

106TH CONGRESS  
1ST SESSION

# H. R. 2654

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

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## IN THE HOUSE OF REPRESENTATIVES

JULY 30, 1999

Mr. COBLE introduced the following bill; which was referred to the Committee on the Judiciary

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## A BILL

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.

- 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—PATENT LITIGATION REDUCTION ACT

- Sec. 501. Short title.
- Sec. 502. Definitions.
- Sec. 503. Reexamination procedures.
- Sec. 504. Conforming amendments.
- Sec. 505. Report to Congress.
- Sec. 506. Estoppel effect of reexamination.
- Sec. 507. Effective date.

#### TITLE VI—MISCELLANEOUS PATENT PROVISIONS

- Sec. 601. Provisional applications.
- Sec. 602. International applications.
- Sec. 603. Certain limitations on damages for patent infringement not applicable.
- Sec. 604. Electronic filing.
- Sec. 605. Study and report on biological deposits in support of biotechnology patents.
- Sec. 606. Prior invention.
- Sec. 607. 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:

## 8         **“CHAPTER 5—INVENTION PROMOTION** 9                 **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.

## 10     **“§ 51. Definitions**

11         “For purposes of this chapter—

12                 “(1) the term ‘contract for invention promotion  
13 services’ means a contract by which an invention  
14 promoter undertakes invention promotion services  
15 for a customer;

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

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

6                   “(A) any department or agency of the Fed-  
7                   eral Government or of a State or local govern-  
8                   ment;

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

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

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

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

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

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

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

20 **“§ 52. Contracting requirements**

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

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

5       “(b) REQUIREMENTS OF INVENTION PROMOTER.—  
6 The invention promoter shall—

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

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

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

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

21                       “(A) the usual business terms of contracts;  
22 and

23                       “(B) the approximate amount of the usual  
24 fees or other consideration that may be required

1 from the customer for each of the services pro-  
2 vided by the invention promoter.

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

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

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

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

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

1       ‘YOU HAVE THE RIGHT TO TERMINATE THIS  
2 CONTRACT. TO TERMINATE THIS CONTRACT,  
3 YOU MUST SEND A WRITTEN LETTER TO THE  
4 COMPANY STATING YOUR INTENT TO CANCEL  
5 THIS CONTRACT.

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

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

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

24       ‘THE TOTAL NUMBER OF CUSTOMERS WHO  
25 HAVE CONTRACTED WITH THE INVENTION PRO-



1 MOTER IN THE PAST FIVE (5) YEARS IS XXXXX.  
2 THE TOTAL NUMBER OF CUSTOMERS KNOWN  
3 BY THIS INVENTION PROMOTER TO HAVE RE-  
4 CEIVED, BY VIRTUE OF THIS INVENTION PRO-  
5 MOTER'S PERFORMANCE, AN AMOUNT OF  
6 MONEY IN EXCESS OF THE AMOUNT PAID BY  
7 THE CUSTOMER TO THIS INVENTION PRO-  
8 MOTER IS XXXXXXXX. AS A RESULT OF THE EF-  
9 FORTS OF THIS INVENTION PROMOTER, XXXXX  
10 NUMBER OF CUSTOMERS HAVE RECEIVED LI-  
11 CENSE AGREEMENTS FOR THEIR INVENTIONS.

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

1 FILED AGAINST ANY OF THESE COMPANIES  
2 WHICH RESULTED IN REGULATORY SANCTIONS  
3 OR OTHER CORRECTIVE ACTIONS.

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

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

17 “(c) DISCLOSURE OF CERTAIN CUSTOMERS NOT RE-  
18 QUIRED.—The requirement in the notice set forth in sub-  
19 section (a) to include the ‘TOTAL NUMBER OF CUS-  
20 TOMERS WHO HAVE CONTRACTED WITH THE  
21 INVENTION PROMOTER IN THE PAST FIVE (5)  
22 YEARS’ need not include information with respect to cus-  
23 tomers who have purchased trade show services, research,  
24 advertising, or other nonmarketing services from the in-

1 vention promoter, nor with respect to customers who have  
2 defaulted in their payment to the invention promoter.

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

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

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

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

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

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

1           “(1) the terms and conditions of payment and  
2           contract termination rights required under section  
3           52;

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

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

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

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

21          “(6) if any oral or written representation of es-  
22          timated or projected customer earnings is given by  
23          the invention promoter (or any agent, employee, offi-  
24          cer, director, partner, or independent contractor of  
25          such invention promoter), a statement of that esti-

1       mation or projection and a description of the data  
2       upon which such representation is based;

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

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

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

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

1   **“§ 56. Remedies**

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

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

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

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

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

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

9           “(A) \$5,000; or

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

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

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

1 **“§ 57. Records of complaints**

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

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

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

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

21 **“§ 59. Rule of construction**

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



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

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

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

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

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

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

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

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

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

18 “(1) the terms ‘commercially used’ and ‘com-  
19 mercial use’ mean use of a process or method in the  
20 United States or the use of a process or method in  
21 the design, testing, or production in the United  
22 States of a product or service, so long as such use  
23 is in connection with an internal commercial use or  
24 an actual arm’s-length sale or other arm’s-length  
25 commercial transfer of a product or service, whether  
26 or not the subject matter at issue is accessible to or

1 otherwise known to the public, except that the sub-  
2 ject matter for which commercial marketing or use  
3 is subject to a premarketing regulatory review period  
4 during which the safety or efficacy of the subject  
5 matter is established, including any period specified  
6 in section 156(g), shall be deemed ‘commercially  
7 used’ and in ‘commercial use’ during such regulatory  
8 review period;

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

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

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

22 “(3) the term ‘process or method’ means ‘proc-  
23 ess’ as defined in section 100(b), and includes any  
24 invention that produces a useful end product or

1 service which has been or could have been claimed  
2 in a patent in the form of a process; and

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

9 “(b) DEFENSE TO INFRINGEMENT.—

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

20 “(2) EXHAUSTION OF RIGHT.—The sale or  
21 other disposition, of a product or service produced  
22 by a patented process or method, by a person enti-  
23 tled to assert a defense under this section with re-  
24 spect to that product or service shall exhaust the  
25 patent owner’s rights under the patent to the extent

1       such rights would have been exhausted had such sale  
2       or other disposition been made by the patent owner.

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

6               “(A) PATENT.—A person may not assert  
7       the defense under this section unless the inven-  
8       tion for which the defense is asserted is for a  
9       process or method, including a process the ex-  
10      clusive purpose of which is to produce a useful  
11      end product or service.

12              “(B) DERIVATION.—A person may not as-  
13      sert the defense under this section if the subject  
14      matter on which the defense is based was de-  
15      rived from the patentee or persons in privity  
16      with the patentee.

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

1 to improvements in the claimed subject matter  
2 that do not infringe additional specifically  
3 claimed subject matter of the patent.

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

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

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

24 “(7) LIMITATION ON SITES.—A defense under  
25 this section, when acquired as part of a good faith

1 assignment or transfer of an entire enterprise or line  
 2 of business to which the defense relates, may only be  
 3 asserted for uses at sites where the subject matter  
 4 that would otherwise infringe one or more of the  
 5 claims is in use before the later of the effective filing  
 6 date of the patent or the date of the assignment or  
 7 transfer of such enterprise or line of business.

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

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

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

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

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

24 This title and the amendments made by this title  
 25 shall take effect on the date of the enactment of this Act,

1 but shall not apply to any action for infringement that  
 2 is pending on such date of enactment or with respect to  
 3 any subject matter for which an adjudication of infringe-  
 4 ment, including a consent judgment, has been made before  
 5 such date of enactment.

## 6 **TITLE III—PATENT TERM** 7 **GUARANTEE**

### 8 **SEC. 301. SHORT TITLE.**

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

### 11 **SEC. 302. PATENT TERM GUARANTEE AUTHORITY.**

12 (a) ADJUSTMENT OF PATENT TERM.—Section  
 13 154(b) of title 35, United States Code, is amended to read  
 14 as follows:

15 “(b) ADJUSTMENT OF PATENT TERM.—

16 “(1) PATENT TERM GUARANTEES.—

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

23 “(i) make a notification of the rejec-  
 24 tion of any claim for a patent or any objec-  
 25 tion or argument under section 132, or

1 give or mail a written notice of allowance  
2 under section 151, within 14 months after  
3 the date on which the application was filed;

4 “(ii) respond to a reply under section  
5 132, or to an appeal taken under section  
6 134, within 4 months after the date on  
7 which the reply was filed or the appeal was  
8 taken;

9 “(iii) act on an application within 4  
10 months after the date of a decision by the  
11 Board of Patent Appeals and Interferences  
12 under section 134 or 135 or a decision by  
13 a Federal court under section 141, 145, or  
14 146 in a case in which allowable claims re-  
15 main in the application; or

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

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



1           “(B) GUARANTEE OF NO MORE THAN 3-  
2           YEAR APPLICATION PENDENCY.—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 issue a  
6           patent within 3 years after the actual filing  
7           date of the application in the United States, not  
8           including—

9                   “(i) any time consumed by continued  
10                  examination of the application requested  
11                  by the applicant under section 132(b);

12                  “(ii) any time consumed by a pro-  
13                  ceeding under section 135(a), any time  
14                  consumed by the imposition of an order  
15                  pursuant to section 181, or any time con-  
16                  sumed by appellate review by the Board of  
17                  Patent Appeals and Interferences or by a  
18                  Federal court; or

19                  “(iii) any delay in the processing of  
20                  the application by the Patent and Trade-  
21                  mark Office requested by the applicant ex-  
22                  cept as permitted by paragraph (3)(C),  
23           the term of the patent shall be extended 1 day  
24           for each day after the end of that 3-year period  
25           until the patent is issued.

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

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

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

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

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

“(2) LIMITATIONS.—

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

1           “(B) DISCLAIMED TERM.—No patent the  
2 term of which has been disclaimed beyond a  
3 specified date may be adjusted under this sec-  
4 tion beyond the expiration date specified in the  
5 disclaimer.

6           “(C) REDUCTION OF PERIOD OF ADJUST-  
7 MENT.—

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

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

1 date the notice was given or mailed to the  
2 applicant.

3 “(iii) The Director shall prescribe reg-  
4 ulations establishing the circumstances  
5 that constitute a failure of an applicant to  
6 engage in reasonable efforts to conclude  
7 processing or examination of an applica-  
8 tion.

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

11 “(A) The Director shall prescribe regula-  
12 tions establishing procedures for the application  
13 for and determination of patent term adjust-  
14 ments under this subsection.

15 “(B) Under the procedures established  
16 under subparagraph (A), the Director shall—

17 “(i) make a determination of the pe-  
18 riod of any patent term adjustment under  
19 this subsection, and shall transmit a notice  
20 of that determination with the written no-  
21 tice of allowance of the application under  
22 section 151; and

23 “(ii) provide the applicant one oppor-  
24 tunity to request reconsideration of any

1 patent term adjustment determination  
2 made by the Director.

3 “(C) The Director shall reinstate all or  
4 part of the cumulative period of time of an ad-  
5 justment under paragraph (2)(C) if the appli-  
6 cant, prior to the issuance of the patent, makes  
7 a showing that, in spite of all due care, the ap-  
8 plicant was unable to respond within the 3-  
9 month period, but in no case shall more than 3  
10 additional months for each such response be-  
11 yond the original 3-month period be reinstated.

12 “(D) The Director shall proceed to grant  
13 the patent after completion of the Director’s de-  
14 termination of a patent term adjustment under  
15 the procedures established under this sub-  
16 section, notwithstanding any appeal taken by  
17 the applicant of such determination.

18 “(4) APPEAL OF PATENT TERM ADJUSTMENT  
19 DETERMINATION.—

20 “(A) An applicant dissatisfied with a de-  
21 termination made by the Director under para-  
22 graph (3) shall have remedy by a civil action  
23 against the Director filed in the United States  
24 District Court for the District of Columbia  
25 within 180 days after the grant of the patent.

1 Chapter 7 of title 5 shall apply to such action.  
 2 Any final judgment resulting in a change to the  
 3 period of adjustment of the patent term shall  
 4 be served on the Director, and the Director  
 5 shall thereafter alter the term of the patent to  
 6 reflect such change.

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

11 (b) CONFORMING AMENDMENTS.—

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

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

19 **SEC. 303. CONTINUED EXAMINATION OF PATENT APPLICA-**  
 20 **TIONS.**

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

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

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

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

8       **SEC. 304. TECHNICAL CLARIFICATION.**

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

14       **SEC. 305. EFFECTIVE DATE.**

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

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

1 **TITLE IV—UNITED STATES PUB-**  
2 **LICATION OF PATENT APPLI-**  
3 **CATIONS PUBLISHED**  
4 **ABROAD**

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

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

8 **SEC. 402. PUBLICATION.**

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

11 **“§ 122. Confidential status of applications; publica-**  
12 **tion of patent applications**

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

21 “(b) UNITED STATES PUBLICATION OF APPLICA-  
22 TIONS PUBLISHED ABROAD.—

23 “(1) IN GENERAL.—(A) Subject to paragraph  
24 (2), each application for patent, except applications  
25 for design patents filed under chapter 16 and provi-



1 sional applications filed under section 111(b), shall  
2 be published, in accordance with procedures deter-  
3 mined by the Director, promptly upon the expiration  
4 of a period of 18 months after the earliest filing date  
5 for which a benefit is sought under this title. At the  
6 request of the applicant, an application may be pub-  
7 lished earlier than the end of such 18-month period.

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

11 “(C) Pursuant to this title and notwithstanding  
12 any other provision of law, a determination by the  
13 Director to release or not to release information con-  
14 cerning a published patent application shall be final  
15 and nonreviewable.

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

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

20 “(C)(i) If an applicant, upon filing, makes a re-  
21 quest that an application not be published pursuant  
22 to paragraph (1), and states in such request that the  
23 invention disclosed in the application has not been  
24 the subject of an application filed in another coun-  
25 try, or under a multilateral international agreement,

1       that requires publication of applications 18 months  
2       after filing, the application shall not be published as  
3       provided in paragraph (1).

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

6               “(iii) An applicant who has made a request  
7       under clause (i) but who subsequently files, in a for-  
8       eign country or under a multilateral international  
9       agreement specified in clause (i), an application di-  
10      rected to the invention disclosed in the application  
11      filed in the Patent and Trademark Office, shall no-  
12      tify the Director of such filing not later than 45  
13      days after the date of the filing of such foreign or  
14      international application. A failure of the applicant  
15      to provide such notice within the prescribed period  
16      shall result in the application being regarded as  
17      abandoned, unless it is shown to the satisfaction of  
18      the Director that the delay in submitting the notice  
19      was unintentional.

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

1           “(v) If an applicant has filed applications in  
2           one or more foreign countries, directly or through a  
3           multilateral international agreement, and such for-  
4           eign filed applications corresponding to an applica-  
5           tion filed in the Patent and Trademark Office or the  
6           description of the invention in such foreign filed ap-  
7           plications is less extensive than the application or  
8           description of the invention in the application filed  
9           in the Patent and Trademark Office, the applicant  
10          may submit a redacted copy of the application filed  
11          in the Patent and Trademark Office eliminating any  
12          part or description of the invention in such applica-  
13          tion that is not also contained in any of the cor-  
14          responding applications filed in a foreign country.  
15          The Director may only publish the redacted copy of  
16          the application unless the redacted copy of the appli-  
17          cation is not received within 16 months after the  
18          earliest effective filing date for which a benefit is  
19          sought under this title. The provisions of section  
20          154(d) shall not apply to a claim if the description  
21          of the invention published in the redacted applica-  
22          tion filed under this clause with respect to the claim  
23          does not enable a person skilled in the art to make  
24          and use the subject matter of the claim.

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

7       (b) STUDY BY GAO.—

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

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

15           (A) consider the number of such applicants  
16   for patent in relation to the number of appli-  
17   cants who file in the United States and outside  
18   the United 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; and

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

1           exist between such manner and publication of  
2           patent applications.

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

8   **SEC. 403. TIME FOR CLAIMING BENEFIT OF EARLIER FIL-**  
9                           **ING DATE.**

10          (a) IN A FOREIGN COUNTRY.—Section 119(b) of title  
11   35, United States Code, is amended to read as follows:

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

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

23          “(3) The Director may require a certified copy of the  
24   original foreign application, specification, and drawings  
25   upon which it is based, a translation if not in the English

1 language, and such other information as the Director con-  
 2 siders necessary. Any such certification shall be made by  
 3 the foreign intellectual property authority in which the for-  
 4 eign application was filed and show the date of the appli-  
 5 cation and of the filing of the specification and other pa-  
 6 pers.”.

7 (b) IN THE UNITED STATES.—Section 120 of title  
 8 35, United States Code, is amended by adding at the end  
 9 the following: “The Director may determine the time pe-  
 10 riod during the pendency of the application within which  
 11 an amendment containing the specific reference to the ear-  
 12 lier filed application is submitted. The Director may con-  
 13 sider the failure to submit such an amendment within that  
 14 time period as a waiver of any benefit under this section.  
 15 The Director may establish procedures, including the pay-  
 16 ment of a surcharge, to accept unintentionally late submis-  
 17 sions of amendments under this section.”.

18 **SEC. 404. PROVISIONAL RIGHTS.**

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

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

23 (2) by adding at the end the following new sub-  
 24 section:

25 “(d) PROVISIONAL RIGHTS.—

1           “(1) IN GENERAL.—In addition to other rights  
2           provided by this section, a patent shall include the  
3           right to obtain a reasonable royalty from any person  
4           who, during the period beginning on the date of pub-  
5           lication of the application for such patent pursuant  
6           to section 122(b), or in the case of an international  
7           application filed under the treaty defined in section  
8           351(a) designating the United States under Article  
9           21(2)(a) of such treaty, the date of publication of  
10          the application, and ending on the date the patent  
11          is issued—

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

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

22                 “(B) had actual notice of the published  
23                 patent application, and in a case in which the  
24                 right arising under this paragraph is based  
25                 upon an international application designating

1           the United States that is published in a lan-  
2           guage other than English, a translation of the  
3           international application into the English lan-  
4           guage.

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

11          “(3) TIME LIMITATION ON OBTAINING A REA-  
12          SONABLE ROYALTY.—The right under paragraph (1)  
13          to obtain a reasonable royalty shall be available only  
14          in an action brought not later than 6 years after the  
15          patent is issued. The right under paragraph (1) to  
16          obtain a reasonable royalty shall not be affected by  
17          the duration of the period described in paragraph  
18          (1).

19          “(4) REQUIREMENTS FOR INTERNATIONAL AP-  
20          PLICATIONS.—

21                 “(A) EFFECTIVE DATE.—The right under  
22                 paragraph (1) to obtain a reasonable royalty  
23                 based upon the publication under the treaty de-  
24                 fined in section 351(a) of an international ap-  
25                 plication designating the United States shall



1           commence on the date on which the Patent and  
2           Trademark Office receives a copy of the publi-  
3           cation under the treaty of the international ap-  
4           plication, or, if the publication under the treaty  
5           of the international application is in a language  
6           other than English, on the date on which the  
7           Patent and Trademark Office receives a trans-  
8           lation of the international application in the  
9           English language.

10           “(B) COPIES.—The Director may require  
11           the applicant to provide a copy of the inter-  
12           national application and a translation thereof.

13           “(5) ISSUANCE OF PATENTS ON INDIVIDUAL  
14           CLAIMS.—If the Director in a notification to the ap-  
15           plicant under section 132 indicates that one or more  
16           claims of a published application are allowable, the  
17           applicant may request the issuance of a patent in-  
18           corporating those claims. The applicant may con-  
19           tinue prosecution of the remaining claims as pro-  
20           vided in chapter 12 of this title. Any subsequently  
21           allowed claims may be incorporated into the patent  
22           or issued in a separate patent, in accordance with  
23           regulations adopted by the Director. The Director  
24           may establish appropriate fees to cover the costs of

1 incorporating any additional claims into the patent  
2 or issuing a separate patent.”.

3 **SEC. 405. PRIOR ART EFFECT OF PUBLISHED APPLICA-**  
4 **TIONS.**

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

7 “(e) the invention was described in—

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

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

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

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

8 **SEC. 407. CONFORMING AMENDMENTS.**

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

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

14           (2) Section 12 is amended—

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

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

19           (3) Section 13 is amended—

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

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

24           (4) The item relating to section 122 in the table  
25 of sections for chapter 11 is amended by inserting

1 “; publication of patent applications” after “applica-  
2 tions”.

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

6 (6) Section 181 is amended—

7 (A) in the first undesignated paragraph—

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

10 (ii) by inserting “the publication of  
11 the application or” after “withhold”;

12 (B) in the second undesignated paragraph  
13 by inserting “by the publication of an applica-  
14 tion or” after “disclosure of an invention”;

15 (C) in the third undesignated paragraph—

16 (i) by inserting “by the publication of  
17 the application or” after “disclosure of the  
18 invention”; and

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

21 (D) in the fourth undesignated paragraph  
22 by inserting “the publication of an application  
23 or” after “and” in the first sentence.

1           (7) Section 252 is amended in the first undesig-  
2           nated paragraph by inserting “substantially” before  
3           “identical” each place it appears.

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

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

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

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

17   **SEC. 408. EFFECTIVE DATE.**

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

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

## 9 **TITLE V—PATENT LITIGATION** 10 **REDUCTION ACT**

### 11 **SEC. 501. SHORT TITLE.**

12 This title may be cited as the “Patent Litigation Re-  
 13 duction Act”.

### 14 **SEC. 502. DEFINITIONS.**

15 Section 100 of title 35, United States Code, is  
 16 amended by adding at the end the following new sub-  
 17 section:

18 “(e) The term ‘third-party requester’ means a person  
 19 requesting reexamination under section 302 of this title  
 20 who is not the patent owner.”.

### 21 **SEC. 503. REEXAMINATION PROCEDURES.**

22 (a) CITATION OF PRIOR ART.—Section 301 of title  
 23 35, United States Code, is amended to read as follows:

1 **“§ 301. Citation of prior art**

2 “Any person at any time may cite to the Office in  
3 writing prior art consisting of patents or printed publica-  
4 tions which that person believes to have a bearing on the  
5 patentability of any claim of a particular patent. If the  
6 person explains in writing the pertinency and manner of  
7 applying such prior art to at least one claim of the patent,  
8 the citation of such prior art and the explanation thereof  
9 will become a part of the official file of the patent.”.

10 (b) REQUEST FOR REEXAMINATION.—Section 302 of  
11 title 35, United States Code, is amended to read as fol-  
12 lows:

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

14 “(a) IN GENERAL.—Any person at any time may file  
15 a request for reexamination by the Office of a patent on  
16 the basis of any prior art cited under the provisions of  
17 section 301.

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

19 “(1) be in writing, include the identity of the  
20 real party in interest, and be accompanied by pay-  
21 ment of a reexamination fee established by the Di-  
22 rector under section 41; and

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

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

4       (c) DETERMINATION OF ISSUE BY DIRECTOR.—Sec-  
5 tion 303 of title 35, United States Code, is amended to  
6 read as follows:

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

8       “(a) REEXAMINATION.—Not later than 3 months  
9 after the filing of a request for reexamination under sec-  
10 tion 302, the Director shall determine whether a substan-  
11 tial new question of patentability affecting any claim of  
12 the patent concerned is raised by the request, with or with-  
13 out consideration of other patents or printed publications.  
14 On the Director’s initiative, and any time, the Director  
15 may determine whether a substantial new question of pat-  
16 entability is raised by patents and publications.

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

22       “(c) FINAL DECISION.—A determination by the Di-  
23 rector pursuant to subsection (a) shall be final and non-  
24 appealable. Upon a determination that no substantial new  
25 question of patentability has been raised, the Director may



1 refund a portion of the reexamination fee required under  
2 section 302.”.

3 (d) REEXAMINATION ORDER BY DIRECTOR.—Section  
4 304 of title 35, United States Code, is amended to read  
5 as follows:

6 **“§ 304. Reexamination order by Director**

7 “If, in a determination made under section 303(a),  
8 the Director finds that a substantial new question of pat-  
9 entability affecting a claim of a patent is raised, the deter-  
10 mination shall include an order for reexamination of the  
11 patent for resolution of the question. The order may be  
12 accompanied by the initial action of the Patent and Trade-  
13 mark Office on the merits of the reexamination conducted  
14 in accordance with section 305.”.

15 (e) CONDUCT OF REEXAMINATION PROCEEDINGS.—  
16 Section 305 of title 35, United States Code, is amended  
17 to read as follows:

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

19 “(a) IN GENERAL.—Subject to subsection (b), reex-  
20 amination shall be conducted according to the procedures  
21 established for initial examination under the provisions of  
22 sections 132 and 133, except as provided for under this  
23 section. In any reexamination proceeding under this chap-  
24 ter, the patent owner shall be permitted to propose any  
25 amendment to the patent and a new claim or claims, ex-

1 cept that no proposed amended or new claim enlarging  
2 the scope of the claims of the patent shall be permitted.

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

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

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

22 “(c) SPECIAL DISPATCH.—Unless otherwise provided  
23 by the Director for good cause, all reexamination pro-  
24 ceedings under this section, including any appeal to the

1 Board of Patent Appeals and Interferences, shall be con-  
 2 ducted with special dispatch within the Office.”.

3 (f) APPEAL.—Section 306 of title 35, United States  
 4 Code, is amended to read as follows:

5 **“§ 306. Appeal**

6 “(a) PATENT OWNER.—The patent owner involved in  
 7 a reexamination proceeding under this chapter—

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

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

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

17 “(1) appeal under the provisions of section 134,  
 18 and may appeal under the provisions of sections 141  
 19 through 144, with respect to any final decision fa-  
 20 vorable to the patentability of any original or pro-  
 21 posed amended or new claim of the patent; or

22 “(2) be a party to any appeal taken by the pat-  
 23 ent owner, subject to subsection (c).

24 “(c) CIVIL ACTION.—A third-party requester whose  
 25 request for a reexamination results in an order under sec-

tion 304 is estopped from asserting at a later time, in any civil action arising in whole or in part under section 1338 of title 28, the invalidity of any claim finally determined to be valid and patentable on any ground which the third-party requester raised or could have raised during the reexamination proceedings. This subsection does not prevent the assertion of invalidity based on newly discovered prior art unavailable to the third-party requester and the Patent and Trademark Office at the time of the reexamination proceedings.”.

(g) REEXAMINATION PROHIBITED; STAY OF LITIGATION.—

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

**“§ 308. Reexamination prohibited**

“(a) ORDER FOR REEXAMINATION.—Notwithstanding any provision of this chapter, once an order for reexamination of a patent has been issued under section 304, neither the patent owner nor the third-party requester, if any, nor privies of either, may file a subsequent request for reexamination of the patent until a reexamination certificate is issued and published under section 307, unless authorized by the Director.

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

20   **“§ 309. Stay of litigation**

21       “Once an order for reexamination of a patent has  
22 been issued under section 304, the patent owner may ob-  
23 tain a stay of any pending litigation which involves an  
24 issue of patentability of any claims of the patent which  
25 are the subject of the reexamination order, unless the

1 court before which such litigation is pending determines  
 2 that a stay would not serve the interests of justice.”.

3 (2) TECHNICAL AND CONFORMING AMEND-  
 4 MENT.—The table of sections for chapter 30 of title  
 5 35, United States Code, is amended to read as fol-  
 6 lows:

7 **“CHAPTER 30—PRIOR ART CITATIONS TO**  
 8 **OFFICE AND REEXAMINATION OF PAT-**  
 9 **ENTS**

“Sec.

“301. Citation of prior art.

“302. Request for reexamination.

“303. Determination of issue by Director.

“304. Reexamination order by Director.

“305. Conduct of reexamination proceedings.

“306. Appeal.

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

“308. Reexamination prohibited.

“309. Stay of litigation.”.

10 **SEC. 504. 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  
 17 for issuing each patent, or for an unintentionally de-  
 18 layed response by the patent owner in a reexamina-  
 19 tion proceeding, \$1,210, unless the petition is filed

1 under section 133 or 151 of this title, in which case  
2 the fee shall be \$110.”.

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

6 **“§ 134. Appeal to the Board of Patent Appeals and**  
7 **Interferences**

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

13 “(b) PATENT OWNER.—A patent owner in a reexam-  
14 ination proceeding may appeal from the final rejection of  
15 any claim by the primary examiner to the Board of Patent  
16 Appeals and Interferences, having once paid the fee for  
17 such appeal.

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

24 (c) APPEAL TO COURT OF APPEALS FOR THE FED-  
25 ERAL CIRCUIT.—Section 141 of title 35, United States

1 Code, is amended by adding the following after the second  
2 sentence: “A patent owner or third-party requester in a  
3 reexamination proceeding dissatisfied with the final deci-  
4 sion in an appeal to the Board of Patent Appeals and  
5 Interferences under section 134 may appeal the decision  
6 only to the United States Court of Appeals for the Federal  
7 Circuit.”.

8 (d) PROCEEDINGS ON APPEAL.—Section 143 of title  
9 35, United States Code, is amended by amending the third  
10 sentence to read as follows: “In ex parte and reexamina-  
11 tion cases, the Director shall submit to the court in writing  
12 the grounds for the decision of the Patent and Trademark  
13 Office, addressing all the issues involved in the appeal.”.

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

17 **SEC. 505. REPORT TO CONGRESS.**

18 Not later than 5 years after the effective date of this  
19 title, the Director of the United States Patent and Trade-  
20 mark Office shall submit to the Congress a report evalu-  
21 ating whether the reexamination proceedings established  
22 under the amendments made by this title are inequitable  
23 to any of the parties in interest and, if so, the report shall  
24 contain recommendations for changes to the amendments  
25 made by this title to remove such inequity.



1 **SEC. 506. ESTOPPEL EFFECT OF REEXAMINATION.**

2 Any party who requests a reexamination under sec-  
3 tion 302 of title 35, United States Code, is estopped from  
4 challenging at a later time, in any civil action, any fact  
5 determined during the process of such reexamination, ex-  
6 cept with respect to a fact determination later proved to  
7 be erroneous based on information unavailable at the time  
8 of the reexamination decision. If this section is held to  
9 be unenforceable, the enforceability of the rest of this title  
10 or of this Act shall not be denied as a result.

11 **SEC. 507. EFFECTIVE DATE.**

12 This title and the amendments made by this title  
13 shall take effect on the date that is 1 year after the date  
14 of the enactment of this Act and shall apply to all reexam-  
15 ination requests filed on or after such date.

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

18 **SEC. 601. 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  
26 title, if no such request is made, the provisional ap-

1        plication shall be regarded as abandoned 12 months  
2        after the filing date of such application and shall not  
3        be subject to revival thereafter.”.

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

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

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

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

1 **SEC. 602. INTERNATIONAL APPLICATIONS.**

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

4 (1) in subsection (a)—

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

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

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

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

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

20 “(g) As used in this section—

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

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

1 **SEC. 603. CERTAIN LIMITATIONS ON DAMAGES FOR PAT-**  
2 **ENT INFRINGEMENT NOT APPLICABLE.**

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

8 **SEC. 604. ELECTRONIC FILING.**

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

12 **SEC. 605. STUDY AND REPORT ON BIOLOGICAL DEPOSITS**  
13 **IN SUPPORT OF BIOTECHNOLOGY PATENTS.**

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

1 its, and the risks posed by the change to 18-month  
2 publication 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 regu-  
7 lations affecting biological deposits (including any modi-  
8 fication of title 37, Code of Federal Regulations, section  
9 1.801 et seq.), the Patent and Trademark Office shall con-  
10 sider the recommendations of the study conducted under  
11 this section.

12 **SEC. 606. PRIOR INVENTION.**

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

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

1 practice of the invention, but also the reasonable diligence  
2 of one who was first to conceive and last to reduce to prac-  
3 tice, from a time prior to conception by the other.”.

4 **SEC. 607. PRIOR ART EXCLUSION FOR CERTAIN COMMONLY**  
5 **ASSIGNED PATENTS.**

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

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

○