section in the table of sections for chapter
15 3 of title 35, United States Code, are repealed.

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

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

20 Section 17 of the Act of July 5, 1946 (commonly re-
21 ferred to as the “Trademark Act of 1946”) (15 U.S.C.
22 1067) is amended to read as follows:

23 “SEC. 17. (a) In every case of interference, opposition
24 to registration, application to register as a lawful concur-
25 rent user, or application to cancel the registration of a

1 mark, the Director shall give notice to all parties and shall
 2 direct a Trademark Trial and Appeal Board to determine
 3 and decide the respective rights of registration.

4 “(b) The Trademark Trial and Appeal Board shall
 5 include the Director, the Commissioner for Patents, the
 6 Commissioner for Trademarks, and administrative trade-
 7 mark judges who are appointed by the Director.”.

8 **SEC. 618. BOARD OF PATENT APPEALS AND INTER-**
 9 **FERENCES.**

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

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

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

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

17 “(a) ESTABLISHMENT AND COMPOSITION.—There
 18 shall be in the United States Patent and Trademark Of-
 19 fice a Board of Patent Appeals and Interferences. The Di-
 20 rector, the Commissioner for Patents, the Commissioner
 21 for Trademarks, and the administrative patent judges
 22 shall constitute the Board. The administrative patent
 23 judges shall be persons of competent legal knowledge and
 24 scientific ability who are appointed by the Director.

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

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

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

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

15 “The Director shall report to the Congress, not later
16 than 180 days after the end of each fiscal year, the mon-
17 eys received and expended by the Office, the purposes for
18 which the moneys were spent, the quality and quantity of
19 the work of the Office, the nature of training provided to
20 examiners, the evaluation of the Commissioner of Patents
21 and the Commissioner of Trademarks by the Secretary of
22 Commerce, the compensation of the Commissioners, and
23 other information relating to the Office.”.

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

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

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

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

11 “Assistant Secretary of Commerce and Com-
12 missioner of Patents and Trademarks.”.

13 and inserting:

14 “Under Secretary of Commerce for Intellectual
15 Property and Director of the United States Patent
16 and Trademark Office.”.

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

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

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

24 The Under Secretary of Commerce for Intellectual
25 Property and Director of the United States Patent and
26 Trademark Office shall conduct a study of alternative fee

1 structures that could be adopted by the United States Pat-
 2 ent and Trademark Office to encourage maximum partici-
 3 pation by the inventor community in the United States.
 4 The Director shall submit to the Committees on the Judi-
 5 ciary of the House of Representatives and the Senate a
 6 report on the study not later than 1 year after the date
 7 of the enactment of this Act.

8 **Subtitle B—Effective Date;** 9 **Technical Amendments**

10 **SEC. 631. EFFECTIVE DATE.**

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

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

15 (a) AMENDMENTS TO TITLE 35.—

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

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

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

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

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

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

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

9 **“CHAPTER 1—ESTABLISHMENT, OFFICERS**
 10 **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.”.

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

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

1 (7) Section 155A(e) of title 35, United States
2 Code, is amended by striking “Commissioner of Pat-
3 ents and Trademarks” and inserting “Director”.

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

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

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

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

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

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

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

23 and

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

4 (b) OTHER PROVISIONS OF LAW.—

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

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

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

22 (3) Section 5102(e)(23) of title 5, United
23 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 ~~fee”;~~ 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 e.

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 PENDING 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 (e)
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 (e) **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(e) 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.

12 **SECTION 1. SHORT TITLE.**

13 *This Act may be cited as the “American Inventors Pro-*
 14 *tection Act of 1999”.*

15 **SEC. 2. TABLE OF CONTENTS.**

16 *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. Integrity in invention promotion services.

Sec. 103. Effective date.

TITLE II—PATENT AND TRADEMARK FEE FAIRNESS

Sec. 201. Short title.

Sec. 202. Adjustment of patent fees.

Sec. 203. Adjustment of trademark fees.

Sec. 204. Study on alternative fee structures.

Sec. 205. Patent and Trademark Office funding.

Sec. 206. Effective date.

TITLE III—FIRST INVENTOR DEFENSE

Sec. 301. Short title.

Sec. 302. Defense to patent infringement based on earlier inventor.

Sec. 303. Study and report on business methods patents.

Sec. 304. Effective date and applicability.

TITLE IV—PATENT TERM GUARANTEE

Sec. 401. Short title.

Sec. 402. Patent term guarantee authority.

Sec. 403. Continued examination of patent applications.

Sec. 404. Technical clarification.

Sec. 405. Effective date.

*TITLE V—DOMESTIC PUBLICATION OF PATENT APPLICATIONS
PUBLISHED ABROAD*

Sec. 501. Short title.

Sec. 502. Publication.

Sec. 503. Time for claiming benefit of earlier filing date.

Sec. 504. Provisional rights.

Sec. 505. Prior art effect of published applications.

Sec. 506. Cost recovery for publication.

Sec. 507. Conforming amendments.

Sec. 508. Effective date.

TITLE VI—OPTIONAL INTER PARTES REEXAMINATION PROCEDURE

Sec. 601. Short title.

Sec. 602. Ex parte reexamination of patents.

Sec. 603. Definitions.

Sec. 604. Optional inter partes reexamination procedures.

Sec. 605. Conforming amendments.

Sec. 606. Report to Congress.

Sec. 607. Estoppel effect of reexamination.

Sec. 608. Effective date.

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.

Sec. 708. Exchange of copies of patents with foreign countries.

Sec. 709. National security.

1 **TITLE I—INVENTORS’ RIGHTS**

2 **SEC. 101. SHORT TITLE.**

3 *This title may be cited as the “Inventors’ Rights Act*

4 *of 1999”.*

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

2 (a) Chapter 29 of title 35, United States Code, is
3 amended by adding at the end the following new section:

4 **“§ 297. Improper and deceptive invention promotion**

5 “(a) *IN GENERAL.*—An invention promoter shall have
6 a duty to disclose the following information to a customer
7 in writing, prior to entering into a contract for invention
8 promotion services:

9 “(1) the total number of inventions evaluated by
10 the invention promoter for commercial potential in
11 the past 5 years, as well as the number of those inven-
12 tions that received positive evaluations, and the num-
13 ber of those inventions that received negative evalua-
14 tions;

15 “(2) the total number of customers who have con-
16 tracted with the invention promoter in the past 5
17 years, not including customers who have purchased
18 trade show services, research, advertising, or other
19 nonmarketing services from the invention promoter,
20 or who have defaulted in their payment to the inven-
21 tion promoter;

22 “(3) the total number of customers known by the
23 invention promoter to have received a net financial
24 profit as a direct result of the invention promotion
25 services provided by such invention promoter;

1 “(4) the total number of customers known by the
2 invention promoter to have received license agree-
3 ments for their inventions as a direct result of the in-
4 vention promotion services provided by such inven-
5 tion promoter; and

6 “(5) the names and addresses of all previous in-
7 vention promotion companies with which the inven-
8 tion promoter or its officers have collectively or indi-
9 vidually been affiliated in the previous 10 years.

10 “(b) CIVIL ACTION.—(1) Any customer who is found
11 by a court to have been injured by any material false or
12 fraudulent statement or representation, or any omission of
13 material fact, by an invention promoter (or any agent, em-
14 ployee, director, officer, partner, or independent contractor
15 of such invention promoter), or by the failure of an inven-
16 tion promoter to disclose such information as required
17 under subsection (a), may recover in a civil action against
18 the invention promoter (or the officers, directors, or part-
19 ners of such invention promoter), in addition to reasonable
20 costs and attorneys’ fees—

21 “(A) the amount of actual damages incurred by
22 the plaintiff; or

23 “(B) at the election of the plaintiff at any time
24 before final judgment is rendered, statutory damages

1 *in a sum of not more than \$5,000, as the court con-*
2 *siders just.*

3 *“(2) Notwithstanding paragraph (1), in a case where*
4 *the plaintiff sustains the burden of proof, and the court*
5 *finds, that the invention promoter intentionally misrepre-*
6 *sented or omitted a material fact to such customer, or will-*
7 *fully failed to disclose such information as required under*
8 *subsection (a), with the purpose of deceiving that customer,*
9 *the court may increase damages to not more than 3 times*
10 *the amount awarded, taking into account past complaints*
11 *made against the invention promoter that resulted in regu-*
12 *latory sanctions or other corrective actions based on those*
13 *records compiled by the Commissioner under subsection (d).*

14 *“(c) DEFINITIONS.—For purposes of this section—*

15 *“(1) a ‘contract for invention promotion services’*
16 *means a contract by which an invention promoter*
17 *undertakes invention promotion services for a cus-*
18 *tomers;*

19 *“(2) a ‘customer’ is any person, firm, partner-*
20 *ship, corporation or other entity who enters into a*
21 *contract with an invention promoter for invention*
22 *promotion services;*

23 *“(3) the term ‘invention promoter’ means any*
24 *person, firm, partnership, corporation, or other entity*
25 *who offers to perform or performs invention pro-*

1 *motion services for, or on behalf of, a customer, but*
2 *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, or*
7 *educational organization, qualified under appli-*
8 *cable State law or described under section*
9 *170(b)(1)(A) of the Internal Revenue Code of*
10 *1986;*

11 *“(C) any person or entity involved in the*
12 *evaluation to determine commercial potential of,*
13 *or offering to license or sell, a utility patent or*
14 *a previously filed nonprovisional utility patent*
15 *application;*

16 *“(D) any party participating in a trans-*
17 *action involving the sale of the stock or assets of*
18 *a business; or*

19 *“(E) any party who directly engages in the*
20 *business of retail sales of products or the dis-*
21 *tribution of products; and*

22 *“(4) the term ‘invention promotion services’*
23 *means any act, where the customer is an individual,*
24 *done for the purpose of procuring a firm, corporation,*

1 *or other entity to develop and market products or*
2 *services that include the invention.*

3 “(d) *RECORDS OF COMPLAINTS.*—

4 “(1) *RELEASE OF COMPLAINTS.*—*The Commis-*
5 *sioner shall make all complaints received by the Pat-*
6 *ent and Trademark Office involving invention pro-*
7 *motors publicly available, together with any response*
8 *of the invention promoters.*

9 “(2) *REQUEST FOR COMPLAINTS.*—*The Commis-*
10 *sioner may request complaints relating to invention*
11 *promotion services from any Federal or State agency*
12 *and include such complaints in the records main-*
13 *tained under paragraph (1), together with any re-*
14 *sponse of the invention promoters.”.*

15 (b) *CONFORMING AMENDMENT.*—*The table of sections*
16 *at the beginning of chapter 29 of title 35, United States*
17 *Code, is amended by adding at the end the following new*
18 *item:*

 “§ 297. *Improper and deceptive invention promotion.*”.

19 **SEC. 103. EFFECTIVE DATE.**

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

1 **TITLE II—PATENT AND**
2 **TRADEMARK FEE FAIRNESS**

3 **SEC. 201. SHORT TITLE.**

4 *This title may be cited as the “Patent and Trademark*
5 *Fee Fairness Act of 1999”.*

6 **SEC. 202. ADJUSTMENT OF PATENT FEES.**

7 *(a) ORIGINAL FILING FEE.—Section 41(a)(1)(A) of*
8 *title 35, United States Code, relating to the fee for filing*
9 *an original patent application, is amended by striking*
10 *“\$760” and inserting “\$690”.*

11 *(b) REISSUE FEE.—Section 41(a)(4)(A) of title 35,*
12 *United States Code, relating to the fee for filing for a reissue*
13 *of a patent, is amended by striking “\$760” and inserting*
14 *“\$690”.*

15 *(c) NATIONAL FEE FOR CERTAIN INTERNATIONAL AP-*
16 *PLICATIONS.—Section 41(a)(10) of title 35, United States*
17 *Code, relating to the national fee for certain international*
18 *applications, is amended by striking “\$760” and inserting*
19 *“\$690”.*

20 *(d) MAINTENANCE FEES.—Section 41(b)(1) of title 35,*
21 *United States Code, relating to certain maintenance fees,*
22 *is amended by striking “\$940” and inserting “\$830”.*

23 **SEC. 203. ADJUSTMENT OF TRADEMARK FEES.**

24 *Notwithstanding the second sentence of section 31(a)*
25 *of the Trademark Act of 1946 (15 U.S.C. 111(a)), the Com-*

1 *missioner of Patents and Trademarks is authorized in fiscal*
2 *year 2000 to adjust trademark fees without regard to fluc-*
3 *tuations in the Consumer Price Index during the preceding*
4 *12 months.*

5 **SEC. 204. STUDY ON ALTERNATIVE FEE STRUCTURES.**

6 *The Commissioner of Patents and Trademarks shall*
7 *conduct a study of alternative fee structures that could be*
8 *adopted by the United States Patent and Trademark Office*
9 *to encourage maximum participation by the inventor com-*
10 *munity in the United States. The Commissioner shall sub-*
11 *mit such study to the Committees on the Judiciary of the*
12 *House of Representatives and the Senate not later than 1*
13 *year after the date of enactment of this Act.*

14 **SEC. 205. PATENT AND TRADEMARK OFFICE FUNDING.**

15 *Section 42(c) of title 35, United States Code, is amend-*
16 *ed in the second sentence—*

17 *(1) by striking “Fees available” and inserting*
18 *“All fees available”; and*

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

20 **SEC. 206. EFFECTIVE DATE.**

21 *(a) Except as provided in subsection (b), the amend-*
22 *ments made by this title shall take effect on the date of the*
23 *enactment of this Act.*

1 (b) *The amendments made by section 202 of this title*
 2 *shall take effect 30 days after the date of the enactment of*
 3 *this Act.*

4 ***TITLE III—FIRST INVENTOR***
 5 ***DEFENSE***

6 ***SEC. 301. SHORT TITLE.***

7 *This title may be cited as the “First Inventor Defense*
 8 *Act of 1999”.*

9 ***SEC. 302. DEFENSE TO PATENT INFRINGEMENT BASED ON***
 10 ***EARLIER INVENTOR.***

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

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

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

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

1 *review period during which the safety or efficacy of*
2 *the subject matter is established, including any period*
3 *specified in section 156(g), shall be deemed ‘commer-*
4 *cially used’ and in ‘commercial use’ during such reg-*
5 *ulatory review period;*

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

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

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

18 *“(3) the term ‘method’ means a method of doing*
19 *or conducting business; and*

20 *“(4) the ‘effective filing date’ of a patent is the*
21 *earlier of the actual filing date of the application for*
22 *the patent or the filing date of any earlier United*
23 *States, foreign, or international application to which*
24 *the subject matter at issue is entitled under section*
25 *199, 120, or 365 of this title.*

1 “(b) *DEFENSE TO INFRINGEMENT.*—

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

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

20 “(3) *LIMITATIONS AND QUALIFICATIONS OF DE-*
21 *FENSE.*—*The defense to infringement under this sec-*
22 *tion is subject to the following:*

23 “(A) *PATENT.*—*A person may not assert the*
24 *defense under this section unless the invention*
25 *for which the defense is asserted is for a method.*

1 “(B) *DERIVATION.*—A person may not as-
2 sert the defense under this section if the subject
3 matter on which the defense is based was derived
4 from the patentee or persons in privity with the
5 patentee.

6 “(C) *NOT A GENERAL LICENSE.*—The de-
7 fense asserted by a person under this section is
8 not a general license under all claims of the pat-
9 ent at issue, but extends only to the specific sub-
10 ject matter claimed in the patent with respect to
11 which the person can assert a defense under this
12 chapter, except that the defense shall also extend
13 to variations in the quantity or volume of use of
14 the claimed subject matter, and to improvements
15 in the claimed subject matter that do not in-
16 fringe additional specifically claimed subject
17 matter of the patent.

18 “(4) *BURDEN OF PROOF.*—A person asserting the
19 defense under this section shall have the burden of es-
20 tablishing the defense by clear and convincing evi-
21 dence.

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

1 *tion with respect to actions taken after the date of*
2 *such abandonment.*

3 “(6) *PERSONAL DEFENSE.*—*The defense under*
4 *this section may be asserted only by the person who*
5 *performed the acts necessary to establish the defense*
6 *and, except for any transfer to the patent owner, the*
7 *right to assert the defense shall not be licensed or as-*
8 *signed or transferred to another person except as an*
9 *ancillary and subordinate part of a good faith assign-*
10 *ment or transfer for other reasons of the entire enter-*
11 *prise or line of business to which the defense relates.*

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

21 “(8) *UNSUCCESSFUL ASSERTION OF DEFENSE.*—
22 *If the defense under this section is pleaded by a per-*
23 *son who is found to infringe the patent and who sub-*
24 *sequently fails to demonstrate a reasonable basis for*
25 *asserting the defense, the court shall find the case ex-*

1 *ceptional for the purpose of awarding attorney’s fees*
2 *under section 285 of this title.*

3 “(9) *INVALIDITY.*—*A patent shall not be deemed*
4 *to be invalid under section 102 or 103 of this title*
5 *solely because a defense is raised or established under*
6 *this section.*”.

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

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

11 **SEC. 303. STUDY AND REPORT ON BUSINESS METHODS PAT-**
12 **ENTS.**

13 (a) *IN GENERAL.*—*No later than 120 days after the*
14 *date of the enactment of this Act, the General Accounting*
15 *Office, in consultation with the Patent and Trademark Of-*
16 *fice, shall conduct a study and submit a report to the Judi-*
17 *ciary Committees of the Senate and House of Representa-*
18 *tives on the effect on innovation, competition (foreign and*
19 *domestic), and American businesses (including electronic*
20 *commerce) of the quality of patents being issued on business*
21 *methods by the Patent and Trademark Office.*

22 (b) *CONTENTS.*—*The study conducted under this sec-*
23 *tion shall include—*

24 (1) *an examination of the number of applica-*
25 *tions received for patents on methods of doing busi-*

1 *ness, including recent trends and forecasts, and the*
2 *number of patents granted based on such applica-*
3 *tions;*

4 *(2) an examination of the nature of the appli-*
5 *cants filing for and receiving such business methods*
6 *patents, including by industry sectors, the extent to*
7 *which such applicants have filed for patent protection*
8 *for such business methods in foreign countries, and*
9 *the nature of the technologies or business models rep-*
10 *resented in such patents and patent applications;*

11 *(3) an evaluation of the database of patents,*
12 *publications, and other information used by the Pat-*
13 *ent and Trademark Office to examine applications for*
14 *patents on methods of doing business;*

15 *(4) an analysis of the types of skills needed by*
16 *patent examiners to adequately examine applications*
17 *for patents on business methods, whether there are a*
18 *sufficient number of examiners handling these appli-*
19 *cations with the requisite skills, and what types of*
20 *training, if any, may be called for to augment these*
21 *skills;*

22 *(5) an analysis of the economic and competitive*
23 *impact of patents issued on business methods on*
24 *American businesses, particularly on businesses in-*
25 *volved in electronic commerce, including the effect of*

1 *such patents on companies’ abilities to raise invest-*
 2 *ment capital, compete in their relevant markets, and*
 3 *innovate in emerging markets and technologies; and*
 4 *(6) the extent, outcome, and effects on American*
 5 *business, competition, and innovation of litigation*
 6 *surrounding approved business methods patents.*

7 **SEC. 304. EFFECTIVE DATE AND APPLICABILITY.**

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

15 **TITLE IV—PATENT TERM**
 16 **GUARANTEE**

17 **SEC. 401. SHORT TITLE.**

18 *This title may be cited as the “Patent Term Guarantee*
 19 *Act of 1999”.*

20 **SEC. 402. PATENT TERM GUARANTEE AUTHORITY.**

21 *(a) ADJUSTMENT OF PATENT TERM.—Section 154(b)*
 22 *of title 35, United States Code, is amended to read as fol-*
 23 *lows:*

24 *“(b) ADJUSTMENT OF PATENT TERM.—*

25 *“(1) PATENT TERM GUARANTEES.—*

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

6 “(i) *provide at least 1 of the notifica-*
7 *tions under section 132 of this title or a no-*
8 *tice of allowance under section 151 of this*
9 *title not later than 14 months after—*

10 “(I) *the date on which an appli-*
11 *cation was filed under section 111(a)*
12 *of this title; or*

13 “(II) *the date on which an inter-*
14 *national application fulfilled the re-*
15 *quirements of section 371 of this title;*

16 “(ii) *respond to a reply under section*
17 *132, or to an appeal taken under section*
18 *134, within 4 months after the date on*
19 *which the reply was filed or the appeal was*
20 *taken;*

21 “(iii) *act on an application within 4*
22 *months after the date of a decision by the*
23 *Board of Patent Appeals and Interferences*
24 *under section 134 or 135 or a decision by*
25 *a Federal court under section 141, 145, or*

1 146 in a case in which allowable claims re-
2 main in the application; or

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

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

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

20 “(i) any time consumed by continued
21 examination of the application requested by
22 the applicant under section 132(b);

23 “(ii) any time consumed by a pro-
24 ceeding under section 135(a), any time con-
25 sumed by the imposition of an order pursu-

1 *ant to section 181, or any time consumed*
2 *by appellate review by the Board of Patent*
3 *Appeals and Interferences or by a Federal*
4 *court; or*

5 *“(iii) any delay in the processing of*
6 *the application by the Patent and Trade-*
7 *mark Office requested by the applicant ex-*
8 *cept as permitted by paragraph (3)(C),*

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

12 *“(C) GUARANTEE OR ADJUSTMENTS FOR*
13 *DELAYS DUE TO INTERFERENCES, SECRECY OR-*
14 *DERS, AND APPEALS.—Subject to the limitations*
15 *under paragraph (2), if the issue of an original*
16 *patent is delayed due to—*

17 *“(i) a proceeding under section 135(a);*

18 *“(ii) the imposition of an order pursu-*
19 *ant to section 181; or*

20 *“(iii) appellate review by the Board of*
21 *Patent Appeals and Interferences or by a*
22 *Federal court in a case in which the patent*
23 *was issued pursuant to a decision in the re-*
24 *view reversing an adverse determination of*
25 *patentability,*

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

4 “(2) *LIMITATIONS.—*

5 “(A) *IN GENERAL.—To the extent that peri-*
6 *ods of delay attributable to grounds specified in*
7 *paragraph (1) overlap, the period of any adjust-*
8 *ment granted under this subsection shall not ex-*
9 *ceed the actual number of days the issuance of*
10 *the patent was delayed.*

11 “(B) *DISCLAIMED TERM.—No patent the*
12 *term of which has been disclaimed beyond a*
13 *specified date may be adjusted under this section*
14 *beyond the expiration date specified in the dis-*
15 *claimer.*

16 “(C) *REDUCTION OF PERIOD OF ADJUST-*
17 *MENT.—*

18 “(i) *The period of adjustment of the*
19 *term of a patent under paragraph (1) shall*
20 *be reduced by a period equal to the period*
21 *of time during which the applicant failed to*
22 *engage in reasonable efforts to conclude*
23 *prosecution of the application.*

24 “(ii) *With respect to adjustments to*
25 *patent term made under the authority of*

1 paragraph (1)(B), an applicant shall be
2 deemed to have failed to engage in reason-
3 able efforts to conclude processing or exam-
4 ination of an application for the cumulative
5 total of any periods of time in excess of 3
6 months that are taken to respond to a notice
7 from the Office making any rejection, objec-
8 tion, argument, or other request, measuring
9 such 3-month period from the date the no-
10 tice was given or mailed to the applicant.

11 “(iii) The Commissioner shall prescribe
12 regulations establishing the circumstances
13 that constitute a failure of an applicant to
14 engage in reasonable efforts to conclude
15 processing or examination of an applica-
16 tion.

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

19 “(A) The Commissioner shall prescribe reg-
20 ulations establishing procedures for the applica-
21 tion for and determination of patent term ad-
22 justments under this subsection.

23 “(B) Under the procedures established under
24 subparagraph (A), the Commissioner shall—

1 “(i) make a determination of the pe-
2 riod of any patent term adjustment under
3 this subsection, and shall transmit a notice
4 of that determination with the written no-
5 tice of allowance of the application under
6 section 151; and

7 “(ii) provide the applicant one oppor-
8 tunity to request reconsideration of any
9 patent term adjustment determination made
10 by the Commissioner.

11 “(C) The Commissioner shall reinstate all
12 or part of the cumulative period of time of an
13 adjustment under paragraph (2)(C) if the appli-
14 cant, prior to the issuance of the patent, makes
15 a showing that, in spite of all due care, the ap-
16 plicant was unable to respond within the 3-
17 month period, but in no case shall more than 3
18 additional months for each such response beyond
19 the original 3-month period be reinstated.

20 “(D) The Commissioner shall proceed to
21 grant the patent after completion of the Commis-
22 sioner’s determination of a patent term adjust-
23 ment under the procedures established under this
24 subsection, notwithstanding any appeal taken by
25 the applicant of such determination.

1 “(4) *APPEAL OF PATENT TERM ADJUSTMENT DE-*
2 *TERMINATION.*—

3 “(A) *An applicant dissatisfied with a deter-*
4 *mination made by the Commissioner under*
5 *paragraph (3) shall have remedy by a civil ac-*
6 *tion against the Commissioner filed in the*
7 *United States District Court for the District of*
8 *Columbia within 180 days after the grant of the*
9 *patent. Chapter 7 of title 5 shall apply to such*
10 *action. Any final judgment resulting in a change*
11 *to the period of adjustment of the patent term*
12 *shall be served on the Commissioner, and the*
13 *Commissioner shall thereafter alter the term of*
14 *the patent to reflect such change.*

15 “(B) *The determination of a patent term*
16 *adjustment under this subsection shall not be*
17 *subject to appeal or challenge by a third party*
18 *prior to the grant of the patent.”.*

19 **(b) CONFORMING AMENDMENTS.**—

20 (1) *Section 282 of title 35, United States Code,*
21 *is amended in the fourth paragraph by striking “156*
22 *of this title” and inserting “154(b) or 156 of this*
23 *title”.*

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

4 **SEC. 403. CONTINUED EXAMINATION OF PATENT APPLICA-**
 5 **TIONS.**

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

8 (1) *in the first sentence by striking “Whenever”*
 9 *and inserting “(a) Whenever”; and*

10 (2) *by adding at the end the following:*

11 “(b) *The Commissioner shall prescribe regulations to*
 12 *provide for the continued examination of applications for*
 13 *patent at the request of the applicant. The Commissioner*
 14 *may establish appropriate fees for such continued examina-*
 15 *tion and shall provide a 50 percent reduction in such fees*
 16 *for small entities that qualify for reduced fees under section*
 17 *41(h)(1) of this title.”.*

18 **SEC. 404. TECHNICAL CLARIFICATION.**

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

1 **SEC. 405. EFFECTIVE DATE.**

2 (a) *AMENDMENTS MADE BY SECTIONS 402 AND 404.—*

3 *The amendments made by sections 402 and 404 shall take*
4 *effect on the date that is 6 months after the date of the enact-*
5 *ment of this Act and, except for a design patent application*
6 *filed under chapter 16 of title 35, United States Code, shall*
7 *apply to any application filed on or after the date that is*
8 *6 months after the date of the enactment of this Act.*

9 (b) *AMENDMENTS MADE BY SECTION 403.—The*
10 *amendments made by section 403—*

11 (1) *shall take effect on the date that is 6 months*
12 *after the date of the enactment of this Act, and shall*
13 *apply to all applications filed under section 111(a) of*
14 *title 35, United States Code, on or after June 8, 1995,*
15 *and all applications complying with section 371 of*
16 *title 35, United States Code, that resulted from inter-*
17 *national applications filed on or after June 8, 1995;*
18 *and*

19 (2) *do not apply to applications for design pat-*
20 *ents under chapter 16 of title 35, United States Code.*

21 **TITLE V—DOMESTIC PUBLICA-**
22 **TION OF PATENT APPLICA-**
23 **TIONS PUBLISHED ABROAD**

24 **SEC. 501. SHORT TITLE.**

25 *This title may be cited as the “Domestic Publication*
26 *of Foreign Filed Patent Applications Act of 1999”.*

1 **SEC. 502. 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 the same given without authority of the
10 applicant or owner unless necessary to carry out the provi-
11 sions of an Act of Congress or in such special circumstances
12 as may be determined by the Commissioner.

13 “(b) *PUBLICATION.*—

14 “(1) *IN GENERAL.*—(A) Subject to paragraph
15 (2), each application for a patent shall be published,
16 in accordance with procedures determined by the
17 Commissioner, promptly after the expiration of a pe-
18 riod of 18 months from the earliest filing date for
19 which a benefit is sought under this title. At the re-
20 quest of the applicant, an application may be pub-
21 lished earlier than the end of such 18-month period.

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

25 “(C) Notwithstanding any other provision of
26 law, a determination by the Commissioner to release

1 or not to release information concerning a published
2 patent application shall be final and nonreviewable.

3 “(2) *EXCEPTIONS.*—(A) *An application shall not*
4 *be published if that application is—*

5 “(i) *no longer pending;*

6 “(ii) *subject to a secrecy order pursuant to*
7 *section 181 of this title;*

8 “(iii) *a provisional application filed under*
9 *section 111(b) of this title; or*

10 “(iv) *an application for a design patent*
11 *filed under chapter 16 of this title.*

12 “(B)(i) *Where an applicant makes a request*
13 *upon filing, certifying that the invention disclosed in*
14 *the application has not and will not be the subject of*
15 *an application filed in another country, or under a*
16 *multilateral international agreement, that requires*
17 *publication of applications 18 months after filing, the*
18 *application shall not be published as provided in*
19 *paragraph (1).*

20 “(ii) *An applicant may rescind a request made*
21 *under clause (i) at any time.*

22 “(iii) *An applicant who has made a request*
23 *under clause (i) but who subsequently files, in a for-*
24 *foreign country or under a multilateral international*
25 *agreement specified in clause (i), an application di-*

1 *rected to the invention disclosed in the application*
2 *filed in the Patent and Trademark Office, shall notify*
3 *the Commissioner of such filing not later than 45*
4 *days after the date of the filing of such foreign or*
5 *international application. A failure of the applicant*
6 *to provide such notice within the prescribed period*
7 *shall result in the application being regarded as*
8 *abandoned, unless it is shown to the satisfaction of*
9 *the Commissioner that the delay in submitting the*
10 *notice was unintentional.*

11 *“(iv) Where an applicant rescinds a request*
12 *made under clause (i) or notifies the Commissioner*
13 *that an application was filed in a foreign country or*
14 *under a multilateral international agreement speci-*
15 *fied in clause (i), the application shall be published*
16 *in accordance with the provisions of paragraph (1) on*
17 *or as soon as is practical after the date that is speci-*
18 *fied in clause (i).*

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

1 *scription of the invention in the application filed in*
2 *the Patent and Trademark Office, the applicant may*
3 *submit a redacted copy of the application filed in the*
4 *Patent and Trademark Office eliminating any part*
5 *or description of the invention in such application*
6 *that is not also contained in any of the corresponding*
7 *applications filed in a foreign country. The Commis-*
8 *sioner may only publish the redacted copy of the ap-*
9 *plication unless the redacted copy of the application*
10 *is not received within 16 months after the earliest ef-*
11 *fective filing date for which a benefit is sought under*
12 *this title. The provisions of section 154(d) shall not*
13 *apply to a claim if the description of the invention*
14 *published in the redacted application filed under this*
15 *clause with respect to the claim does not enable a per-*
16 *son skilled in the art to make and use the subject mat-*
17 *ter of the claim.*

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

24 *“(d) NATIONAL SECURITY.—No application for patent*
25 *shall be published under subsection (b)(1) where the publi-*

1 *cation or disclosure of such invention would be detrimental*
2 *to the national security. The Commissioner shall establish*
3 *appropriate procedures to ensure that such applications are*
4 *promptly identified and the secrecy of such inventions is*
5 *maintained in accordance with chapter 17 of this title.”.*

6 *(b) STUDY.—*

7 *(1) IN GENERAL.—The General Accounting Of-*
8 *fice shall conduct a 3-year study of the applicants*
9 *who file only in the United States after the effective*
10 *date of this title and shall provide the results of such*
11 *study to the Judiciary Committees of the House of*
12 *Representatives and the Senate.*

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

15 *(A) consider the number of such applicants*
16 *in relation to the number of applicants who file*
17 *in the United States and outside the United*
18 *States;*

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

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

23 *(D) examine the status of the entity seeking*
24 *an application and any correlation that may*

1 *exist between such status and the publication of*
2 *patent applications; and*

3 *(E) examine the abandonment/issuance ra-*
4 *tios and length of application pendency before*
5 *patent issuance or abandonment for published*
6 *versus unpublished applications.*

7 **SEC. 503. TIME FOR CLAIMING BENEFIT OF EARLIER FILING**
8 **DATE.**

9 *(a) IN A FOREIGN COUNTRY.—Section 119(b) of title*
10 *35, United States Code, is amended to read as follows:*

11 *“(b)(1) No application for patent shall be entitled to*
12 *this right of priority unless a claim is filed in the Patent*
13 *and Trademark Office, identifying the foreign application*
14 *by specifying the application number on that foreign appli-*
15 *cation, the intellectual property authority or country in or*
16 *for which the application was filed, and the date of filing*
17 *the application, at such time during the pendency of the*
18 *application as required by the Commissioner.*

19 *“(2) The Commissioner may consider the failure of the*
20 *applicant to file a timely claim for priority as a waiver*
21 *of any such claim. The Commissioner may establish proce-*
22 *dures, including the payment of a surcharge, to accept an*
23 *unintentionally delayed claim under this section.*

24 *“(3) The Commissioner may require a certified copy*
25 *of the original foreign application, specification, and draw-*

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

8 *(b) IN THE UNITED STATES.—*

9 *(1) IN GENERAL.—Section 120 of title 35,*
10 *United States Code, is amended by adding at the end*
11 *the following: “No application shall be entitled to the*
12 *benefit of an earlier filed application under this sec-*
13 *tion unless an amendment containing the specific ref-*
14 *erence to the earlier filed application is submitted at*
15 *such time during the pendency of the application as*
16 *required by the Commissioner. The Commissioner*
17 *may consider the failure to submit such an amend-*
18 *ment within the time period as a waiver of any ben-*
19 *efit under this section. The Commissioner may estab-*
20 *lish procedures, including the payment of a surcharge,*
21 *to accept an unintentionally delayed submission of an*
22 *amendment under this section.”.*

23 *(2) RIGHT OF PRIORITY.—Section 119(e)(1) of*
24 *title 35, United States Code, is amended by adding*
25 *at the end the following: “No application shall be en-*

1 *titled to the benefit of an earlier filed provisional ap-*
2 *plication under this subsection unless an amendment*
3 *containing the specific reference to the earlier filed*
4 *provisional application is submitted at such time*
5 *during the pendency of the application as required by*
6 *the Commissioner. The Commissioner may consider*
7 *the failure to submit such an amendment within that*
8 *time period as a waiver of any benefit under this sub-*
9 *section. The Commissioner may establish procedures,*
10 *including the payment of a surcharge, to accept an*
11 *unintentionally delayed submission of an amendment*
12 *under this subsection during the pendency of the ap-*
13 *plication.”.*

14 **SEC. 504. PROVISIONAL RIGHTS.**

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

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

19 (2) *by adding at the end the following new sec-*
20 *tion:*

21 “(d) **PROVISIONAL RIGHTS.—**

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

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

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

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

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

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

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

3 “(4) *REQUIREMENTS FOR INTERNATIONAL APPLICATIONS.*—

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

1 *other than English, on the date on which the*
2 *Patent and Trademark Office receives a trans-*
3 *lation of the international application in the*
4 *English language.*

5 “(B) *COPIES.*—*The Commissioner may re-*
6 *quire the applicant to provide a copy of the*
7 *international application and a translation*
8 *thereof.”.*

9 **SEC. 505. PRIOR ART EFFECT OF PUBLISHED APPLICA-**
10 **TIONS.**

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

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

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

24 “(B) *a patent granted on an application for pat-*
25 *ent by another filed in the United States before the*

1 *invention by the applicant for patent, except that a*
2 *patent shall not be deemed filed in the United States*
3 *for the purposes of this subsection based on the filing*
4 *of an international application filed under the treaty*
5 *defined in section 351(a); or”.*

6 **SEC. 506. COST RECOVERY FOR PUBLICATION.**

7 *The Commissioner of Patents and Trademarks shall*
8 *recover the cost of early publication required by the amend-*
9 *ment made by section 502 by charging a separate publica-*
10 *tion fee after notice of allowance is given pursuant to sec-*
11 *tion 151 of title 35, United States Code.*

12 **SEC. 507. CONFORMING AMENDMENTS.**

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

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

18 *(2) Section 12 is amended—*

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

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

23 *(3) Section 13 is amended—*

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

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

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

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

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

13 (7) Section 181 is amended—

14 (A) in the first undesignated paragraph—

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

17 (ii) by inserting “the publication of the
18 application or” after “withhold”;

19 (B) in the second undesignated paragraph
20 by inserting “by the publication of an applica-
21 tion or” after “disclosure of an invention”;

22 (C) in the third undesignated paragraph—

23 (i) by inserting “by the publication of
24 the application or” after “disclosure of the
25 invention”; and

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

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

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

9 (9) Section 284 is amended by adding at the end
10 of the second undesignated paragraph the following:
11 “Increased damages under this paragraph shall not
12 apply to provisional rights under section 154(d) of
13 this title.”.

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

15 **“§374. Publication of international application**

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

22 (11) Section 135(b) is amended—

23 (A) by inserting “(1)” after “(b)”; and

24 (B) by adding at the end the following:

1 “(2) A claim which is the same as, or for the same
2 or substantially the same subject matter as, a claim of an
3 application published pursuant to section 122(b) of this
4 title may be made in an application filed after the applica-
5 tion is published only if the claim is made before 1 year
6 after the date on which the application is published.”.

7 **SEC. 508. EFFECTIVE DATE.**

8 Sections 502 through 507, and the amendments made
9 by such sections, shall take effect on the date that is 1 year
10 after the date of enactment of this Act and shall apply to
11 all applications filed under section 111 of title 35, United
12 States Code, on or after that date, and all applications com-
13 plying with section 371 of title 35, United States Code, that
14 resulted from international applications filed on or after
15 that date. The amendments made by sections 504 and 505
16 shall apply to any such application voluntarily published
17 by the applicant under procedures established under this
18 title that is pending on the date that is 1 year after the
19 date of the enactment of this Act. The amendment made
20 by section 504 shall also apply to international applica-
21 tions designating the United States that are filed on or after
22 the date that is 1 year after the date of the enactment of
23 this Act.

1 **TITLE VI—OPTIONAL INTER**
 2 **PARTES REEXAMINATION**
 3 **PROCEDURE**

4 **SEC. 601. SHORT TITLE.**

5 *This title may be cited as the “Optional Inter Partes*
 6 *Reexamination Procedure Act of 1999”.*

7 **SEC. 602. EX PARTE REEXAMINATION OF PATENTS.**

8 *Chapter 30 of title 35, United States Code, is amended*
 9 *in the title by inserting “EX PARTE” before “REEX-*
 10 *AMINATION OF PATENTS”.*

11 **SEC. 603. DEFINITIONS.**

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

14 *“(e) The term ‘third-party requester’ means a person*
 15 *requesting ex parte reexamination under section 302 or*
 16 *inter partes reexamination under section 311 who is not*
 17 *the patent owner.”.*

18 **SEC. 604. OPTIONAL INTER PARTES REEXAMINATION PRO-**
 19 **CEDURES.**

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

23 **“CHAPTER 31—OPTIONAL INTER PARTES**
 24 **REEXAMINATION PROCEDURES**

“Sec.

“311. Request for inter partes reexamination.

“312. Determination of issue by Commissioner.

“313. Inter partes reexamination order by Commissioner.

“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.

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

2 “(a) *IN GENERAL.*—Any person at any time may file
3 a request for inter partes reexamination by the Office of
4 a patent on the basis of any prior art cited under the provi-
5 sions of section 301.

6 “(b) *REQUIREMENTS.*—The request shall—

7 “(1) be in writing, include the identity of the
8 real party in interest, and be accompanied by pay-
9 ment of an inter partes reexamination fee established
10 by the Commissioner under section 41; and

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

14 “(c) *COPY.*—Unless the requesting person is the
15 owner of the patent, the Commissioner promptly shall
16 send a copy of the request to the owner of record of
17 the patent.

18 **“§ 312. Determination of issue by Commissioner**

19 “(a) *REEXAMINATION.*—Not later than 3 months after
20 the filing of a request for inter partes reexamination under
21 section 311, the Commissioner shall determine whether a
22 substantial new question of patentability affecting any

1 *claim of the patent concerned is raised by the request, with*
2 *or without consideration of other patents or printed publi-*
3 *cations. On the Commissioner's initiative, and at any time,*
4 *the Commissioner may determine whether a substantial*
5 *new question of patentability is raised by patents and pub-*
6 *lications.*

7 “(b) *RECORD.*—*A record of the Commissioner's deter-*
8 *mination under subsection (a) shall be placed in the official*
9 *file of the patent, and a copy shall be promptly given or*
10 *mailed to the owner of record of the patent and to the third-*
11 *party requester, if any.*

12 “(c) *FINAL DECISION.*—*A determination by the Com-*
13 *missioner pursuant to subsection (a) shall be final and non-*
14 *appealable. Upon a determination that no substantial new*
15 *question of patentability has been raised, the Commissioner*
16 *may refund a portion of the inter partes reexamination fee*
17 *required under section 311.*

18 **“§313. *Inter partes reexamination order by Commis-***
19 ***sioner***

20 “*If, in a determination made under section 312(a), the*
21 *Commissioner finds that a substantial new question of pat-*
22 *entability affecting a claim of a patent is raised, the deter-*
23 *mination shall include an order for inter partes reexamina-*
24 *tion of the patent for resolution of the question. The order*
25 *may be accompanied by the initial action of the Patent and*

1 *Trademark Office on the merits of the inter partes reexam-*
2 *ination conducted in accordance with section 314.*

3 **“§314. Conduct of inter partes reexamination pro-**
4 **ceedings**

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

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

18 “(2) *With the exception of the inter partes reexamina-*
19 *tion request, any document filed by either the patent owner*
20 *or the third-party requester shall be served on the other*
21 *party. In addition, the third-party requester shall receive*
22 *a copy of any communication sent by the Office to the pat-*
23 *ent owner concerning the patent subject to the inter partes*
24 *reexamination proceeding.*

1 “(3) *Each time that the patent owner files a response*
2 *to an action on the merits from the Patent and Trademark*
3 *Office, the third-party requester shall have one opportunity*
4 *to file written comments addressing issues raised by the ac-*
5 *tion of the Office or the patent owner’s response thereto, if*
6 *those written comments are received by the Office within*
7 *30 days after the date of service of the patent owner’s re-*
8 *sponse.*

9 “(c) *SPECIAL DISPATCH.—Unless otherwise provided*
10 *by the Commissioner for good cause, all inter partes reex-*
11 *amination proceedings under this section, including any*
12 *appeal to the Board of Patent Appeals and Interferences,*
13 *shall be conducted with special dispatch within the Office.*

14 **“§ 315. Appeal**

15 “(a) *PATENT OWNER.—The patent owner involved in*
16 *an inter partes reexamination proceeding under this*
17 *chapter—*

18 “(1) *may appeal under the provisions of section*
19 *134 and may appeal under the provisions of sections*
20 *141 through 144, with respect to any decision adverse*
21 *to the patentability of any original or proposed*
22 *amended or new claim of the patent; and*

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

1 “(b) *THIRD-PARTY REQUESTER*.—A third-party re-
2 quester may—

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

7 “(2) be a party to any appeal taken by the pat-
8 ent owner under the provisions of section 134, subject
9 to subsection (c).

10 “(c) *CIVIL ACTION*.—A third-party requester whose re-
11 quest for an *inter partes* reexamination results in an order
12 under section 313 is estopped from asserting at a later time,
13 in any civil action arising in whole or in part under sec-
14 tion 1338 of title 28, the invalidity of any claim finally
15 determined to be valid and patentable on any ground which
16 the third-party requester raised or could have raised during
17 the *inter partes* reexamination proceedings. This subsection
18 does not prevent the assertion of invalidity based on newly
19 discovered prior art unavailable to the third-party requester
20 and the Patent and Trademark Office at the time of the
21 *inter partes* reexamination proceedings.

22 **“§316. Certificate of patentability, unpatentability,**
23 **and claim cancellation**

24 “(a) *IN GENERAL*.—In an *inter partes* reexamination
25 proceeding under this chapter, when the time for appeal has

1 *expired or any appeal proceeding has terminated, the Com-*
2 *missioner shall issue and publish a certificate canceling any*
3 *claim of the patent finally determined to be unpatentable,*
4 *confirming any claim of the patent determined to be patent-*
5 *able, and incorporating in the patent any proposed amend-*
6 *ed or new claim determined to be patentable.*

7 “(b) *AMENDED OR NEW CLAIM.—Any proposed*
8 *amended or new claim determined to patentable and incor-*
9 *porated into a patent following an inter partes reexamina-*
10 *tion proceeding shall have the same effect as that specified*
11 *in section 252 of this title for reissued patents on the right*
12 *of any person who made, purchased, or used within the*
13 *United States, or imported into the United States, anything*
14 *patented by such proposed amended or new claim, or who*
15 *made substantial preparation for the same, prior to*
16 *issuance of a certificate under the provisions of subsection*
17 *(a) of this section.*

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

19 “(a) *ORDER FOR REEXAMINATION.—Notwithstanding*
20 *any provision of this chapter, once an order for inter partes*
21 *reexamination of a patent has been issued under section*
22 *313, neither the patent owner nor the third-party requester,*
23 *if any, nor privies of either, may file a subsequent request*
24 *for inter partes reexamination of the patent until an inter*

1 *partes reexamination certificate is issued and published*
2 *under section 316, unless authorized by the Commissioner.*

3 “(b) *FINAL DECISION.*—Once a final decision has been
4 *entered against a party in a civil action arising in whole*
5 *or in part under section 1338 of title 28 that the party*
6 *has not sustained its burden of proving the invalidity of*
7 *any patent claim in suit or if a final decision in an inter*
8 *partes reexamination proceeding instituted by a third-*
9 *party requester is favorable to the patentability of any*
10 *original or proposed amended or new claim of the patent*
11 *then neither that party nor its privies may thereafter re-*
12 *quest inter partes reexamination of any such patent claim*
13 *on the basis of issues which that party or its privies raised*
14 *or could have raised in such civil action or inter partes*
15 *reexamination proceeding, and an inter partes reexamina-*
16 *tion requested by that party or its privies on the basis of*
17 *such issues may not thereafter be maintained by the Office,*
18 *notwithstanding any other provision of this chapter. This*
19 *subsection does not prevent the assertion of invalidity based*
20 *on newly discovered prior art unavailable to the third-party*
21 *requester and the Patent and Trademark Office at the time*
22 *of the inter partes reexamination proceedings.*

23 **“§ 318. Stay of litigation**

24 “Once an order for inter partes reexamination of a
25 *patent has been issued under section 313, the patent owner*

1 *may obtain a stay of any pending litigation which involves*
 2 *an issue of patentability of any claims of the patent which*
 3 *are the subject of the inter partes reexamination order, un-*
 4 *less the court before which such litigation is pending deter-*
 5 *mines that a stay would not serve the interests of justice.”.*

6 (b) *CONFORMING AMENDMENTS.*—*The table of chapters*
 7 *for part III of title 25, United States Code, is amended by*
 8 *striking the item relating to chapter 30 and inserting the*
 9 *following:*

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

10 **SEC. 605. CONFORMING AMENDMENTS.**

11 (a) *PATENT FEES; PATENT SEARCH SYSTEMS.*—*Sec-*
 12 *tion 41(a)(7) of title 35, United States Code, is amended*
 13 *to read as follows:*

14 “(7) *On filing each petition for the revival of an*
 15 *unintentionally abandoned application for a patent,*
 16 *for the unintentionally delayed payment of the fee for*
 17 *issuing each patent, or for an unintentionally delayed*
 18 *response by the patent owner in any reexamination*
 19 *proceeding, \$1,210, unless the petition is filed under*
 20 *section 133 or 151 of this title, in which case the fee*
 21 *shall be \$110.”.*

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

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

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

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

13 “(c) *THIRD-PARTY.*—A third-party requester in an
14 inter partes proceeding may appeal to the Board of Patent
15 Appeals and Interferences from the final decision of the pri-
16 mary examiner favorable to the patentability of any origi-
17 nal or proposed amended or new claim of a patent, having
18 once paid the fee for such appeal. The third-party requester
19 may not appeal the decision of the Board of Patent Appeals
20 and Interferences.”.

21 (c) *APPEAL TO COURT OF APPEALS FOR THE FEDERAL*
22 *CIRCUIT.*—Section 141 of title 35, United States Code, is
23 amended by adding the following after the second sentence:
24 “A patent owner in any reexamination proceeding dissatis-
25 fied with the final decision in an appeal to the Board of
26 Patent Appeals and Interferences under section 134 may

1 *appeal the decision only to the United States Court of Ap-*
2 *peals for the Federal Circuit.”.*

3 (d) *PROCEEDINGS ON APPEAL.*—Section 143 of title
4 35, United States Code, is amended by amending the third
5 sentence to read as follows: “In any reexamination cases,
6 the Commissioner shall submit to the court in writing the
7 grounds for the decision of the Patent and Trademark Of-
8 fice, addressing all the issues involved in the appeal.”.

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

12 **SEC. 606. REPORT TO CONGRESS.**

13 *Not later than 5 years after the effective date of this*
14 *title, the Commissioner of Patents and Trademarks shall*
15 *submit to the Congress a report evaluating whether the inter*
16 *partes reexamination proceedings established under the*
17 *amendments made by this title are inequitable to any of*
18 *the parties in interest and, if so, the report shall contain*
19 *recommendations for changes to the amendments made by*
20 *this title to remove such inequity.*

21 **SEC. 607. ESTOPPEL EFFECT OF REEXAMINATION.**

22 *Any party who requests an inter partes reexamination*
23 *under section 311 of title 35, United States Code, is es-*
24 *topped from challenging at a later time, in any civil action,*
25 *any fact determined during the process of such reexamina-*

1 tion, except with respect to a fact determination later
2 proved to be erroneous based on information unavailable
3 at the time of the inter partes reexamination decision. If
4 this section is held to be unenforceable, the enforceability
5 of the rest of this title or of this Act shall not be denied
6 as a result.

7 **SEC. 608. EFFECTIVE DATE.**

8 *This title and the amendments made by this title shall*
9 *take effect on the date that is 1 year after the date of the*
10 *enactment of this Act and shall apply to inter partes reex-*
11 *amination requests filed on or after such date.*

12 **TITLE VII—MISCELLANEOUS**
13 **PATENT PROVISIONS**

14 **SEC. 701. PROVISIONAL APPLICATIONS.**

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

17 “(5) *ABANDONMENT.*—Notwithstanding the ab-
18 *sence of a claim, upon timely request and as pre-*
19 *scribed by the Commissioner, a provisional applica-*
20 *tion may be treated as an application filed under*
21 *subsection (a). Subject to section 119(e)(3) of this*
22 *title, if no such request is made, the provisional ap-*
23 *plication shall be regarded as abandoned 12 months*
24 *after the filing date of such application and shall not*
25 *be subject to revival after such 12-month period.”.*

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

4 “(3) If the day that is 12 months after the filing
5 date of a provisional application falls on a Saturday,
6 Sunday, or Federal holiday within the District of Co-
7 lumbia, the period of pendency of the provisional ap-
8 plication shall be extended to the next succeeding sec-
9 ular or business day.”.

10 (c) *ELIMINATION OF COPENDENCY REQUIREMENT.*—
11 Section 119(e)(2) of title 35, United States Code, is amend-
12 ed by striking “and the provisional application was pend-
13 ing on the filing date of the application for patent under
14 section 111(a) or section 363 of this title”.

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

22 **SEC. 702. INTERNATIONAL APPLICATIONS.**

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

1 (1) *In subsection (a), insert “or in a WTO mem-*
2 *ber country,” after “or citizens of the United States,”.*

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

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

12 “*(g) As used in this section—*

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

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

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

21 Section 287(c)(4) of title 35, United States Code, is
22 amended by striking “before the date of enactment of this
23 subsection” and inserting “based on an application the ear-
24 liest effective filing date of which is prior to September 30,
25 1996”.

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

2 (a) *PRINTING OF PAPERS FILED.*—Section 22 of title
3 35, United States Code, is amended by striking “printed
4 or typewritten” and inserting “printed, typewritten, or on
5 an electronic medium”.

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

9 “(a) The Commissioner may publish in printed, type-
10 written, or electronic form, the following:”.

11 (c) *COPIES OF PATENTS FOR PUBLIC LIBRARIES.*—
12 Section 13 of title 35, United States Code, is amended by
13 striking “The Commissioner may supply printed copies of
14 specifications and drawings of patents” and inserting “The
15 Commissioner may supply copies of specifications and
16 drawings of patents in printed or electronic form”.

17 (d) *MAINTENANCE OF COLLECTIONS.*—

18 (1) Section 41(i)(1) of title 35, United States
19 Code, is amended by striking “The Commissioner
20 shall maintain, for use by the public, paper or
21 microform” and inserting “The Commissioner shall
22 maintain, for use by the public, paper, microform, or
23 electronic”.

24 (2) The Commissioner shall not, pursuant to the
25 amendment made by paragraph (1), cease to main-
26 tain, for use by the public, paper or microform collec-

1 *tions of United States patents, foreign patent docu-*
2 *ments, and United States trademark registrations, ex-*
3 *cept pursuant to notice and opportunity for public*
4 *comment and except the Commissioner shall first sub-*
5 *mit a report to the Committees on the Judiciary of*
6 *the Senate and the House of Representatives detailing*
7 *such plan, including a description of the mechanisms*
8 *in place to ensure the integrity of such collections and*
9 *the data contained therein, as well as to ensure*
10 *prompt public access to the most current available in-*
11 *formation, and certifying that the implementation of*
12 *such plan will not negatively impact the public.*

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

15 *(a) IN GENERAL.—No later than 6 months after the*
16 *date of the enactment of this Act, the Comptroller General*
17 *of the United States, in consultation with the Commissioner*
18 *of Patents and Trademarks, shall conduct a study and sub-*
19 *mit a report to Congress on the potential risks to the United*
20 *States biotechnology industry relating to biological deposits*
21 *in support of biotechnology patents.*

22 *(b) CONTENTS.—The study conducted under this sec-*
23 *tion shall include—*

24 *(1) an examination of the risk of export and the*
25 *risk of transfers to third parties of biological deposits,*

1 *and the risks posed by the change to 18-month publi-*
2 *cation requirements made by this Act;*

3 *(2) an analysis of comparative legal and regu-*
4 *latory regimes; and*

5 *(3) any related recommendations.*

6 *(c) CONSIDERATION OF REPORT.—In drafting regula-*
7 *tions affecting biological deposits (including any modifica-*
8 *tion of title 37, Code of Federal Regulations, section 1.801*
9 *et seq.), the Patent and Trademark Office shall consider the*
10 *recommendations of the study conducted under this section.*

11 **SEC. 706. PRIOR INVENTION.**

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

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

1 *to conceive and last to reduce to practice, from a time prior*
2 *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 “subsection*
7 *(f) or (g)” and inserting “one or more of subsections (e),*
8 *(f), and (g)”.*

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

12 **SEC. 708. EXCHANGE OF COPIES OF PATENTS WITH FOR-**
13 **EIGN COUNTRIES.**

14 *Section 12 of title 35, United States Code, is amended*
15 *by adding at the end the following: “The Commissioner*
16 *shall not enter into an agreement to provide such copies*
17 *of specifications and drawings of United States patents and*
18 *applications to a foreign country, other than a NAFTA*
19 *country or a WTO member country, without the express au-*
20 *thorization of the Secretary of Commerce. For purposes of*
21 *this section, the terms ‘NAFTA country’ and ‘WTO member*
22 *country’ have the meanings given those terms in section*
23 *104(b).”.*

1 **SEC. 709. NATIONAL SECURITY.**

2 *Section 6 of title 35, United States Code, is amended*
3 *by adding at the end the following new subsection:*

4 “(d) *The Commissioner, in consultation with the Di-*
5 *rector of the Office of Personnel Management, shall main-*
6 *tain a program for identifying national security positions*
7 *and providing for appropriate security clearances, in order*
8 *to maintain the secrecy of certain inventions, as described*
9 *in section 181, and to prevent disclosure of sensitive and*
10 *strategic information in the interest of national security.”.*