

106TH CONGRESS
1ST SESSION

H. R. 1907

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.

IN THE HOUSE OF REPRESENTATIVES

MAY 24, 1999

Mr. COBLE (for himself, Mr. BERMAN, Mr. HYDE, Mr. CONYERS, Mr. ROHR-ABACHER, Mr. CAMPBELL, Mr. GOODLATTE, Mr. LOFGREN, Mr. DELAHUNT, Mr. PEASE, Mr. WEXLER, and Mr. GALLEGLY) introduced the following bill; which was referred to the Committee on the Judiciary

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.

TITLE I—INVENTORS' RIGHTS

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

TITLE II—FIRST INVENTOR DEFENSE

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

TITLE III—PATENT TERM GUARANTEE

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

TITLE IV—UNITED STATES PUBLICATION OF PATENT
APPLICATIONS PUBLISHED ABROAD

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

TITLE V—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. Effective date.

TITLE VI—PATENT AND TRADEMARK OFFICE

- Sec. 601. Short title.

Subtitle A—United States Patent and Trademark Office

- Sec. 611. Establishment of Patent and Trademark Office.
- Sec. 612. Powers and duties.
- Sec. 613. Organization and management.
- Sec. 614. Personnel flexibility.
- Sec. 615. Public Advisory Committees.
- Sec. 616. Patent and Trademark Office funding.
- Sec. 617. Conforming amendments.
- Sec. 618. Trademark Trial and Appeal Board.
- Sec. 619. Board of Patent Appeals and Interferences.
- Sec. 620. Annual report of Director.
- Sec. 621. Suspension or exclusion from practice.

Sec. 622. Pay of Director.

Subtitle B—Effective Date; Technical Amendments

Sec. 631. Effective date.

Sec. 632. Technical and conforming amendments.

Subtitle C—Miscellaneous Provisions

Sec. 641. References.

Sec. 642. Exercise of authorities.

Sec. 643. Savings provisions.

Sec. 644. Transfer of assets.

Sec. 645. Delegation and assignment.

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

Sec. 647. Certain vesting of functions considered transfers.

Sec. 648. Availability of existing funds.

Sec. 649. Definitions.

TITLE VII—MISCELLANEOUS PATENT PROVISIONS

Sec. 701. Provisional applications.

Sec. 702. International applications.

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

Sec. 704. Electronic filing.

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

Sec. 706. Prior invention.

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

1 **TITLE I—INVENTORS’ RIGHTS**

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

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

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

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

8 **“CHAPTER 5—INVENTION PROMOTION 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.

1 **“§ 51. Definitions**

2 “For purposes of this chapter—

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

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

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

17 “(A) any department or agency of the Fed-
18 eral Government or of a State or local govern-
19 ment;

20 “(B) any nonprofit, charitable, scientific,
21 or educational organization, qualified under ap-
22 plicable State law or described under section
23 170(b)(1)(A) of the Internal Revenue Code of
24 1986; or

1 “(C) any person duly registered with, and
2 in good standing before, the United States Pat-
3 ent and Trademark Office acting within the
4 scope of that person’s registration to practice
5 before the Patent and Trademark Office, except
6 when that person performs any act described in
7 subparagraph (B) or (C) of paragraph (4); and

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

11 “(A) evaluating the invention to determine
12 its protectability as some form of intellectual
13 property, other than evaluation by a person li-
14 censed by a State to practice law who is acting
15 solely within the scope of that person’s profes-
16 sional license;

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

20 “(C) marketing, brokering, offering to li-
21 cense or sell, or promoting the invention or a
22 product or service in which the invention is in-
23 corporated or used, except that the display only
24 of an invention at a trade show or exhibit shall

1 not be considered to be invention promotion
2 services.

3 **“§ 52. Contracting requirements**

4 “(a) IN GENERAL.—(1) Every contract for invention
5 promotion services shall be in writing and shall be subject
6 to the provisions of this chapter. A copy of the signed writ-
7 ten contract shall be given to the customer at the time
8 the customer enters into the contract.

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

13 “(b) REQUIREMENTS OF INVENTION PROMOTER.—
14 The invention promoter shall—

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

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

21 “(B) seek to perform services in connection
22 with an invention in 1 or more phases, with the
23 performance of each phase covered in 1 or more
24 subsequent contracts; and

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

5 “(A) the usual business terms of contracts;
6 and

7 “(B) the approximate amount of the usual
8 fees or other consideration that may be required
9 from the customer for each of the services pro-
10 vided by the invention promoter.

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

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

21 “(2) Delivery of a promissory note, check, bill of ex-
22 change, or negotiable instrument of any kind to the inven-
23 tion promoter or to a third party for the benefit of the
24 invention promoter, without regard to the date or dates
25 appearing in such instrument, shall be deemed payment

1 received by the invention promoter on the date received
2 for purposes of this section.

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

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

8 ‘YOU HAVE THE RIGHT TO TERMINATE THIS
9 CONTRACT. TO TERMINATE THIS CONTRACT,
10 YOU MUST SEND A WRITTEN LETTER TO THE
11 COMPANY STATING YOUR INTENT TO CANCEL
12 THIS CONTRACT.

13 ‘THE LETTER OF TERMINATION MUST BE
14 DEPOSITED WITH THE UNITED STATES POSTAL
15 SERVICE ON OR BEFORE FIVE (5) BUSINESS
16 DAYS AFTER THE DATE ON WHICH YOU OR THE
17 COMPANY EXECUTE THE CONTRACT, WHICH-
18 EVER IS LATER.

19 ‘THE TOTAL NUMBER OF INVENTIONS
20 EVALUATED BY THE INVENTION PROMOTER
21 FOR COMMERCIAL POTENTIAL IN THE PAST
22 FIVE (5) YEARS IS XXXXX. OF THAT NUMBER,
23 XXXXX RECEIVED POSITIVE EVALUATIONS AND
24 XXXXX RECEIVED NEGATIVE EVALUATIONS.

1 ‘IF YOU ASSIGN EVEN A PARTIAL INTEREST
2 IN THE INVENTION TO THE INVENTION PRO-
3 MOTER, THE INVENTION PROMOTER MAY HAVE
4 THE RIGHT TO SELL OR DISPOSE OF THE IN-
5 VENTION WITHOUT YOUR CONSENT AND MAY
6 NOT HAVE TO SHARE THE PROFITS WITH YOU.

7 ‘THE TOTAL NUMBER OF CUSTOMERS WHO
8 HAVE CONTRACTED WITH THE INVENTION PRO-
9 MOTER IN THE PAST FIVE (5) YEARS IS XXXXX.
10 THE TOTAL NUMBER OF CUSTOMERS KNOWN
11 BY THIS INVENTION PROMOTER TO HAVE RE-
12 CEIVED, BY VIRTUE OF THIS INVENTION PRO-
13 MOTER’S PERFORMANCE, AN AMOUNT OF
14 MONEY IN EXCESS OF THE AMOUNT PAID BY
15 THE CUSTOMER TO THIS INVENTION PRO-
16 MOTER IS XXXXXXXX. AS A RESULT OF THE EF-
17 FORTS OF THIS INVENTION PROMOTER, XXXXX
18 NUMBER OF CUSTOMERS HAVE RECEIVED LI-
19 CENSE AGREEMENTS FOR THEIR INVENTIONS.

20 ‘THE OFFICERS OF THIS INVENTION PRO-
21 MOTER HAVE COLLECTIVELY OR INDIVIDUALLY
22 BEEN AFFILIATED IN THE LAST TEN (10) YEARS
23 WITH THE FOLLOWING INVENTION PROMOTION
24 COMPANIES: (LIST THE NAMES AND ADDRESSES
25 OF ALL PREVIOUS INVENTION PROMOTION

1 COMPANIES WITH WHICH THE PRINCIPAL OFFI-
2 CERS HAVE BEEN AFFILIATED AS OWNERS,
3 AGENTS, OR EMPLOYEES). YOU ARE ENCOUR-
4 AGED TO CHECK WITH THE UNITED STATES
5 PATENT AND TRADEMARK OFFICE, THE FED-
6 ERAL TRADE COMMISSION, YOUR STATE ATTOR-
7 NEY GENERAL'S OFFICE, AND THE BETTER
8 BUSINESS BUREAU FOR ANY COMPLAINTS
9 FILED AGAINST ANY OF THESE COMPANIES
10 WHICH RESULTED IN REGULATORY SANCTIONS
11 OR OTHER CORRECTIVE ACTIONS.

12 'YOU ARE ENCOURAGED TO CONSULT WITH
13 AN ATTORNEY OF YOUR OWN CHOOSING BE-
14 FORE SIGNING THIS CONTRACT. BY PRO-
15 CEEDING WITHOUT THE ADVICE OF AN ATTOR-
16 NEY REGISTERED TO PRACTICE BEFORE THE
17 UNITED STATES PATENT AND TRADEMARK OF-
18 FICE, YOU COULD LOSE ANY RIGHTS YOU
19 MIGHT HAVE IN YOUR IDEA OR INVENTION.'

20 '(b) OTHER REQUIREMENTS FOR COVER NOTICE.—
21 The cover notice shall contain the items required under
22 subsection (a) and the name, primary office address, and
23 local office address of the invention promoter, and may
24 contain no other matter.

1 “(c) DISCLOSURE OF CERTAIN CUSTOMERS NOT RE-
2 QUIRED.—The requirement in the notice set forth in sub-
3 section (a) to include the ‘TOTAL NUMBER OF CUS-
4 TOMERS WHO HAVE CONTRACTED WITH THE
5 INVENTION PROMOTER IN THE PAST FIVE (5)
6 YEARS’ need not include information with respect to cus-
7 tomers who have purchased trade show services, research,
8 advertising, or other nonmarketing services from the in-
9 vention promoter, nor with respect to customers who have
10 defaulted in their payment to the invention promoter.

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

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

17 “(1) a full, clear, and concise description of the
18 services performed to the date of the report and of
19 the services yet to be performed and names of all
20 persons who it is known will perform the services;
21 and

22 “(2) the name and address of each person,
23 firm, corporation, or other entity to whom the sub-
24 ject matter of the contract has been disclosed, the
25 reason for each such disclosure, the nature of the

1 disclosure, and complete and accurate summaries of
2 all responses received as a result of those disclo-
3 sures.

4 **“§ 55. Mandatory contract terms**

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

8 “(1) the terms and conditions of payment and
9 contract termination rights required under section
10 52;

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

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

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

21 “(5) the full name and principal place of busi-
22 ness of the invention promoter and the name and
23 principal place of business of any parent, subsidiary,
24 agent, independent contractor, and any affiliated
25 company or person who it is known will perform any

1 of the services or acts that the invention promoter
2 undertakes to perform for the customer;

3 “(6) if any oral or written representation of es-
4 timated or projected customer earnings is given by
5 the invention promoter (or any agent, employee, offi-
6 cer, director, partner, or independent contractor of
7 such invention promoter), a statement of that esti-
8 mation or projection and a description of the data
9 upon which such representation is based;

10 “(7) the name and address of the custodian of
11 all records and correspondence relating to the con-
12 tracted for invention promotion services, and a state-
13 ment that the invention promoter is required to
14 maintain all records and correspondence relating to
15 performance of the invention promotion services for
16 such customer for a period of not less than 2 years
17 after expiration of the term of such contract; and

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

22 “(b) INVENTION PROMOTER AS FIDUCIARY.—To the
23 extent that the description of the specific acts or services
24 affords discretion to the invention promoter with respect

1 to what specific acts or services shall be performed, the
2 invention promoter shall be deemed a fiduciary.

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

9 **“§ 56. Remedies**

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

14 “(2) Any contract for invention promotion services
15 entered into in reliance upon any material false, fraudu-
16 lent, or misleading information, representation, notice, or
17 advertisement of the invention promoter (or any agent,
18 employee, officer, director, partner, or independent con-
19 tractor of such invention promoter) shall be voidable at
20 the option of the customer.

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

24 “(4) Any contract for invention promotion services
25 which provides for filing for and obtaining utility, design,

1 or plant patent protection shall be voidable at the option
2 of the customer unless the invention promoter offers to
3 perform or performs such act through a person duly reg-
4 istered to practice before, and in good standing with, the
5 Patent and Trademark Office.

6 “(b) CIVIL ACTION.—(1) Any customer who is in-
7 jured by a violation of this chapter by an invention pro-
8 moter or by any material false or fraudulent statement
9 or representation, or any omission of material fact, by an
10 invention promoter (or any agent, employee, director, offi-
11 cer, partner, or independent contractor of such invention
12 promoter) or by failure of an invention promoter to make
13 all the disclosures required under this chapter, may re-
14 cover in a civil action against the invention promoter (or
15 the officers, directors, or partners of such invention pro-
16 moter) in addition to reasonable costs and attorneys’ fees,
17 the greater of—

18 “(A) \$5,000; or

19 “(B) the amount of actual damages sustained
20 by the customer.

21 “(2) Notwithstanding paragraph (1), the court may
22 increase damages to not more than 3 times the amount
23 awarded, taking into account past complaints made
24 against the invention promoter that resulted in regulatory

1 sanctions or other corrective actions based on those record
2 compiled by the Director under section 57.

3 “(c) REBUTTABLE PRESUMPTION OF INJURY.—For
4 purposes of this section, substantial violation of any provi-
5 sion of this chapter by an invention promoter or execution
6 by the customer of a contract for invention promotion
7 services in reliance on any material false or fraudulent
8 statements or representations or omissions of material
9 fact shall establish a rebuttable presumption of injury.

10 **“§ 57. Records of complaints**

11 “(a) RELEASE OF COMPLAINTS.—The Director shall
12 make all complaints received by the United States Patent
13 and Trademark Office involving invention promoters pub-
14 licly available, together with any response of the invention
15 promoters.

16 “(b) REQUEST FOR COMPLAINTS.—The Director
17 may request complaints relating to invention promotion
18 services from any Federal or State agency and include
19 such complaints in the records maintained under sub-
20 section (a), together with any response of the invention
21 promoters.

22 **“§ 58. Fraudulent representation by an invention pro-**
23 **moter**

24 “Whoever, in providing invention promotion services,
25 knowingly provides any false or misleading statement, rep-

1 resentation, or omission of material fact to a customer or
2 fails to make all the disclosures required under this chap-
3 ter, shall be guilty of a misdemeanor and fined not more
4 than \$10,000 for each offense.

5 **“§ 59. Rule of construction**

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

10 **SEC. 103. EFFECTIVE DATE.**

11 This title and the amendments made by this title
12 shall take effect 60 days after the date of the enactment
13 of this Act.

14 **TITLE II—FIRST INVENTOR**
15 **DEFENSE**

16 **SEC. 201. SHORT TITLE.**

17 This title may be cited as the “First Inventor Defense
18 Act”.

19 **SEC. 202. DEFENSE TO PATENT INFRINGEMENT BASED ON**
20 **EARLIER INVENTOR.**

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

1 **“§ 273. Defense to infringement based on earlier in-**
2 **ventor**

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

4 “(1) the terms ‘commercially used’ and ‘com-
5 mercial use’ mean use of a process or method in the
6 United States or the use of a process or method in
7 the design, testing, or production in the United
8 States of a product or service, so long as such use
9 is in connection with an actual arm’s-length sale or
10 other arm’s-length commercial transfer of a product
11 or service, whether or not the subject matter at issue
12 is accessible to or otherwise known to the public, ex-
13 cept that the subject matter for which commercial
14 marketing or use is subject to a premarketing regu-
15 latory review period during which the safety or effi-
16 cacy of the subject matter is established, including
17 any period specified in section 156(g), shall be
18 deemed ‘commercially used’ and in ‘commercial use’
19 during such regulatory review period;

20 “(2) in the case of activities performed by a
21 nonprofit research laboratory, or nonprofit entity
22 such as a university, research center, or hospital, a
23 use for which the public is the intended beneficiary
24 shall be considered to be a use described in para-
25 graph (1), except that the use—

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

4 “(B) may not be asserted as a defense
5 with respect to any subsequent commercializa-
6 tion or use outside such laboratory or nonprofit
7 entity;

8 “(3) the term ‘process or method’ means ‘proc-
9 ess’ as defined in section 100(b), and includes any
10 invention that produces a useful end product or
11 service which has been or could have been claimed
12 in a patent in the form of a process; and

13 “(4) the ‘effective filing date’ of a patent is the
14 earlier of the actual filing date of the application for
15 the patent or the filing date of any earlier United
16 States, foreign, or international application to which
17 the subject matter at issue is entitled under section
18 119, 120, or 365 of this title.

19 “(b) DEFENSE TO INFRINGEMENT.—

20 “(1) IN GENERAL.—It shall be a defense to an
21 action for infringement under section 271 of this
22 title with respect to any subject matter that would
23 otherwise infringe one or more claims asserting a
24 process or method in the patent being asserted
25 against a person, if such person had, acting in good

1 faith, actually reduced the subject matter to practice
2 at least one year before the effective filing date of
3 such patent, and commercially used the subject mat-
4 ter before the effective filing date of such patent.

5 “(2) EXHAUSTION OF RIGHT.—The sale or
6 other disposition, of a product or service produced
7 by a patented process or method, by a person enti-
8 tled to assert a defense under this section with re-
9 spect to that product or service shall exhaust the
10 patent owner’s rights under the patent to the extent
11 such rights would have been exhausted had such sale
12 or other disposition been made by the patent owner.

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

16 “(A) PATENT.—A person may not assert
17 the defense under this section unless the inven-
18 tion for which the defense is asserted is for a
19 process or method, the exclusive purpose of
20 which is to produce a useful end product or
21 service.

22 “(B) DERIVATION.—A person may not as-
23 sert the defense under this section if the subject
24 matter on which the defense is based was de-

1 rived from the patentee or persons in privity
2 with the patentee.

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

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

19 “(5) ABANDONMENT OF USE.—A person who
20 has abandoned commercial use of subject matter
21 may not rely on activities performed before the date
22 of such abandonment in establishing a defense under
23 this section with respect to actions taken after the
24 date of such abandonment.

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

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

20 “(8) UNSUCCESSFUL ASSERTION OF DE-
21 FENSE.—If the defense under this section is pleaded
22 by a person who is found to infringe the patent and
23 who subsequently fails to demonstrate a reasonable
24 basis for asserting the defense, the court shall find

1 the case exceptional for the purpose of awarding at-
2 torney's fees under section 285 of this title.

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

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

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

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

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

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

21 **SEC. 301. SHORT TITLE.**

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

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

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

5 “(b) ADJUSTMENT OF PATENT TERM.—

6 “(1) PATENT TERM GUARANTEES.—

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

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

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

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

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

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

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

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

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

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

8 “(iii) any delay in the processing of
9 the application by the Patent and Trade-
10 mark Office requested by the applicant ex-
11 cept as permitted by paragraph (2)(C),

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

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

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

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

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

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

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

8 “(2) LIMITATIONS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

23 (b) CONFORMING AMENDMENTS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18 **SEC. 402. PUBLICATION.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15 (b) STUDY BY GAO.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8 “(d) PROVISIONAL RIGHTS.—

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

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

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

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

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

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

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

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

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

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

20 “(5) ISSUANCE OF PATENTS ON INDIVIDUAL
21 CLAIMS.—If the Director in a notification to the ap-
22 plicant under section 132 indicates that one or more
23 claims of a published application are allowable, the
24 applicant may request the issuance of a patent in-
25 corporating those claims. The applicant may con-

1 tinue prosecution of the remaining claims as pro-
2 vided in chapter 12 of this title. Any subsequently
3 allowed claims may be incorporated into the patent
4 or issued in a separate patent, in accordance with
5 regulations adopted by the Director. The Director
6 may establish appropriate fees to cover the costs of
7 incorporating any additional claims into the patent
8 or issuing a separate patent.”.

9 **SEC. 405. PRIOR ART EFFECT OF PUBLISHED APPLICA-**
10 **TIONS.**

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

13 “(e) the invention was described in—

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

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

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

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

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

13 **SEC. 407. CONFORMING AMENDMENTS.**

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

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

19 (2) Section 12 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 (3) Section 13 is amended—

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

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

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

11 (7) Section 181 is amended—

12 (A) in the first undesignated paragraph—

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

15 (ii) by inserting “the publication of
16 the application or” after “withhold”;

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

20 (C) in the third undesignated paragraph—

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

24 (ii) “the publication of the application
25 or” after “withhold”; and

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

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

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

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

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

14 “The publication under the treaty defined in section
15 351(a) of this title of an international application designating
16 the United States shall confer the same rights and
17 shall have the same effect under this title as an application
18 for patent published under section 122(b), except as provided
19 in sections 102(e) and 154(d).”.

20 **SEC. 408. EFFECTIVE DATE.**

21 This title and the amendments made by this title,
22 shall take effect on the date that is 1 year after the date
23 of the enactment of this Act and shall apply to all applications
24 filed under section 111 of title 35, United States
25 Code, on or after that date, and all applications complying

1 with section 371 of title 35, United States Code, that re-
2 sulted from international applications filed on or after that
3 date. The amendment made by section 404 shall also
4 apply to international applications designating the United
5 States that are filed on or after the date that is 1 year
6 after the date of the enactment of this Act.

7 **TITLE V—PATENT LITIGATION** 8 **REDUCTION ACT**

9 **SEC. 501. SHORT TITLE.**

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

12 **SEC. 502. DEFINITIONS.**

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

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

19 **SEC. 503. REEXAMINATION PROCEDURES.**

20 (a) CITATION OF PRIOR ART.—Section 301 of title
21 35, United States Code, is amended to read as follows:

22 **“§ 301. Citation of prior art**

23 “Any person at any time may cite to the Office in
24 writing prior art consisting of patents or printed publica-
25 tions which that person believes to have a bearing on the

1 patentability of any claim of a particular patent. If the
2 person explains in writing the pertinency and manner of
3 applying such prior art to at least one claim of the patent,
4 the citation of such prior art and the explanation thereof
5 will become a part of the official file of the patent.”.

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

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

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

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

15 “(1) be in writing, include the identity of the
16 real party in interest, and be accompanied by pay-
17 ment of a reexamination fee established by the Di-
18 rector under section 41; and

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

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

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

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

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

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

19 “(c) FINAL DECISION.—A determination by the Di-
20 rector pursuant to subsection (a) shall be final and non-
21 appealable. Upon a determination that no substantial new
22 question of patentability has been raised, the Director may
23 refund a portion of the reexamination fee required under
24 section 302.”.

1 (d) REEXAMINATION ORDER BY DIRECTOR.—Section
2 304 of title 35, United States Code, is amended to read
3 as follows:

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

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

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

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

17 “(a) IN GENERAL.—Subject to subsection (b), reex-
18 amination shall be conducted according to the procedures
19 established for initial examination under the provisions of
20 sections 132 and 133, except as provided for under this
21 section. In any reexamination proceeding under this chap-
22 ter, the patent owner shall be permitted to propose any
23 amendment to the patent and a new claim or claims, ex-
24 cept that no proposed amended or new claim enlarging
25 the scope of the claims of the patent shall be permitted.

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

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

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

20 “(c) SPECIAL DISPATCH.—Unless otherwise provided
21 by the Director for good cause, all reexamination pro-
22 ceedings under this section, including any appeal to the
23 Board of Patent Appeals and Interferences, shall be con-
24 ducted with special dispatch within the Office.”.

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

3 **“§ 306. Appeal**

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

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

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

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

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

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

22 “(c) CIVIL ACTION.—A third-party requester whose
23 request for a reexamination results in an order under sec-
24 tion 304 is estopped from asserting at a later time, in any
25 civil action arising in whole or in part under section 1338

1 of title 28, the invalidity of any claim finally determined
2 to be valid and patentable on any ground which the third-
3 party requester raised or could have raised during the re-
4 examination proceedings. This subsection does not prevent
5 the assertion of invalidity based on newly discovered prior
6 art unavailable to the third-party requester and the Patent
7 and Trademark Office at the time of the reexamination
8 proceedings.”.

9 (g) REEXAMINATION PROHIBITED; STAY OF LITIGA-
10 TION.—

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

14 **“§ 308. Reexamination prohibited**

15 “(a) ORDER FOR REEXAMINATION.—Notwith-
16 standing any provision of this chapter, once an order for
17 reexamination of a patent has been issued under section
18 304, neither the patent owner nor the third-party re-
19 quester, if any, nor privies of either, may file a subsequent
20 request for reexamination of the patent until a reexamina-
21 tion certificate is issued and published under section 307,
22 unless authorized by the Director.

23 “(b) FINAL DECISION.—Once a final decision has
24 been entered against a party in a civil action arising in
25 whole or in part under section 1338 of title 28 that the

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

17 **“§ 309. Stay of litigation**

18 “Once an order for reexamination of a patent has
19 been issued under section 304, the patent owner may ob-
20 tain a stay of any pending litigation which involves an
21 issue of patentability of any claims of the patent which
22 are the subject of the reexamination order, unless the
23 court before which such litigation is pending determines
24 that a stay would not serve the interests of justice.”.

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

5 **“CHAPTER 30—PRIOR ART CITATIONS TO OFFICE**
 6 **AND REEXAMINATION OF PATENTS**

“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.”.

7 **SEC. 504. CONFORMING AMENDMENTS.**

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

11 “(7) On filing each petition for the revival of an
 12 unintentionally abandoned application for a patent,
 13 for the unintentionally delayed payment of the fee
 14 for issuing each patent, or for an unintentionally de-
 15 layed response by the patent owner in a reexamina-
 16 tion proceeding, \$1,210, unless the petition is filed
 17 under section 133 or 151 of this title, in which case
 18 the fee shall be \$110.”.

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

4 **“§ 134. Appeal to the Board of Patent Appeals and**
5 **Interferences**

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

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

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

22 (c) APPEAL TO COURT OF APPEALS FOR THE FED-
23 ERAL CIRCUIT.—Section 141 of title 35, United States
24 Code, is amended by adding the following after the second
25 sentence: “A patent owner or third-party requester in a

1 reexamination proceeding dissatisfied with the final deci-
2 sion in an appeal to the Board of Patent Appeals and
3 Interferences under section 134 may appeal the decision
4 only to the United States Court of Appeals for the Federal
5 Circuit.”.

6 (d) PROCEEDINGS ON APPEAL.—Section 143 of title
7 35, United States Code, is amended by amending the third
8 sentence to read as follows: ‘In ex parte and reexamination
9 cases, the Director shall submit to the court in writing
10 the grounds for the decision of the Patent and Trademark
11 Office, addressing all the issues involved in the appeal.”.

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

15 **SEC. 505. REPORT TO CONGRESS.**

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

1 **SEC. 506. EFFECTIVE DATE.**

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

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

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

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

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

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

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

17 **“§ 1. Establishment**

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

1 sonnel decisions and processes, procurements, and other
2 administrative and management functions in accordance
3 with this title and applicable provisions of law.

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

16 “(c) REFERENCE.—For purposes of this title, the
17 United States Patent and Trademark Office shall also be
18 referred to as the ‘Office’ and the ‘Patent and Trademark
19 Office’.

20 **SEC. 612. POWERS AND DUTIES.**

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

1 **“§ 2. Powers and duties**

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

5 “(1) shall be responsible for the granting and
6 issuing of patents and the registration of trade-
7 marks; and

8 “(2) shall be responsible for disseminating to
9 the public information with respect to patents and
10 trademarks.

11 “(b) SPECIFIC POWERS.—The Office—

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

17 “(2) may establish regulations, not inconsistent
18 with law, which—

19 “(A) shall govern the conduct of pro-
20 ceedings in the Office;

21 “(B) shall be made after notice and oppor-
22 tunity for full participation by interested public
23 and private parties;

24 “(C) shall facilitate and expedite the proc-
25 essing of patent applications, particularly those
26 which can be filed, stored, processed, searched,

1 and retrieved electronically, subject to the provi-
2 sions of section 122 relating to the confidential
3 status of applications;

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

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

21 “(F) provide for the development of a per-
22 formance-based process that includes quan-
23 titative and qualitative measures and standards
24 for evaluating cost-effectiveness and is con-

1 sistent with the principles of impartiality and
2 competitiveness;

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

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

17 “(B) may enter into and perform such pur-
18 chases and contracts for printing services, including
19 the process of composition, platemaking, presswork,
20 silk screen processes, binding, microform, and the
21 products of such processes, as it considers necessary
22 to carry out the functions of the Office, without re-
23 gard to sections 501 through 517 and 1101 through
24 1123 of title 44;

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

8 “(6) may, when the Director determines that it
9 is practicable, efficient, and cost-effective to do so,
10 use, with the consent of the United States and the
11 agency, government, or international organization
12 concerned, the services, records, facilities, or per-
13 sonnel of any State or local government agency or
14 instrumentality or foreign government or inter-
15 national organization to perform functions on its be-
16 half;

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

21 “(8) in coordination with the Under Secretary
22 of Commerce for International Trade, shall promote
23 exports of goods and services of the United States
24 industries that rely on intellectual property;

1 “(9) shall advise the President, through the
2 Secretary of Commerce, on national and certain
3 international intellectual property policy issues;

4 “(10) shall advise Federal departments and
5 agencies on matters of intellectual property policy in
6 the United States and intellectual property protec-
7 tion in other countries;

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

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

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

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

1 “(14)(A) in coordination with the Department
2 of State, may conduct programs and studies coop-
3 eratively with foreign intellectual property offices
4 and international intergovernmental organizations;
5 and

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

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

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

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

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

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

14 **SEC. 613. ORGANIZATION AND MANAGEMENT.**

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

17 **“§ 3. Officers and employees**

18 “(a) UNDER SECRETARY AND DIRECTOR.—

19 “(1) IN GENERAL.—The powers and duties of
20 the United States Patent and Trademark Office
21 shall be vested in an Under Secretary of Commerce
22 and Director of the United States Patent and
23 Trademark Office (in this title referred to as the
24 ‘Director’), who shall be a citizen of the United
25 States and who shall be appointed by the President,

1 by and with the advice and consent of the Senate.
2 The Director shall be a person who, by reason of
3 professional background and experience in patent or
4 trademark law, is especially qualified to manage the
5 Office.

6 “(2) DUTIES.—

7 “(A) IN GENERAL.—The Director shall be
8 responsible for the management and direction
9 of the Office, including the issuance of patents
10 and the registration of trademarks, and shall
11 perform these duties in a fair, impartial, and
12 equitable manner.

13 “(B) CONSULTING WITH THE PUBLIC AD-
14 VISORY COMMITTEES.—The Director shall con-
15 sult with the Patent Public Advisory Committee
16 established in section 5 on a regular basis on
17 matters relating to the patent operations of the
18 Office, shall consult with the Trademark Public
19 Advisory Committee established in section 5 on
20 a regular basis on matters relating to the trade-
21 mark operations of the Office, and shall consult
22 with the respective Public Advisory Committee
23 before submitting budgetary proposals to the
24 Office of Management and Budget or changing
25 or proposing to change patent or trademark

1 user fees or patent or trademark regulations, as
2 the case may be.

3 “(C) SECURITY CLEARANCES.—The Direc-
4 tor, in consultation with the Director of the Of-
5 fice of Personnel Management, shall maintain a
6 program for identifying national security posi-
7 tions and providing for appropriate security
8 clearances.

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

12 “(4) COMPENSATION.—In addition to the Di-
13 rector’s pay as prescribed in section 5314 of title 5,
14 the Director may receive a bonus in an amount up
15 to, but not in excess of, 50 percent of the Director’s
16 annual rate of pay, based upon an evaluation by the
17 Secretary of Commerce of the Director’s perform-
18 ance as defined in an annual performance agreement
19 between the Director and the Secretary. The annual
20 performance agreement shall incorporate measurable
21 organization and individual goals in key operational
22 areas as delineated in an annual performance plan
23 agreed to by the Director and the Secretary and
24 made public in the annual report of the Director.
25 Payment of a bonus under this paragraph may be

1 made to the Director only to the extent that such
2 payment does not cause the Director's total aggregate
3 compensation in a calendar year to equal or exceed
4 the amount of the salary of the President under
5 section 102 of title 3.

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

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

11 “(1) DEPUTY UNDER SECRETARY AND DEPUTY
12 DIRECTOR.—The Director shall appoint a Deputy
13 Under Secretary of Commerce and Deputy Director
14 of the United States Patent and Trademark Office
15 who shall be vested with the authority to act in the
16 capacity of the Director in the event of the absence
17 or incapacity of the Director.

18 “(2) COMMISSIONERS.—The Director shall ap-
19 point a Commissioner for Patents and a Commis-
20 sioner for Trademarks. The Commissioner for Pat-
21 ents shall be a citizen of the United States with
22 demonstrated experience in patent law and the Com-
23 missioner for Trademarks shall be a citizen of the
24 United States with demonstrated experience in
25 trademark law. The Commissioner for Patents and

1 the Commissioner for Trademarks shall be the prin-
2 cipal management advisers to the Director on all as-
3 pects of the activities of the Office that affect the
4 administration of patent and trademark operations,
5 respectively.

6 “(3) OTHER OFFICERS AND EMPLOYEES.—The
7 Director shall—

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

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

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

21 “(4) TRAINING OF EXAMINERS.—The Patent
22 and Trademark Office shall develop an incentive
23 program to retain as employees patent and trade-
24 mark examiners of the primary examiner grade or
25 higher who are eligible for retirement, for the sole

1 purpose of training patent and trademark exam-
2 iners.

3 “(c) ADOPTION OF EXISTING LABOR AGREE-
4 MENTS.—The Office shall adopt all labor agreements
5 which are in effect, as of the day before the effective date
6 of the Patent and Trademark Office Efficiency Act, with
7 respect to such Office (as then in effect).

8 “(d) CARRYOVER OF PERSONNEL.—

9 “(1) FROM PTO.—Effective as of the effective
10 date of the Patent and Trademark Office Efficiency
11 Act, all officers and employees of the Patent and
12 Trademark Office on the day before such effective
13 date shall become officers and employees of the Of-
14 fice, without a break in service.

15 “(2) OTHER PERSONNEL.—Any individual who,
16 on the day before the effective date of the Patent
17 and Trademark Office Efficiency Act, is an officer
18 or employee of the Department of Commerce (other
19 than an officer or employee under paragraph (1))
20 shall be transferred to the Office if—

21 “(A) such individual serves in a position
22 for which a major function is the performance
23 of work reimbursed by the Patent and Trade-
24 mark Office, as determined by the Secretary of
25 Commerce;

1 “(B) such individual serves in a position
2 that performed work in support of the Patent
3 and Trademark Office during at least half of
4 the incumbent’s work time, as determined by
5 the Secretary of Commerce; or

6 “(C) such transfer would be in the interest
7 of the Office, as determined by the Secretary of
8 Commerce in consultation with the Director.

9 Any transfer under this paragraph shall be effective
10 as of the same effective date as referred to in para-
11 graph (1), and shall be made without a break in
12 service.

13 “(3) ACCUMULATED LEAVE.—The amount of
14 sick and annual leave and compensatory time accu-
15 mulated under title 5 before the effective date de-
16 scribed in paragraph (1), by those becoming officers
17 or employees of the Office pursuant to this sub-
18 section, are obligations of the Office.

19 “(e) TRANSITION PROVISIONS.—

20 “(1) INTERIM APPOINTMENT OF DIRECTOR.—
21 On or after the effective date of the Patent and
22 Trademark Office Efficiency Act, the President shall
23 appoint an individual to serve as the Director until
24 the date on which a Director qualifies under sub-

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

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

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

16 **SEC. 614. PERSONNEL FLEXIBILITY.**

17 (a) IN GENERAL.—Chapter 1 of part I of title 35,
18 United States Code, is amended by inserting after section
19 3 the following:

20 **“§ 3a. Personnel flexibility**

21 “(a) ADMINISTRATIVE FLEXIBILITY.—

22 “(1) RELATIONSHIP TO TITLE 5.—Any authori-
23 ties provided by this section shall be exercised—

24 “(A) in a manner consistent with—

1 “(i) chapter 23 of title 5 (relating to
2 merit system principles and prohibited per-
3 sonnel practices);

4 “(ii) provisions of title 5 relating to
5 preference eligibles;

6 “(iii) except as otherwise specifically
7 provided, section 5307 of title 5 (relating
8 to the aggregate limitation on pay); and

9 “(iv) except as otherwise specifically
10 provided, chapter 71 of title 5 (relating to
11 labor-management relations); and

12 “(E) subject to subsections (b) and (c) of
13 section 1104 of title 5 as though such authori-
14 ties were delegated to the Office under section
15 1104(a)(2) of such title.

16 “(2) INFORMING OPM.—The Director shall pro-
17 vide the Office of Personnel Management with any
18 information the Office of Personnel Management re-
19 quires in carrying out its responsibilities under this
20 section.

21 “(b) WRITTEN AGREEMENTS WITH LABOR ORGANI-
22 ZATIONS REQUIRED.—Employees within a unit to which
23 a labor organization is accorded exclusive recognition
24 under chapter 71 of title 5 shall not be subject to the au-
25 thorities provided in this section unless the exclusive rep-

1 representative and the Office have entered into a written
2 agreement which specifically provides for the exercise of
3 those authorities. Such written agreement may not be im-
4 posed by the Federal Services Impasses Panel under sec-
5 tion 7119 of title 5.

6 “(c) SENIOR MANAGEMENT OF THE OFFICE.—

7 “(1) APPOINTMENT.—(A) The Director may
8 appoint such senior managers as the Director deter-
9 mines are necessary without regard to the provisions
10 of title 5 governing appointments in the competitive
11 service.

12 “(B) The senior managers described in sub-
13 paragraph (A) may be paid without regard to the
14 provisions of chapter 51 and subchapter III of chap-
15 ter 53 of title 5 relating to classification and Gen-
16 eral Schedule pay rates.

17 “(2) PERFORMANCE AGREEMENT.—Each year
18 the Director and each senior manager appointed
19 under this subsection shall enter into an annual per-
20 formance agreement that sets forth measurable or-
21 ganization and individual goals. The agreement shall
22 be subject to review and renegotiation at the end of
23 each term.

24 “(3) COMPENSATION.—

1 “(A) IN GENERAL.—A senior manager ap-
2 pointed under this subsection may be paid at an
3 annual rate of basic pay of not more than the
4 maximum rate of basic pay for the Senior Exec-
5 utive Service under section 5382 of title 5, in-
6 cluding any applicable locality-based com-
7 parability payment that may be authorized
8 under section 5304(h)(2)(C) of title 5. The
9 compensation of a senior manager shall be con-
10 sidered, for purposes of section 207(c)(2)(A) of
11 title 18, to be the equivalent of that described
12 under clause (ii) of section 207(c)(2)(A) of title
13 18.

14 “(B) BONUS.—In addition to the com-
15 pensation paid under subparagraph (A), a sen-
16 ior manager may receive a bonus in an amount
17 such that the manager’s total compensation
18 does not exceed 125 percent of the maximum
19 rate of basic pay for the Senior Executive Serv-
20 ice, including any applicable locality-based com-
21 parability payment, based upon the Director’s
22 evaluation of the manager’s performance in re-
23 lation to the goals set forth in the performance
24 agreement described in paragraph (2).

1 “(4) REMOVAL.—A senior manager shall be re-
2 movable by the Director, or by the Secretary if the
3 position of Director is vacant.

4 “(d) GENERAL WORKFORCE PERFORMANCE MAN-
5 AGEMENT SYSTEM.—

6 “(1) ESTABLISHMENT.—In lieu of a perform-
7 ance appraisal system established under section
8 5302 of title 5, the Director shall, within 1 year
9 after the date of the enactment of the Patent and
10 Trademark Office Efficiency Act, establish for the
11 Office a performance management system that—

12 “(A) maintains individual accountability
13 by—

14 “(i) establishing 1 or more retention
15 standards for each employee related to the
16 work of the employee and expressed in
17 terms of individual performance, and com-
18 municating such retention standards to
19 employees;

20 “(ii) making periodic determinations
21 of whether each employee meets or does
22 not meet the employee’s established reten-
23 tion standards; and

24 “(iii) taking actions, in accordance
25 with applicable laws and regulations, with

1 respect to any employee whose perform-
2 ance does not meet established retention
3 standards, including denying any increases
4 in basic pay, promotions, and credit for
5 performance under section 3502 of title 5,
6 and—

7 “(I) reassignment;

8 “(II) an action under chapter 43
9 or chapter 75 of title 5;

10 “(III) any other appropriate ac-
11 tion to resolve the performance prob-
12 lem; or

13 “(IV) any combination of actions
14 under subclauses (I) through (III);
15 and

16 “(B) strengthens the system’s effectiveness
17 by—

18 “(i) establishing goals or objectives for
19 individual, group, or organizational per-
20 formance (or any combination thereof),
21 consistent with the Office’s performance
22 planning procedures, including those estab-
23 lished under the Government Performance
24 and Results Act of 1993, and commu-

1 communicating such goals or objectives to employ-
2 ees;

3 “(ii) using such goals and objectives
4 to make performance distinctions among
5 employees or groups of employees; and

6 “(iii) using performance assessments
7 as a basis for granting employee awards,
8 adjusting an employee’s rate of basic pay,
9 and other appropriate personnel actions, in
10 accordance with applicable laws and regu-
11 lations.

12 “(2) DEFINITIONS.—For purposes of this
13 subsection—

14 “(A) the term ‘performance assessment’
15 means a determination of whether or not reten-
16 tion standards established under paragraph
17 (1)(A)(i) are met, and any additional perform-
18 ance determination made on the basis of per-
19 formance goals and objectives established under
20 paragraph (1)(B)(i); and

21 “(B) the term ‘unacceptable performance’,
22 with respect to an employee of the Office cov-
23 ered by a performance management system es-
24 tablished under this subsection, means perform-

1 ance of the employee which fails to meet a re-
2 tention standard established under this section.

3 “(3) AWARDS PROGRAM.—(A) The Office may
4 establish an awards program designed to provide in-
5 centives for and recognition of organizational, group,
6 and individual achievements by providing for grant-
7 ing awards to employees who, as individuals or mem-
8 bers of a group, contribute to meeting the perform-
9 ance goals and objectives established under this sec-
10 tion by such means as a superior individual or group
11 accomplishment, a documented productivity gain, or
12 sustained superior performance.

13 “(B) A cash award under subchapter I of chap-
14 ter 45 of title 5 may be granted to an employee of
15 the Office without the need for any approval under
16 section 4502(b) of title 5. The Office may approve
17 cash awards in excess of \$10,000, but not in excess
18 of \$25,000, to an employee for exceptional and un-
19 usually outstanding contributions or accomplish-
20 ments.

21 “(4) APPLICATION OF PROCEDURES.—(A) In
22 applying sections 4303(b)(1)(A) and 7513(b) of title
23 5 to employees of the Office, ‘30 days’ may be
24 deemed to be ‘15 days’.

1 “(B) Notwithstanding the second sentence of
2 section 5335(c) of title 5, an employee of the Office
3 shall not have a right to appeal the denial of a peri-
4 odic step increase under section 5335 to the Merit
5 Systems Protection Board.

6 “(e) CLASSIFICATION AND PAY FLEXIBILITIES.—

7 “(1) DEFINITION.—For purposes of this sub-
8 section, the term ‘broad-banded system’ means a
9 system for grouping positions for pay, job evalua-
10 tion, and other purposes that is different from the
11 system established under chapter 51 and subchapter
12 III of chapter 53 of title 5 as a result of combining
13 grades and related ranges of rates of pay in 1 or
14 more occupational series.

15 “(2) ESTABLISHMENT OF BROAD-BANDED SYS-
16 TEMS.—(A)(i) The Director may, subject to criteria
17 to be prescribed by the Office of Personnel Manage-
18 ment, establish 1 or more broad-banded systems cov-
19 ering all or any portion of the Office workforce.

20 “(ii) With the approval of the Office of Per-
21 sonnel Management, a broad-banded system estab-
22 lished under this subsection may either include or
23 consist of positions that otherwise would be subject
24 to subchapter IV of chapter 53 or section 5376 of
25 title 5.

1 “(B) The Office of Personnel Management may
2 require the Director to submit to the Office of Per-
3 sonnel Management information relating to broad-
4 banded systems at the Office.

5 “(C) Except as otherwise provided under this
6 section, employees under a broad-banded system
7 shall continue to be subject to the laws and regula-
8 tions covering employees under the pay system that
9 otherwise would apply to such employees.

10 “(D) The criteria to be prescribed by the Office
11 of Personnel Management shall, at a minimum—

12 “(i) ensure that the structure of any
13 broad-banded system maintains the principle of
14 equal pay for substantially equal work;

15 “(ii) establish the minimum and maximum
16 number of grades that may be combined into
17 pay bands;

18 “(iii) establish requirements for setting
19 minimum and maximum rates of pay in a pay
20 band;

21 “(iv) establish requirements for adjusting
22 the pay of an employee within a pay band;

23 “(v) establish requirements for setting the
24 pay of a supervisory employee whose position is

1 in a pay band or who supervises employees
2 whose positions are in pay bands; and

3 “(vi) establish requirements and meth-
4 odologies for setting the pay of an employee
5 upon conversion to a broad-banded system, ini-
6 tial appointment, change of position or type of
7 appointment (including promotion, demotion,
8 transfer, reassignment, reinstatement, or place-
9 ment in another pay band, or movement to a
10 different geographic location), and movement
11 between a broad-banded system and another
12 pay system.

13 “(E) With the approval of the Office of Per-
14 sonnel Management and in accordance with a plan
15 for implementation submitted by the Director, the
16 Director may, with respect to the Office employees
17 who are covered by a broad-banded system estab-
18 lished under this section, provide for variations from
19 the provisions of subchapter VI of chapter 53 of title
20 5.

21 “(f) GENERAL WORKFORCE STAFFING.—

22 “(1) EVALUATING APPLICANTS.—(A) Notwith-
23 standing subchapter I of chapter 33 of title 5, the
24 Office may establish category rating systems for
25 evaluating applicants for Office positions in the com-

1 petitive service under which qualified candidates are
2 divided into 2 or more quality categories on the
3 basis of relative degrees of merit, rather than as-
4 signed individual numerical ratings.

5 “(B) Each applicant who meets the minimum
6 qualification requirements for the position to be
7 filled shall be assigned to an appropriate category
8 based on an evaluation of the applicant’s knowledge,
9 skills, and abilities relative to those needed for suc-
10 cessful performance in the position to be filled.

11 “(C) Within each quality category established
12 under subparagraph (A), preference eligibles shall be
13 listed ahead of individuals who are not preference
14 eligibles. For other than scientific and professional
15 positions at or higher than GS-9 (or equivalent),
16 preference eligibles who have a compensable service-
17 connected disability of 10 percent or more, and who
18 meet the minimum qualification standards, shall be
19 listed in the highest quality category.

20 “(D) An appointing authority may select any
21 applicant from the highest quality category or, if
22 fewer than 3 candidates have been assigned to the
23 highest quality category, from a merged category
24 consisting of the highest and second highest cat-
25 egories.

1 “(E) Notwithstanding subparagraph (D), the
2 appointing authority may not pass over a preference
3 eligible in the same or higher category from which
4 selection is made unless the requirements of section
5 3317(b) or 3318(b) of title 5, United States Code,
6 as applicable, are satisfied.

7 “(2) DETAILING OF EMPLOYEES.—The Direc-
8 tor may detail employees among the offices of the
9 Office without regard to the 120-day limitation in
10 section 3341(b) of title 5.

11 “(3) PROBATIONARY PERIODS.—Notwith-
12 standing any other provision of law, the Office may
13 establish a probationary period under section 3321
14 of title 5 of up to 3 years for Office positions if the
15 Director determines that the nature of the work is
16 such that a shorter period is insufficient to dem-
17 onstrate complete proficiency in the position.

18 “(4) PRECEDENCE OF PRESIDENTIAL AND
19 COURT ORDERS.—Nothing in this section exempts
20 the Office from—

21 “(A) any employment priority established
22 under direction of the President for the place-
23 ment of surplus or displaced employees; or

1 “(B) any obligation under a court order or
2 decree relating to the employment practices of
3 the Office or the Department of Commerce.

4 “(g) STREAMLINED DEMONSTRATION PROJECT AU-
5 THORITY.—

6 “(1) DEMONSTRATION PROJECT AUTHORITY.—
7 The exercise of any of the authorities under this sec-
8 tion shall not affect the authority of the Office to
9 implement a demonstration project subject to chap-
10 ter 47 of title 5, as provided in paragraph (2).

11 “(2) APPLICABILITY OF TITLE 5.—In applying
12 section 4703 of title 5 to a demonstration project
13 described in section 4701(a)(4) of title 5 which in-
14 volves the Office—

15 “(A) section 4703(b)(1) shall be deemed to
16 read

17 “(1) develop a plan for such project which de-
18 scribes its purpose, the employees to be covered, the
19 project itself, its anticipated outcomes, and the
20 method of evaluating the project;’;

21 “(B) section 4703(b)(3) shall not apply;

22 “(C) the 180-day notification period in sec-
23 tion 4703(b)(4) shall be deemed to be a notifi-
24 cation period of 30 days;

1 “(D) section 4703(b)(6) shall be deemed to
2 read

3 ‘(6) provide each House of Congress with the
4 final version of the plan.’;

5 “(E) section 4703(c)(1) shall be deemed to
6 read

7 ‘(1) subchapter V of chapter 63 or subpart G
8 of part III of this title.’;

9 “(F) the requirements of paragraphs
10 (1)(A) and (2) of section 4703(d) shall not
11 apply; and

12 “(G) notwithstanding section
13 4703(d)(1)(B), based on an evaluation as pro-
14 vided in section 4703(h), the Office of Per-
15 sonnel Management and the Director, except as
16 otherwise provided by this subsection, may
17 waive the termination date of a demonstration
18 project under section 4703(d).

19 “(3) NOTICE OF INTENT TO WAIVE TERMI-
20 NATION DATE.—At least 90 days before waiving the
21 termination date under paragraph (2)(G), the Office
22 of Personnel Management shall publish in the Fed-
23 eral Register a notice of its intention to waive the
24 termination date and shall inform in writing both
25 Houses of Congress of its intention.”.

1 **SEC. 615. PUBLIC ADVISORY COMMITTEES.**

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

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

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

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

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

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

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

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

15 “(2) shall include members who represent small
16 and large entity applicants located in the United
17 States in proportion to the number of applications
18 filed by such members, but in no case shall members
19 who represent small entity patent applicants, includ-
20 ing small business concerns, independent inventors,
21 and nonprofit organizations, constitute less than 25
22 percent of the members of the Patent Public Advi-
23 sory Committee; and

24 “(3) shall include individuals with substantial
25 background and achievement in finance, manage-

1 ment, labor relations, science, technology, and office
2 automation.

3 In addition to the voting members, each Advisory Com-
4 mittee shall include a representative of each labor organi-
5 zation recognized by the Patent and Trademark Office.
6 Such representatives shall be nonvoting members of the
7 Advisory Committee to which they are appointed.

8 “(c) MEETINGS.—Each Advisory Committee shall
9 meet at the call of the chair to consider an agenda set
10 by the Chair.

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

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

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

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

23 “(B) transmit the report to the Secretary
24 of Commerce, the President, and the Commit-

1 tees on the Judiciary of the Senate and the
2 House of Representatives; and

3 “(C) publish the report in the Official Ga-
4 zette of the Patent and Trademark Office.

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

17 “(f) ACCESS TO INFORMATION.—Members of each
18 Advisory Committee shall be provided access to records
19 and information in the Patent and Trademark Office, ex-
20 cept for personnel or other privileged information and in-
21 formation concerning patent applications required to be
22 kept in confidence by section 122.

23 “(g) APPLICABILITY OF CERTAIN ETHICS LAWS.—
24 Members of each Advisory Committee shall be special Gov-

1 ernment employees within the meaning of section 202 of
2 title 18.

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

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

11 **SEC. 616. PATENT AND TRADEMARK OFFICE FUNDING.**

12 Section 42(c) of title 35, United States Code, is
13 amended in the second sentence—

14 (1) by striking “Fees available” and inserting
15 “All fees available”; and

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

17 **SEC. 617. CONFORMING AMENDMENTS.**

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

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

1 **SEC. 618. TRADEMARK TRIAL AND APPEAL BOARD.**

2 Section 17 of the Act of July 5, 1946 (commonly re-
3 ferred to as the “Trademark Act of 1946”) (15 U.S.C.
4 1067) is amended to read as follows:

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

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

15 **SEC. 619. BOARD OF PATENT APPEALS AND INTER-**
16 **FERENCES.**

17 Chapter 1 of title 35, United States Code, is
18 amended—

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

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

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

24 “(a) ESTABLISHMENT AND COMPOSITION.—There
25 shall be in the United States Patent and Trademark Of-
26 fice a Board of Patent Appeals and Interferences. The Di-

1 rector, the Commissioner for Patents, the Commissioner
2 for Trademarks, and the administrative patent judges
3 shall constitute the Board. The administrative patent
4 judges shall be persons of competent legal knowledge and
5 scientific ability who are appointed by the Director.

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

15 **SEC. 620. ANNUAL REPORT OF DIRECTOR.**

16 Section 13 of title 35, United States Code, as redesignig-
17 nated by section 617 of this Act, is amended to read as
18 follows:

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

20 “The Director shall report to the Congress, not later
21 than 180 days after the end of each fiscal year, the mon-
22 eys received and expended by the Office, the purposes for
23 which the moneys were spent, the quality and quantity of
24 the work of the Office, the nature of training provided to
25 examiners, the evaluation of the Director by the Secretary

1 of Commerce, the Director's compensation, and other in-
2 formation relating to the Office.”.

3 **SEC. 621. SUSPENSION OR EXCLUSION FROM PRACTICE.**

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

10 **SEC. 622. PAY OF DIRECTOR.**

11 Section 5314 of title 5, United States Code, is
12 amended by striking

13 “Assistant Secretary of Commerce and Com-
14 missioner of Patents and Trademarks.”

15 and inserting

16 “Under Secretary of Commerce and Director of
17 the United States Patent and Trademark Office.”.

18 **Subtitle B—Effective Date;**

19 **Technical Amendments**

20 **SEC. 631. EFFECTIVE DATE.**

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

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

25 (a) AMENDMENTS TO TITLE 35.—

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

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

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

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

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

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

11 (4) The table of sections for chapter 1 of title
 12 35, United States Code, is amended to read as fol-
 13 lows:

“CHAPTER 1—ESTABLISHMENT, OFFICERS AND EMPLOYEES,
 FUNCTIONS

- “Sec.
- “1. Establishment.
- “2. Powers and duties.
- “3. Officers and employees.
- “4. Restrictions on officers and employees as to interest in patents.
- “5. Patent and Trademark Office Public Advisory Committee.
- “6. Board of Patent Appeals and Interferences.
- “7. Library.
- “8. Classification of patents.
- “9. Certified copies of records.
- “10. Publications.
- “11. Exchange of copies of patents with foreign countries.
- “12. Copies of patents for public libraries.
- “13. Annual report to Congress.”.

1 (5) Section 41(h) of title 35, United States
2 Code, is amended by striking ‘Commissioner of Pat-
3 ents and Trademarks’ and inserting ‘Director’.

4 (6) Section 155 of title 35, United States Code,
5 is amended by striking ‘Commissioner of Patents
6 and Trademarks’ and inserting ‘Director’.

7 (7) Section 155A(c) of title 35, United States
8 Code, is amended by striking ‘Commissioner of Pat-
9 ents and Trademarks’ and inserting ‘Director’.

10 (8) Section 302 of title 35, United States Code,
11 is amended by striking ‘Commissioner of Patents’
12 and inserting ‘Director’.

13 (9) Section 303(b) of title 35, United States
14 Code, is amended by striking ‘Commissioner’s’ and
15 inserting ‘Director’s’.

16 (10)(A) Except as provided in subparagraph
17 (B), title 35, United States Code, is amended by
18 striking ‘Commissioner’ each place it appears and
19 inserting ‘Director’.

20 (B) Chapter 17 of title 35, United States Code,
21 is amended by striking ‘Commissioner’ each place
22 it appears and inserting ‘Commissioner of Patents’.

23 (11) Section 41(a)(8)(A) of title 35, United
24 States Code, is amended by striking ‘On’ and in-
25 serting ‘on’.

1 (12) Section 157(d) of title 35, United States
2 Code, is amended by striking “Secretary of Com-
3 merce” and inserting “Director”.

4 (13) Section 181 of title 35, United States
5 Code, is amended in the third paragraph by striking
6 “Secretary of Commerce under rules prescribed by
7 him” and inserting “Director under rules prescribed
8 by the Patent and Trademark Office”.

9 (14) Section 188 of title 35, United States
10 Code, is amended by striking “Secretary of Com-
11 merce” and inserting “Patent and Trademark Of-
12 fice”.

13 (15) Section 202(a) of title 35, United States
14 Code, is amended—

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

16 and

17 (B) by striking the second period after
18 “Department of Energy” at the end of the first
19 sentence.

20 (b) OTHER PROVISIONS OF LAW.—

21 (1)(A) Section 45 of the Act of July 5, 1946
22 (commonly referred to as the “Trademark Act of
23 1946”; 15 U.S.C. 1127), is amended by striking
24 “The term ‘Commissioner’ means the Commissioner
25 of Patents and Trademarks.’ and inserting “The

1 term ‘Director’ means the Director of the United
2 States Patent and Trademark Office.”.

3 (B) The Act of July 5, 1946 (commonly re-
4 ferred to as the “Trademark Act of 1946”; 15
5 U.S.C. 1051 and following), except for section 17, as
6 amended by section 116 of this Act, is amended by
7 striking “Commissioner” each place it appears and
8 inserting “Director”.

9 (2) Section 500(e) of title 5, United States
10 Code, is amended by striking “Patent Office” and
11 inserting “United States Patent and Trademark Of-
12 fice”.

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

15 “(23) administrative patent judges and des-
16 ignated administrative patent judges in the United
17 States Patent and Trademark Office;”.

18 (4) Section 5316 of title 5, United States Code
19 (5 U.S.C. 5316) is amended by striking “Commis-
20 sioner of Patents, Department of Commerce.”, ‘Dep-
21 uty Commissioner of Patents and Trademarks.’,
22 “Assistant Commissioner for Patents.”, and ‘Assist-
23 ant Commissioner for Trademarks.’.

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

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

6 (6) Section 12 of the Act of February 14, 1903
7 (15 U.S.C. 1511) is amended by striking “(d) PAT-
8 ENT AND TRADEMARK OFFICE;” and redesignating
9 subsections (a) through (g) as paragraphs (1)
10 through (6), respectively.

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

13 (A) by striking “Patent Office of the
14 United States” and inserting “United States
15 Patent and Trademark Office”; and

16 (B) by striking “Commissioner of Patents”
17 and inserting “Director of the United States
18 Patent and Trademark Office”.

19 (8) Section 182(b)(2)(A) of the Trade Act of
20 1974 (19 U.S.C. 2242(b)(2)(A)) is amended by
21 striking “Commissioner of Patents and Trade-
22 marks” and inserting “Director of the United States
23 Patent and Trademark Office”.

24 (9) Section 302(b)(2)(D) of the Trade Act of
25 1974 (19 U.S.C. 2412(b)(2)(D)) is amended by

1 striking “Commissioner of Patents and Trade-
2 marks” and inserting “Director of the United States
3 Patent and Trademark Office”.

4 (10) The Act of April 12, 1892 (27 Stat. 395;
5 20 U.S.C. 91) is amended by striking “Patent Of-
6 fice” and inserting “United States Patent and
7 Trademark Office”.

8 (11) Sections 505(m) and 512(o) of the Federal
9 Food, Drug, and Cosmetic Act (21 U.S.C. 355(m)
10 and 360b(o)) are each amended by striking “Patent
11 and Trademark Office of the Department of Com-
12 merce” and inserting “United States Patent and
13 Trademark Office”.

14 (12) Section 702(d) of the Federal Food, Drug,
15 and Cosmetic Act (21 U.S.C. 372(d)) is amended by
16 striking “Commissioner of Patents” and inserting
17 “Director of the United States Patent and Trade-
18 mark Office”.

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

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

1 (A) in subparagraph (A) by inserting
2 “United States” before “Patent and Trade-
3 mark”; and

4 (B) in subparagraph (B) by striking
5 “Commissioner of Patents and Trademarks”
6 and inserting “Director of the United States
7 Patent and Trademark Office”.

8 (15) Section 1744 of title 28, United States
9 Code is amended—

10 (A) by striking “Patent Office” each place
11 it appears in the text and section heading and
12 inserting “United States Patent and Trade-
13 mark Office”;

14 (B) by striking “Commissioner of Patents”
15 and inserting “Director of the United States
16 Patent and Trademark Office”; and

17 (C) by striking “Commissioner” and in-
18 serting “Director”.

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

23 (17) Section 1928 of title 28, United States
24 Code, is amended by striking “Patent Office” and

1 inserting “United States Patent and Trademark Of-
2 fice”.

3 (18) Section 151 of the Atomic Energy Act of
4 1954 (42 U.S.C. 2181) is amended in subsections
5 (c) and (d) by striking “Commissioner of Patents”
6 and inserting “Director of the United States Patent
7 and Trademark Office”.

8 (19) Section 152 of the Atomic Energy Act of
9 1954 (42 U.S.C. 2182) is amended by striking
10 “Commissioner of Patents” each place it appears
11 and inserting “Director of the United States Patent
12 and Trademark Office”.

13 (20) Section 305 of the National Aeronautics
14 and Space Act of 1958 (42 U.S.C. 2457) is
15 amended—

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

21 (B) by striking “Commissioner” each sub-
22 sequent place it appears and inserting “Direc-
23 tor”.

24 (21) Section 12(a) of the Solar Heating and
25 Cooling Demonstration Act of 1974 (42 U.S.C.

1 5510(a)) is amended by striking “Commissioner of
2 the Patent Office” and inserting “Director of the
3 United States Patent and Trademark Office”.

4 (22) Section 1111 of title 44, United States
5 Code, is amended by striking “the Commissioner of
6 Patents,”.

7 (23) Section 1114 of title 44, United States
8 Code, is amended by striking “the Commissioner of
9 Patents,”.

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

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

16 (26) Section 10(i) of the Trading With the
17 Enemy Act (50 U.S.C. App. 10(i)) is amended by
18 striking “Commissioner of Patents” and inserting
19 “Director of the United States Patent and Trade-
20 mark Office”.

21 (27) Section 11 of the Inspector General Act of
22 1978 (5 U.S.C. App.) is amended—

23 (A) in paragraph (1)—

1 (i) by striking “and” before “the chief
2 executive officer of the Resolution Trust
3 Corporation;”;

4 (ii) by striking “and” before “the
5 Chairperson of the Federal Deposit Insur-
6 ance Corporation;”;

7 (iii) by striking “or” before “the Com-
8 missioner of Social Security,”; and

9 (iv) by inserting “or the Director of
10 the United States Patent and Trademark
11 Office;” after “Social Security Administra-
12 tion;” and

13 (B) in paragraph (2)—

14 (i) by striking “or” before “the Vet-
15 erans’ Administration,”; and

16 (ii) by striking “or the Social Security
17 Administration” and inserting “the Social
18 Security Administration, or the United
19 States Patent and Trademark Office”.

20 **Subtitle C—Miscellaneous** 21 **Provisions**

22 **SEC. 641. REFERENCES.**

23 (a) IN GENERAL.—Any reference in any other Fed-
24 eral law, Executive order, rule, regulation, or delegation
25 of authority, or any document of or pertaining to a depart-

1 ment or office from which a function is transferred by this
2 title—

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

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

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

13 (1) to the Commissioner of Patents and Trade-
14 marks is deemed to refer to the Director of the
15 United States Patent and Trademark Office;

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

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

22 **SEC. 642. EXERCISE OF AUTHORITIES.**

23 Except as otherwise provided by law, a Federal offi-
24 cial to whom a function is transferred by this title may,
25 for purposes of performing the function, exercise all au-

1 thorities under any other provision of law that were avail-
2 able with respect to the performance of that function to
3 the official responsible for the performance of the function
4 immediately before the effective date of the transfer of the
5 function under this title.

6 **SEC. 643. SAVINGS PROVISIONS.**

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

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

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

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

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

23 (d) NONABATEMENT OF ACTIONS.—No suit, action,
24 or other proceeding commenced by or against the Depart-
25 ment of Commerce or the Secretary of Commerce, or by

1 or against any individual in the official capacity of such
2 individual as an officer or employee of an office trans-
3 ferred by this title, shall abate by reason of the enactment
4 of this title.

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

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

20 **SEC. 644. TRANSFER OF ASSETS.**

21 Except as otherwise provided in this title, so much
22 of the personnel, property, records, and unexpended bal-
23 ances of appropriations, allocations, and other funds em-
24 ployed, used, held, available, or to be made available in
25 connection with a function transferred to an official or

1 agency by this title shall be available to the official or the
2 head of that agency, respectively, at such time or times
3 as the Director of the Office of Management and Budget
4 directs for use in connection with the functions trans-
5 ferred.

6 **SEC. 645. DELEGATION AND ASSIGNMENT.**

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

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

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

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

16 **SEC. 647. CERTAIN VESTING OF FUNCTIONS CONSIDERED**
17 **TRANSFERS.**

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

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

23 Existing appropriations and funds available for the
24 performance of functions, programs, and activities termi-
25 nated pursuant to this title shall remain available, for the

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

10 **SEC. 649. DEFINITIONS.**

11 For purposes of this title—

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

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

18 **TITLE VII—MISCELLANEOUS**
19 **PATENT PROVISIONS**

20 **SEC. 701. PROVISIONAL APPLICATIONS.**

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

23 “(5) ABANDONMENT.—Notwithstanding the ab-
24 sence of a claim, upon timely request and as pre-
25 scribed by the Commissioner, a provisional applica-

1 tion may be treated as an application filed under
2 subsection (a). Subject to section 119(e)(3) of this
3 title, if no such request is made, the provisional ap-
4 plication shall be regarded as abandoned 12 months
5 after the filing date of such application and shall not
6 be subject to revival thereafter.”.

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

11 “(3) If the day that is 12 months after the fil-
12 ing date of a provisional application falls on a Satur-
13 day, Sunday, or Federal holiday within the District
14 of Columbia, the period of pendency of the provi-
15 sional application shall be extended to the next suc-
16 ceeding secular or business day.”.

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

22 (d) EFFECTIVE DATE.—The amendments made by
23 this section shall take effect on the date of the enactment
24 of this Act and shall apply to any provisional application
25 filed on or after June 8, 1995, except that the amend-

1 ments made by subsections (b) and (c) shall have no effect
2 with respect to any patent which is the subject of litigation
3 in an action commenced before such date of enactment.

4 **SEC. 702. INTERNATIONAL APPLICATIONS.**

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

7 (1) in subsection (a)—

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

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

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

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

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

23 “(g) As used in this section—

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

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

7 **SEC. 703. CERTAIN LIMITATIONS ON DAMAGES FOR PAT-**
8 **ENT INFRINGEMENT NOT APPLICABLE.**

9 Section 287(c)(4) of title 35, United States Code, is
10 amended by striking “before the date of enactment of this
11 subsection” and inserting “based on an application the
12 earliest effective filing date of which is prior to September
13 30, 1996”.

14 **SEC. 704. ELECTRONIC FILING.**

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

18 **SEC. 705. STUDY AND REPORT ON BIOLOGICAL DEPOSITS**
19 **IN SUPPORT OF BIOTECHNOLOGY PATENTS.**

20 (a) IN GENERAL.—No later than 6 months after the
21 date of the enactment of this Act, the Comptroller General
22 of the United States, in consultation with the Director of
23 the United States Patent and Trademark Office, shall
24 conduct a study and submit a report to the Congress on
25 the potential risks to the United States biotechnology in-

1 dustry relating to biological deposits in support of bio-
2 technology patents.

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

5 (1) an examination of the risk of export and the
6 risk of transfers to third parties of biological depos-
7 its, and the risks posed by the change to 18-month
8 publication requirements made by this Act;

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

11 (3) any related recommendations.

12 (c) CONSIDERATION OF REPORT.—In drafting regu-
13 lations affecting biological deposits (including any modi-
14 fication of title 37, Code of Federal Regulations, section
15 1.801 et seq.), the Patent and Trademark Office shall con-
16 sider the recommendations of the study conducted under
17 this section.

18 **SEC. 706. PRIOR INVENTION.**

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

21 “(g)(1) during the course of an interference con-
22 ducted under section 135 or section 291, another inventor
23 involved therein establishes, to the extent permitted in sec-
24 tion 104, that before such person’s invention thereof the
25 invention was made by such other inventor and not aban-

1 done, suppressed, or concealed, or (2) before such per-
2 son's invention thereof, the invention was made in this
3 country by another inventor who had not abandoned, sup-
4 pressed, or concealed it. In determining priority of inven-
5 tion under this subsection, there shall be considered not
6 only the respective dates of conception and reduction to
7 practice of the invention, but also the reasonable diligence
8 of one who was first to conceive and last to reduce to prac-
9 tice, from a time prior to conception by the other.”.

10 **SEC. 707. PRIOR ART EXCLUSION FOR CERTAIN COMMONLY**
11 **ASSIGNED PATENTS.**

12 (a) **PRIOR ART EXCLUSION.**—Section 103(c) of title
13 35, United States Code, is amended by striking “sub-
14 section (f) or (g)” and inserting “one or more of sub-
15 sections (e), (f), and (g)”.

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

○