

Calendar No. 487

108TH CONGRESS
2D SESSION

H. R. 1561

IN THE SENATE OF THE UNITED STATES

MARCH 4, 2004

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

APRIL 29, 2004

Reported by Mr. HATCH, without amendment

AN ACT

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

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

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “United States Patent
3 and Trademark Fee Modernization Act of 2004”.

4 **SEC. 2. FEES FOR PATENT SERVICES.**

5 (a) GENERAL PATENT FEES.—Section 41(a) of title
6 35, United States Code, is amended to read as follows:

7 “(a) GENERAL FEES.—The Director shall charge the
8 following fees:

9 “(1) FILING AND BASIC NATIONAL FEES.—

10 “(A) On filing each application for an
11 original patent, except for design, plant, or pro-
12 visional applications, \$300.

13 “(B) On filing each application for an
14 original design patent, \$200.

15 “(C) On filing each application for an
16 original plant patent, \$200.

17 “(D) On filing each provisional application
18 for an original patent, \$200.

19 “(E) On filing each application for the re-
20 issue of a patent, \$300.

21 “(F) The basic national fee for each inter-
22 national application filed under the treaty de-
23 fined in section 351(a) of this title entering the
24 national stage under section 371 of this title,
25 \$300.

1 “(G) In addition, excluding any sequence
2 listing or computer program listing filed in an
3 electronic medium as prescribed by the Direc-
4 tor, for any application the specification and
5 drawings of which exceed 100 sheets of paper
6 (or equivalent as prescribed by the Director if
7 filed in an electronic medium), \$250 for each
8 additional 50 sheets of paper (or equivalent as
9 prescribed by the Director if filed in an elec-
10 tronic medium) or fraction thereof.

11 “(2) EXCESS CLAIMS FEES.—In addition to the
12 fee specified in paragraph (1)—

13 “(A) on filing or on presentation at any
14 other time, \$200 for each claim in independent
15 form in excess of 3;

16 “(B) on filing or on presentation at any
17 other time, \$50 for each claim (whether de-
18 pendent or independent) in excess of 20; and

19 “(C) for each application containing a mul-
20 tiple dependent claim, \$360.

21 For the purpose of computing fees under this para-
22 graph, a multiple dependent claim referred to in sec-
23 tion 112 of this title or any claim depending there-
24 from shall be considered as separate dependent
25 claims in accordance with the number of claims to

1 which reference is made. The Director may by regu-
2 lation provide for a refund of any part of the fee
3 specified in this paragraph for any claim that is can-
4 celed before an examination on the merits, as pre-
5 scribed by the Director, has been made of the appli-
6 cation under section 131 of this title. Errors in pay-
7 ment of the additional fees under this paragraph
8 may be rectified in accordance with regulations pre-
9 scribed by the Director.

10 “(3) EXAMINATION FEES.—

11 “(A) For examination of each application
12 for an original patent, except for design, plant,
13 provisional, or international applications, \$200.

14 “(B) For examination of each application
15 for an original design patent, \$130.

16 “(C) For examination of each application
17 for an original plant patent, \$160.

18 “(D) For examination of the national stage
19 of each international application, \$200.

20 “(E) For examination of each application
21 for the reissue of a patent, \$600.

22 The provisions of section 111(a)(3) of this title re-
23 lating to the payment of the fee for filing the appli-
24 cation shall apply to the payment of the fee specified
25 in this paragraph with respect to an application filed

1 under section 111(a) of this title. The provisions of
2 section 371(d) of this title relating to the payment
3 of the national fee shall apply to the payment of the
4 fee specified in this paragraph with respect to an
5 international application. The Director may by regu-
6 lation provide for a refund of any part of the fee
7 specified in this paragraph for any applicant who
8 files a written declaration of express abandonment
9 as prescribed by the Director before an examination
10 has been made of the application under section 131
11 of this title, and for any applicant who provides a
12 search report that meets the conditions prescribed
13 by the Director.

14 “(4) ISSUE FEES.—

15 “(A) For issuing each original patent, ex-
16 cept for design or plant patents, \$1,400.

17 “(B) For issuing each original design pat-
18 ent, \$800.

19 “(C) For issuing each original plant pat-
20 ent, \$1,100.

21 “(D) For issuing each reissue patent,
22 \$1,400.

23 “(5) DISCLAIMER FEE.—On filing each dis-
24 claimer, \$130.

25 “(6) APPEAL FEES.—

1 “(A) On filing an appeal from the exam-
2 iner to the Board of Patent Appeals and Inter-
3 ferences, \$500.

4 “(B) In addition, on filing a brief in sup-
5 port of the appeal, \$500, and on requesting an
6 oral hearing in the appeal before the Board of
7 Patent Appeals and Interferences, \$1,000.

8 “(7) REVIVAL FEES.—On filing each petition
9 for the revival of an unintentionally abandoned ap-
10 plication for a patent, for the unintentionally delayed
11 payment of the fee for issuing each patent, or for an
12 unintentionally delayed response by the patent owner
13 in any reexamination proceeding, \$1,500, unless the
14 petition is filed under section 133 or 151 of this
15 title, in which case the fee shall be \$500.

16 “(8) EXTENSION FEES.—For petitions for 1-
17 month extensions of time to take actions required by
18 the Director in an application—

19 “(A) on filing a first petition, \$120;

20 “(B) on filing a second petition, \$330; and

21 “(C) on filing a third or subsequent peti-
22 tion, \$570.”.

23 (b) PATENT MAINTENANCE FEES.—Section 41(b) of
24 title 35, United States Code, is amended to read as fol-
25 lows:

1 “(b) MAINTENANCE FEES.—The Director shall
2 charge the following fees for maintaining in force all pat-
3 ents based on applications filed on or after December 12,
4 1980:

5 “(1) 3 years and 6 months after grant, \$900.

6 “(2) 7 years and 6 months after grant, \$2,300.

7 “(3) 11 years and 6 months after grant,
8 \$3,800.

9 Unless payment of the applicable maintenance fee is re-
10 ceived in the United States Patent and Trademark Office
11 on or before the date the fee is due or within a grace pe-
12 riod of 6 months thereafter, the patent will expire as of
13 the end of such grace period. The Director may require
14 the payment of a surcharge as a condition of accepting
15 within such 6-month grace period the payment of an appli-
16 cable maintenance fee. No fee may be established for
17 maintaining a design or plant patent in force.”.

18 (c) PATENT SEARCH FEES.—Section 41(d) of title
19 35, United States Code, is amended to read as follows:

20 “(d) PATENT SEARCH AND OTHER FEES.—

21 “(1) PATENT SEARCH FEES.—(A) The Director
22 shall charge a fee for the search of each application
23 for a patent, except for provisional applications. The
24 Director shall establish the fees charged under this
25 paragraph to recover an amount not to exceed the

1 estimated average cost to the Office of searching ap-
2 plications for patent either by acquiring a search re-
3 port from a qualified search authority, or by causing
4 a search by Office personnel to be made, of each ap-
5 plication for patent. For the 3-year period beginning
6 on October 1, 2004, the fee for a search by a quali-
7 fied search authority of a patent application de-
8 scribed in clause (i), (iv), or (v) of subparagraph (B)
9 may not exceed \$500, of a patent application de-
10 scribed in clause (ii) of subparagraph (B) may not
11 exceed \$100, and of a patent application described
12 in clause (iii) of subparagraph (B) may not exceed
13 \$300. The Director may not increase any such fee
14 by more than 20 percent in each of the next 3 1-
15 year periods, and the Director may not increase any
16 such fee thereafter.

17 “(B) For purposes of determining the fees to be
18 established under this paragraph, the cost to the Of-
19 fice of causing a search of an application to be made
20 by Office personnel shall be deemed to be—

21 “(i) \$500 for each application for an origi-
22 nal patent, except for design, plant, provisional,
23 or international applications;

24 “(ii) \$100 for each application for an origi-
25 nal design patent;

1 “(iii) \$300 for each application for an
2 original plant patent;

3 “(iv) \$500 for the national stage of each
4 international application; and

5 “(v) \$500 for each application for the re-
6 issue of a patent.

7 “(C) The provisions of section 111(a)(3) of this
8 title relating to the payment of the fee for filing the
9 application shall apply to the payment of the fee
10 specified in this paragraph with respect to an appli-
11 cation filed under section 111(a) of this title. The
12 provisions of section 371(d) of this title relating to
13 the payment of the national fee shall apply to the
14 payment of the fee specified in this paragraph with
15 respect to an international application.

16 “(D) The Director may by regulation provide
17 for a refund of any part of the fee specified in this
18 paragraph for any applicant who files a written dec-
19 laration of express abandonment as prescribed by
20 the Director before an examination has been made
21 of the application under section 131 of this title, and
22 for any applicant who provides a search report that
23 meets the conditions prescribed by the Director.

1 “(E) For purposes of subparagraph (A), a
2 ‘qualified search authority’ may not include a com-
3 mercial entity unless—

4 “(i) the Director conducts a pilot program
5 of limited scope, conducted over a period of not
6 more than 18 months, which demonstrates that
7 searches by commercial entities of the available
8 prior art relating to the subject matter of inven-
9 tions claimed in patent applications—

10 “(I) are accurate; and

11 “(II) meet or exceed the standards of
12 searches conducted by and used by the
13 Patent and Trademark Office during the
14 patent examination process;

15 “(ii) the Director submits a report on the
16 results of the pilot program to the Congress
17 and the Patent Public Advisory Committee that
18 includes—

19 “(I) a description of the scope and du-
20 ration of the pilot program;

21 “(II) the identity of each commercial
22 entity participating in the pilot program;

23 “(III) an explanation of the method-
24 ology used to evaluate the accuracy and
25 quality of the search reports; and

1 “(IV) an assessment of the effects
2 that the pilot program, as compared to
3 searches conducted by the Patent and
4 Trademark Office, had and will have on—

5 “(aa) patentability determina-
6 tions;

7 “(bb) productivity of the Patent
8 and Trademark Office;

9 “(cc) costs to the Patent and
10 Trademark Office;

11 “(dd) costs to patent applicants;
12 and

13 “(ee) other relevant factors;

14 “(iii) the Patent Public Advisory Com-
15 mittee reviews and analyzes the Director’s re-
16 port under clause (ii) and the results of the
17 pilot program and submits a separate report on
18 its analysis to the Director and the Congress
19 that includes—

20 “(I) an independent evaluation of the
21 effects that the pilot program, as compared
22 to searches conducted by the Patent and
23 Trademark Office, had and will have on
24 the factors set forth in clause (ii)(IV); and

1 “(II) an analysis of the reasonable-
2 ness, appropriateness, and effectiveness of
3 the methods used in the pilot program to
4 make the evaluations required under clause
5 (ii)(IV); and

6 “(iv) the Congress does not, during the 1-
7 year period beginning on the date on which the
8 Patent Public Advisory Committee submits its
9 report to the Congress under clause (iii), enact
10 a law prohibiting searches by commercial enti-
11 ties of the available prior art relating to the
12 subject matter of inventions claimed in patent
13 applications.

14 “(F) The Director shall require that any search
15 by a qualified search authority that is a commercial
16 entity is conducted in the United States by persons
17 that—

18 “(i) if individuals, are United States citi-
19 zens; and

20 “(ii) if business concerns, are organized
21 under the laws of the United States or any
22 State and employ United States citizens to per-
23 form the searches.

24 “(G) A search of an application that is the sub-
25 ject of a secrecy order under section 181 or other-

1 wise involves classified information may only be con-
2 ducted by Office personnel.

3 “(H) A qualified search authority that is a
4 commercial entity may not conduct a search of a
5 patent application if the entity has any direct or in-
6 direct financial interest in any patent or in any
7 pending or imminent application for patent filed or
8 to be filed in the Patent and Trademark Office.

9 “(2) OTHER FEES.—The Director shall estab-
10 lish fees for all other processing, services, or mate-
11 rials relating to patents not specified in this section
12 to recover the estimated average cost to the Office
13 of such processing, services, or materials, except that
14 the Director shall charge the following fees for the
15 following services:

16 “(A) For recording a document affecting
17 title, \$40 per property.

18 “(B) For each photocopy, \$.25 per page.

19 “(C) For each black and white copy of a
20 patent, \$3.

21 The yearly fee for providing a library specified in
22 section 12 of this title with uncertified printed copies
23 of the specifications and drawings for all patents in
24 that year shall be \$50.”.

25 (d) ADJUSTMENTS.—

1 (1) IN GENERAL.—Section 41(f) of title 35,
2 United States Code, shall apply to the fees estab-
3 lished under the amendments made by this section,
4 beginning in fiscal year 2005.

5 (2) CONFORMING AMENDMENT.—Effective Oc-
6 tober 1, 2004, section 41(f) of title 35, United
7 States Code, is amended by striking “(a) and (b)”
8 and inserting “(a), (b), and (d)”.

9 (e) FEES FOR SMALL ENTITIES.—Section 41(h) of
10 title 35, United States Code, is amended—

11 (1) in paragraph (1), by striking “Fees charged
12 under subsection (a) or (b)” and inserting “Subject
13 to paragraph (3), fees charged under subsections
14 (a), (b), and (d)(1)”;

15 (2) by adding at the end the following new
16 paragraph:

17 “(3) The fee charged under subsection (a)(1)(A) shall
18 be reduced by 75 percent with respect to its application
19 to any entity to which paragraph (1) applies, if the appli-
20 cation is filed by electronic means as prescribed by the
21 Director.”.

22 (f) SIZE STANDARDS FOR SMALL ENTITIES.—

23 (1) STUDY.—The Director, in conjunction with
24 the Administrator of the Small Business Administra-
25 tion and the Chief Counsel for Advocacy of the

1 Small Business Administration, shall conduct a
2 study on the effect of patent fees on the ability of
3 small entity inventors to file patent applications.
4 Such study shall examine whether a separate cat-
5 egory of reduced patent fees is necessary to ensure
6 adequate development of new technology by small
7 entity inventors.

8 (2) REPORT.—The Director shall, not later
9 than 6 months after the date of the enactment of
10 this Act, submit a report on the results of the study
11 under paragraph (1) to the Committee on the Judi-
12 ciary and the Committee on Small Business of the
13 House of Representatives and the Committee on the
14 Judiciary and the Committee on Small Business and
15 Entrepreneurship of the Senate.

16 (g) CONFORMING AMENDMENTS.—

17 (1) Section 41 of title 35, United States Code,
18 is amended—

19 (A) in subsection (c), by striking “(c)(1)”
20 and inserting “(c) LATE PAYMENT OF FEES.—
21 (1)”;

22 (B) in subsection (e), by striking “(e)” and
23 inserting “(e) WAIVERS OF CERTAIN FEES.—”;

24 (C) in subsection (f), by striking “(f)” and
25 inserting “(f) ADJUSTMENTS IN FEES.—”;

1 (D) in subsection (g), by striking “(g)”
2 and inserting “(g) EFFECTIVE DATES OF
3 FEES.—”;

4 (E) in subsection (h), by striking “(h)(1)”
5 and inserting “(h) REDUCTIONS IN FEES FOR
6 CERTAIN ENTITIES.—(1)”; and

7 (F) in subsection (i), by striking “(i)(1)”
8 and inserting “(i) SEARCH SYSTEMS.—(1)”.

9 (2) Section 119(e)(2) of title 35, United States
10 Code, is amended by striking “subparagraph (A) or
11 (C) of”.

12 **SEC. 3. ADJUSTMENT OF TRADEMARK FEES.**

13 (a) FEE FOR FILING APPLICATION.—The fee under
14 section 31(a) of the Trademark Act of 1946 (15 U.S.C.
15 1113(a)) for filing an electronic application for the reg-
16 istration of a trademark shall be \$325. If the trademark
17 application is filed on paper, the fee shall be \$375. The
18 Director may reduce the fee for filing an electronic appli-
19 cation for the registration of a trademark to \$275 for any
20 applicant who prosecutes the application through elec-
21 tronic means under such conditions as may be prescribed
22 by the Director. Beginning in fiscal year 2005, the provi-
23 sions of the second and third sentences of section 31(a)
24 of the Trademark Act of 1946 shall apply to the fees es-
25 tablished under this section.

1 (b) REFERENCE TO TRADEMARK ACT OF 1946.—For
2 purposes of this section, the “Trademark Act of 1946”
3 refers to the Act entitled “An Act to provide for the reg-
4 istration and protection of trademarks used in commerce,
5 to carry out the provisions of certain international conven-
6 tions, and for other purposes.”, approved July 5, 1946 (15
7 U.S.C. 1051 et seq.).

8 **SEC. 4. CORRECTION OF ERRONEOUS NAMING OF OFFICER.**

9 (a) CORRECTION.—Section 13203(a) of the 21st Cen-
10 tury Department of Justice Appropriations Authorization
11 Act (Public Law 107–273; 116 Stat. 1902) is amended—

12 (1) in the subsection heading, by striking
13 “COMMISSIONER” and inserting “DIRECTOR”; and

14 (2) in paragraphs (1) and (2), by striking
15 “Commissioner” each place it appears and inserting
16 “Director”.

17 (b) EFFECTIVE DATE.—The amendments made by
18 subsection (a) shall be effective as of the date of the enact-
19 ment of Public Law 107–273.

20 **SEC. 5. PATENT AND TRADEMARK FUNDING.**

21 Section 42(c) of title 35, United States Code, is
22 amended—

23 (1) by striking “(c)” and inserting “(c)(1)”;
24 and

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

3 “(2) There is established in the Treasury a Patent
4 and Trademark Fee Reserve Fund. If fee collections by
5 the Patent and Trademark Office for a fiscal year exceed
6 the amount appropriated to the Office for that fiscal year,
7 fees collected in excess of the appropriated amount shall
8 be deposited in the Patent and Trademark Fee Reserve
9 Fund. After the end of each fiscal year, the Director shall
10 make a finding as to whether the fees collected for that
11 fiscal year exceed the amount appropriated to the Patent
12 and Trademark Office for that fiscal year. If the amount
13 collected exceeds the amount appropriated, the Director
14 shall, if the Director determines that there are sufficient
15 funds in the Reserve Fund, make payments from the Re-
16 serve Fund to persons who paid patent or trademark fees
17 during that fiscal year. The Director shall by regulation
18 determine which persons receive such payments and the
19 amount of such payments, except that such payments in
20 the aggregate shall equal the amount of funds deposited
21 in the Reserve Fund during that fiscal year, less the cost
22 of administering the provisions of this paragraph.

1 **SEC. 6. EFFECTIVE DATE, APPLICABILITY, AND TRANSI-**
2 **TIONAL PROVISION.**

3 (a) **EFFECTIVE DATE.**—Except as otherwise provided
4 in this Act and this section, this Act and the amendments
5 made by this Act shall take effect on October 1, 2004,
6 or on the date of the enactment of this Act, whichever
7 occurs later.

8 (b) **APPLICABILITY.**—

9 (1)(A) Except as provided in subparagraphs
10 (B) and (C), the amendments made by section 2
11 shall apply to all patents, whenever granted, and to
12 all patent applications pending on or filed after the
13 effective date set forth in subsection (a) of this sec-
14 tion.

15 (B)(i) Except as provided in clause (ii), sections
16 41(a)(1), 41(a)(3), and 41(d)(1) of title 35, United
17 States Code, as amended by this Act, shall apply
18 only to—

19 (I) applications for patents filed under sec-
20 tion 111(a) of title 35, United States Code, on
21 or after the effective date set forth in sub-
22 section (a) of this section, and

23 (II) international applications entering the
24 national stage under section 371 of title 35,
25 United States Code, for which the basic na-
26 tional fee specified in section 41 of title 35,

1 United States Code, was not paid before the ef-
2 fective date set forth in subsection (a) of this
3 section.

4 (ii) Section 41(a)(1)(D) of title 35, United
5 States Code as amended by this Act, shall apply only
6 to applications for patent filed under section 111(b)
7 of title 35, United States Code, before, on, or after
8 the effective date set forth in subsection (a) of this
9 section in which the filing fee specified in section 41
10 of title 35, United States Code, was not paid before
11 the effective date set forth in subsection (a) of this
12 section.

13 (C) Section 41(a)(2) of title 35, United States
14 Code, as amended by this Act, shall apply only to
15 the extent that the number of excess claims, after
16 giving effect to any cancellation of claims, is in ex-
17 cess of the number of claims for which the excess
18 claims fee specified in section 41 of title 35, United
19 States Code, was paid before the effective date set
20 forth in subsection (a) of this section.

21 (2) The amendments made by section 3 shall
22 apply to all applications for the registration of a
23 trademark filed or amended on or after the effective
24 date set forth in subsection (a) of this section.

25 (c) TRANSITIONAL PROVISIONS.—

1 (1) SEARCH FEES.—During the period begin-
2 ning on the effective date set forth in subsection (a)
3 of this section and ending on the date on which the
4 Director establishes search fees under the authority
5 provided in section 41(d)(1) of title 35, United
6 States Code, the Director shall charge—

7 (A) for the search of each application for
8 an original patent, except for design, plant, pro-
9 visional, or international application, \$500;

10 (B) for the search of each application for
11 an original design patent, \$100;

12 (C) for the search of each application for
13 an original plant patent, \$300;

14 (D) for the search of the national stage of
15 each international application, \$500; and

16 (E) for the search of each application for
17 the reissue of a patent, \$500.

18 (2) TIMING OF FEES.—The provisions of sec-
19 tion 111(a)(3) of title 35, United States Code, relat-
20 ing to the payment of the fee for filing the applica-
21 tion shall apply to the payment of the fee specified
22 in paragraph (1) with respect to an application filed
23 under section 111(a) of title 35, United States Code.
24 The provisions of section 371(d) of title 35, United
25 States Code, relating to the payment of the national

1 fee shall apply to the payment of the fee specified
2 in paragraph (1) with respect to an international ap-
3 plication.

4 (3) REFUNDS.—The Director may by regula-
5 tion provide for a refund of any part of the fee spec-
6 ified in paragraph (1) for any applicant who files a
7 written declaration of express abandonment as pre-
8 scribed by the Director before an examination has
9 been made of the application under section 131 of
10 title 35, United States Code, and for any applicant
11 who provides a search report that meets the condi-
12 tions prescribed by the Director.

13 (d) EXISTING APPROPRIATIONS.—The provisions of
14 any appropriation Act that make amounts available pursu-
15 ant to section 42(c) of title 35, United States Code, and
16 are in effect on the effective date set forth in subsection
17 (a) shall cease to be effective on that effective date.

18 **SEC. 7. DEFINITION.**

19 In this Act, the term “Director” means the Under
20 Secretary of Commerce for Intellectual Property and Di-
21 rector of the United States Patent and Trademark Office.

1 **SEC. 8. CLERICAL AMENDMENT.**

2 Subsection (c) of section 311 of title 35, United
3 States Code, is amended by aligning the text with the text
4 of subsection (a) of such section.

Passed the House of Representatives March 3,
2004.

Attest:

JEFF TRANDAHL,

Clerk.

Calendar No. 487

108TH CONGRESS
2D SESSION

H. R. 1561

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Reported without amendment