

## **TITLE III—TRADEMARK CYBERPIRACY PREVENTION**

### **SEC. 3001. SHORT TITLE; REFERENCES.**

(a) *SHORT TITLE.*—This title may be cited as the “Anticybersquatting Consumer Protection Act”.

(b) *REFERENCES TO THE TRADEMARK ACT OF 1946.*—Any reference in this title to the Trademark Act of 1946 shall be a reference to the Act entitled “An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes”, approved July 5, 1946 (15 U.S.C. 1051 *et seq.*).

### **SEC. 3002. CYBERPIRACY PREVENTION.**

(a) *IN GENERAL.*—Section 43 of the Trademark Act of 1946 (15 U.S.C. 1125) is amended by inserting at the end the following:

“(d)(1)(A) A person shall be liable in a civil action by the owner of a mark, including a personal name which is protected as a mark under this section, if, without regard to the goods or services of the parties, that person—

“(i) has a bad faith intent to profit from that mark, including a personal name which is protected as a mark under this section; and

“(ii) registers, traffics in, or uses a domain name that—

*“(I) in the case of a mark that is distinctive at the time of registration of the domain name, is identical or confusingly similar to that mark;*

*“(II) in the case of a famous mark that is famous at the time of registration of the domain name, is identical or confusingly similar to or dilutive of that mark; or*

*“(III) is a trademark, word, or name protected by reason of section 706 of title 18, United States Code, or section 220506 of title 36, United States Code.*

*“(B)(i) In determining whether a person has a bad faith intent described under subparagraph (A), a court may consider factors such as, but not limited to—*

*“(I) the trademark or other intellectual property rights of the person, if any, in the domain name;*

*“(II) the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person;*

*“(III) the person’s prior use, if any, of the domain name in connection with the bona fide offering of any goods or services;*

*“(IV) the person’s bona fide noncommercial or fair use of the mark in a site accessible under the domain name;*

*“(V) the person’s intent to divert consumers from the mark owner’s online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site;*

*“(VI) the person’s offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for financial gain without having used, or having an intent to use, the domain name in the bona fide offering of any goods or services, or the person’s prior conduct indicating a pattern of such conduct;*

*“(VII) the person’s provision of material and misleading false contact information when applying for the registration of the domain name, the person’s intentional failure to maintain accurate contact information, or the person’s prior conduct indicating a pattern of such conduct;*

*“(VIII) the person’s registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, or dilutive of famous marks of others*

*that are famous at the time of registration of such domain names, without regard to the goods or services of the parties; and*

*“(IX) the extent to which the mark incorporated in the person’s domain name registration is or is not distinctive and famous within the meaning of subsection (c)(1) of section 43.*

*“(ii) Bad faith intent described under subparagraph (A) shall not be found in any case in which the court determines that the person believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful.*

*“(C) In any civil action involving the registration, trafficking, or use of a domain name under this paragraph, a court may order the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark.*

*“(D) A person shall be liable for using a domain name under subparagraph (A) only if that person is the domain name registrant or that registrant’s authorized licensee.*

*“(E) As used in this paragraph, the term ‘traffics in’ refers to transactions that include, but are not limited to, sales, purchases, loans, pledges, licenses, exchanges of cur-*

*rency, and any other transfer for consideration or receipt in exchange for consideration.*

*“(2)(A) The owner of a mark may file an in rem civil action against a domain name in the judicial district in which the domain name registrar, domain name registry, or other domain name authority that registered or assigned the domain name is located if—*

*“(i) the domain name violates any right of the owner of a mark registered in the Patent and Trademark Office, or protected under subsection (a) or (c); and*

*“(ii) the court finds that the owner—*

*“(I) is not able to obtain in personam jurisdiction over a person who would have been a defendant in a civil action under paragraph (1); or*

*“(II) through due diligence was not able to find a person who would have been a defendant in a civil action under paragraph (1) by—*

*“(aa) sending a notice of the alleged violation and intent to proceed under this paragraph to the registrant of the domain name at the postal and e-mail address provided by the registrant to the registrar; and*

*“(bb) publishing notice of the action as the court may direct promptly after filing the action.*

*“(B) The actions under subparagraph (A)(ii) shall constitute service of process.*

*“(C) In an in rem action under this paragraph, a domain name shall be deemed to have its situs in the judicial district in which—*

*“(i) the domain name registrar, registry, or other domain name authority that registered or assigned the domain name is located; or*

*“(ii) documents sufficient to establish control and authority regarding the disposition of the registration and use of the domain name are deposited with the court.*

*“(D)(i) The remedies in an in rem action under this paragraph shall be limited to a court order for the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark. Upon receipt of written notification of a filed, stamped copy of a complaint filed by the owner of a mark in a United States district court under this paragraph, the domain name registrar, domain name registry, or other domain name authority shall—*

“(I) *expeditiously deposit with the court documents sufficient to establish the court’s control and authority regarding the disposition of the registration and use of the domain name to the court; and*

“(II) *not transfer, suspend, or otherwise modify the domain name during the pendency of the action, except upon order of the court.*

“(ii) *The domain name registrar or registry or other domain name authority shall not be liable for injunctive or monetary relief under this paragraph except in the case of bad faith or reckless disregard, which includes a willful failure to comply with any such court order.*

“(3) *The civil action established under paragraph (1) and the in rem action established under paragraph (2), and any remedy available under either such action, shall be in addition to any other civil action or remedy otherwise applicable.*

“(4) *The in rem jurisdiction established under paragraph (2) shall be in addition to any other jurisdiction that otherwise exists, whether in rem or in personam.*”.

(b) *CYBERPIRACY PROTECTIONS FOR INDIVIDUALS.—*

(1) *IN GENERAL.—*

(A) *CIVIL LIABILITY.—Any person who registers a domain name that consists of the name of another living person, or a name substantially*

*and confusingly similar thereto, without that person's consent, with the specific intent to profit from such name by selling the domain name for financial gain to that person or any third party, shall be liable in a civil action by such person.*

*(B) EXCEPTION.—A person who in good faith registers a domain name consisting of the name of another living person, or a name substantially and confusingly similar thereto, shall not be liable under this paragraph if such name is used in, affiliated with, or related to a work of authorship protected under title 17, United States Code, including a work made for hire as defined in section 101 of title 17, United States Code, and if the person registering the domain name is the copyright owner or licensee of the work, the person intends to sell the domain name in conjunction with the lawful exploitation of the work, and such registration is not prohibited by a contract between the registrant and the named person. The exception under this subparagraph shall apply only to a civil action brought under paragraph (1) and shall in no manner limit the protections afforded under the Trademark Act of*

1946 (15 U.S.C. 1051 *et seq.*) or other provision of Federal or State law.

(2) *REMEDIES*.—In any civil action brought under paragraph (1), a court may award injunctive relief, including the forfeiture or cancellation of the domain name or the transfer of the domain name to the plaintiff. The court may also, in its discretion, award costs and attorneys fees to the prevailing party.

(3) *DEFINITION*.—In this subsection, the term “domain name” has the meaning given that term in section 45 of the Trademark Act of 1946 (15 U.S.C. 1127).

(4) *EFFECTIVE DATE*.—This subsection shall apply to domain names registered on or after the date of enactment of this Act.

**SEC. 3003. DAMAGES AND REMEDIES.**

(a) *REMEDIES IN CASES OF DOMAIN NAME PIRACY*.—

(1) *INJUNCTIONS*.—Section 34(a) of the Trademark Act of 1946 (15 U.S.C. 1116(a)) is amended in the first sentence by striking “(a) or (c)” and inserting “(a), (c), or (d)”.

(2) *DAMAGES*.—Section 35(a) of the Trademark Act of 1946 (15 U.S.C. 1117(a)) is amended in the

*first sentence by inserting “, (c), or (d)” after “section 43(a)”.*

*(b) STATUTORY DAMAGES.—Section 35 of the Trademark Act of 1946 (15 U.S.C. 1117) is amended by adding at the end the following:*

*“(d) In a case involving a violation of section 43(d)(1), the plaintiff may elect, at any time before final judgment is rendered by the trial court, to recover, instead of actual damages and profits, an award of statutory damages in the amount of not less than \$1,000 and not more than \$100,000 per domain name, as the court considers just.*

***SEC. 3004. LIMITATION ON LIABILITY.***

*Section 32(2) of the Trademark Act of 1946 (15 U.S.C. 1114) is amended—*

*(1) in the matter preceding subparagraph (A) by striking “under section 43(a)” and inserting “under section 43(a) or (d)”;* and

*(2) by redesignating subparagraph (D) as subparagraph (E) and inserting after subparagraph (C) the following:*

*“(D)(i)(I) A domain name registrar, a domain name registry, or other domain name registration authority that takes any action described under clause (ii) affecting a domain name shall not be liable for*

*monetary relief or, except as provided in subclause (II), for injunctive relief, to any person for such action, regardless of whether the domain name is finally determined to infringe or dilute the mark.*

*“(II) A domain name registrar, domain name registry, or other domain name registration authority described in subclause (I) may be subject to injunctive relief only if such registrar, registry, or other registration authority has—*

*“(aa) not expeditiously deposited with a court, in which an action has been filed regarding the disposition of the domain name, documents sufficient for the court to establish the court’s control and authority regarding the disposition of the registration and use of the domain name;*

*“(bb) transferred, suspended, or otherwise modified the domain name during the pendency of the action, except upon order of the court; or*

*“(cc) willfully failed to comply with any such court order.*

*“(ii) An action referred to under clause (i)(I) is any action of refusing to register, removing from registration, transferring, temporarily disabling, or permanently canceling a domain name—*

*“(I) in compliance with a court order under section 43(d); or*

*“(II) in the implementation of a reasonable policy by such registrar, registry, or authority prohibiting the registration of a domain name that is identical to, confusingly similar to, or dilutive of another’s mark.*

*“(iii) A domain name registrar, a domain name registry, or other domain name registration authority shall not be liable for damages under this section for the registration or maintenance of a domain name for another absent a showing of bad faith intent to profit from such registration or maintenance of the domain name.*

*“(iv) If a registrar, registry, or other registration authority takes an action described under clause (ii) based on a knowing and material misrepresentation by any other person that a domain name is identical to, confusingly similar to, or dilutive of a mark, the person making the knowing and material misrepresentation shall be liable for any damages, including costs and attorney’s fees, incurred by the domain name registrant as a result of such action. The court may also grant injunctive relief to the domain name registrant, including the reactivation of the domain*

*name or the transfer of the domain name to the domain name registrant.*

*“(v) A domain name registrant whose domain name has been suspended, disabled, or transferred under a policy described under clause (ii)(II) may, upon notice to the mark owner, file a civil action to establish that the registration or use of the domain name by such registrant is not unlawful under this Act. The court may grant injunctive relief to the domain name registrant, including the reactivation of the domain name or transfer of the domain name to the domain name registrant.”.*

***SEC. 3005. DEFINITIONS.***

*Section 45 of the Trademark Act of 1946 (15 U.S.C. 1127) is amended by inserting after the undesignated paragraph defining the term “counterfeit” the following:*

*“The term ‘domain name’ means any alphanumeric designation which is registered with or assigned by any domain name registrar, domain name registry, or other domain name registration authority as part of an electronic address on the Internet.*

*“The term ‘Internet’ has the meaning given that term in section 230(f)(1) of the Communications Act of 1934 (47 U.S.C. 230(f)(1)).”.*

**SEC. 3006. STUDY ON ABUSIVE DOMAIN NAME REGISTRATIONS INVOLVING PERSONAL NAMES.**

(a) *IN GENERAL.*—Not later than 180 days after the date of enactment of this Act, the Secretary of Commerce, in consultation with the Patent and Trademark Office and the Federal Election Commission, shall conduct a study and report to Congress with recommendations on guidelines and procedures for resolving disputes involving the registration or use by a person of a domain name that includes the personal name of another person, in whole or in part, or a name confusingly similar thereto, including consideration of and recommendations for—

(1) *protecting personal names from registration by another person as a second level domain name for purposes of selling or otherwise transferring such domain name to such other person or any third party for financial gain;*

(2) *protecting individuals from bad faith uses of their personal names as second level domain names by others with malicious intent to harm the reputation of the individual or the goodwill associated with that individual's name;*

(3) *protecting consumers from the registration and use of domain names that include personal names in the second level domain in manners which are intended or are likely to confuse or deceive the*

*public as to the affiliation, connection, or association of the domain name registrant, or a site accessible under the domain name, with such other person, or as to the origin, sponsorship, or approval of the goods, services, or commercial activities of the domain name registrant;*

*(4) protecting the public from registration of domain names that include the personal names of government officials, official candidates, and potential official candidates for Federal, State, or local political office in the United States, and the use of such domain names in a manner that disrupts the electoral process or the public's ability to access accurate and reliable information regarding such individuals;*

*(5) existing remedies, whether under State law or otherwise, and the extent to which such remedies are sufficient to address the considerations described in paragraphs (1) through (4); and*

*(6) the guidelines, procedures, and policies of the Internet Corporation for Assigned Names and Numbers and the extent to which they address the considerations described in paragraphs (1) through (4).*

*(b) GUIDELINES AND PROCEDURES.—The Secretary of Commerce shall, under its Memorandum of Understanding with the Internet Corporation for Assigned*

*Names and Numbers, collaborate to develop guidelines and procedures for resolving disputes involving the registration or use by a person of a domain name that includes the personal name of another person, in whole or in part, or a name confusingly similar thereto.*

**SEC. 3007. HISTORIC PRESERVATION.**

*Section 101(a)(1)(A) of the National Historic Preservation Act (16 U.S.C. 470a(a)(1)(A)) is amended by adding at the end the following: “Notwithstanding section 43(c) of the Act entitled ‘An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes’, approved July 5, 1946 (commonly known as the ‘Trademark Act of 1946’ (15 U.S.C. 1125(c))), buildings and structures on or eligible for inclusion on the National Register of Historic Places (either individually or as part of a historic district), or designated as an individual landmark or as a contributing building in a historic district by a unit of State or local government, may retain the name historically associated with the building or structure.”.*

**SEC. 3008. SAVINGS CLAUSE.**

*Nothing in this title shall affect any defense available to a defendant under the Trademark Act of 1946 (including any defense under section 43(c)(4) of such Act or relat-*

ing to fair use) or a person’s right of free speech or expression under the first amendment of the United States Constitution.

**SEC. 3009. TECHNICAL AND CONFORMING AMENDMENTS.**

Chapter 85 of title 28, United States Code, is amended as follows:

(1) Section 1338 of title 28, United States Codes, is amended—

(A) in the section heading by striking “**trade-marks**” and inserting “**trade-marks**”;

(B) in subsection (a) by striking “trade-marks” and inserting “trademarks”; and

(C) in subsection (b) by striking “trade-mark” and inserting “trademark”.

(2) The item relating to section 1338 in the table of sections for chapter 85 of title 28, United States Code, is amended by striking “trade-marks” and inserting “trademarks”.

**SEC. 3010. EFFECTIVE DATE.**

Sections 3002(a), 3003, 3004, 3005, and 3008 of this title shall apply to all domain names registered before, on, or after the date of enactment of this Act, except that damages under subsection (a) or (d) of section 35 of the Trademark Act of 1946 (15 U.S.C. 1117), as amended by section

3003 of this title, shall not be available with respect to the registration, trafficking, or use of a domain name that occurs before the date of enactment of this Act.

## **TITLE IV—INVENTOR PROTECTION**

### **SEC. 4001. SHORT TITLE.**

*This title may be cited as the “American Inventors Protection Act of 1999”.*

### **Subtitle A—Inventors’ Rights**

#### **SEC. 4101. SHORT TITLE.**

*This subtitle may be cited as the “Inventors’ Rights Act of 1999”.*

#### **SEC. 4102. INTEGRITY IN INVENTION PROMOTION SERVICES.**

*(a) IN GENERAL.—Chapter 29 of title 35, United States Code, is amended by adding at the end the following new section:*

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

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

*“(1) the total number of inventions evaluated by the invention promoter for commercial potential in the past 5 years, as well as the number of those inven-*

*tions that received positive evaluations, and the number of those inventions that received negative evaluations;*

*“(2) the total number of customers who have contracted with the invention promoter in the past 5 years, not including customers who have purchased trade show services, research, advertising, or other nonmarketing services from the invention promoter, or who have defaulted in their payment to the invention promoter;*

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

*“(4) the total number of customers known by the invention promoter to have received license agreements for their inventions as a direct result of the invention promotion services provided by such invention promoter; and*

*“(5) the names and addresses of all previous invention promotion companies with which the invention promoter or its officers have collectively or individually been affiliated in the previous 10 years.*

*“(b) CIVIL ACTION.—(1) Any customer who enters into a contract with an invention promoter and who is*

*found by a court to have been injured by any material false or fraudulent statement or representation, or any omission of material fact, by that invention promoter (or any agent, employee, director, officer, partner, or independent contractor of such invention promoter), or by the failure of that invention promoter to disclose such information as required under subsection (a), may recover in a civil action against the invention promoter (or the officers, directors, or partners of such invention promoter), in addition to reasonable costs and attorneys' fees—*

*“(A) the amount of actual damages incurred by the customer; or*

*“(B) at the election of the customer at any time before final judgment is rendered, statutory damages in a sum of not more than \$5,000, as the court considers just.*

*“(2) Notwithstanding paragraph (1), in a case where the customer sustains the burden of proof, and the court finds, that the invention promoter intentionally misrepresented or omitted a material fact to such customer, or willfully failed to disclose such information as required under subsection (a), with the purpose of deceiving that customer, the court may increase damages to not more than 3 times the amount awarded, taking into account past complaints made against the invention promoter that resulted in regu-*

*latory sanctions or other corrective actions based on those records compiled by the Commissioner of Patents under subsection (d).*

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

*“(1) a ‘contract for invention promotion services’ means a contract by which an invention promoter undertakes invention promotion services for a customer;*

*“(2) a ‘customer’ is any individual who enters into a contract with an invention promoter for invention promotion services;*

*“(3) the term ‘invention promoter’ means any person, firm, partnership, corporation, or other entity who offers to perform or performs invention promotion services for, or on behalf of, a customer, and who holds itself out through advertising in any mass media as providing such services, but does not include—*

*“(A) any department or agency of the Federal Government or of a State or local government;*

*“(B) any nonprofit, charitable, scientific, or educational organization, qualified under applicable State law or described under section*

170(b)(1)(A) of the Internal Revenue Code of 1986;

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

“(D) any party participating in a transaction involving the sale of the stock or assets of a business; or

“(E) any party who directly engages in the business of retail sales of products or the distribution of products; and

“(4) the term ‘invention promotion services’ means the procurement or attempted procurement for a customer of a firm, corporation, or other entity to develop and market products or services that include the invention of the customer.

“(d) RECORDS OF COMPLAINTS.—

“(1) RELEASE OF COMPLAINTS.—The Commissioner of Patents shall make all complaints received by the Patent and Trademark Office involving invention promoters publicly available, together with any response of the invention promoters. The Commissioner of Patents shall notify the invention promoter

*of a complaint and provide a reasonable opportunity to reply prior to making such complaint publicly available.*

*“(2) REQUEST FOR COMPLAINTS.—The Commissioner of Patents may request complaints relating to invention promotion services from any Federal or State agency and include such complaints in the records maintained under paragraph (1), together with any response of the invention promoters.”.*

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

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

***SEC. 4103. EFFECTIVE DATE.***

*This subtitle and the amendments made by this subtitle shall take effect 60 days after the date of enactment of this Act.*

***Subtitle B—Patent and Trademark  
Fee Fairness***

***SEC. 4201. SHORT TITLE.***

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

***SEC. 4202. ADJUSTMENT OF PATENT FEES.***

*(a) ORIGINAL FILING FEE.—Section 41(a)(1)(A) of title 35, United States Code, relating to the fee for filing*

*an original patent application, is amended by striking “\$760” and inserting “\$690”.*

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

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

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

**SEC. 4203. ADJUSTMENT OF TRADEMARK FEES.**

*Notwithstanding the second sentence of section 31(a) of the Trademark Act of 1946 (15 U.S.C. 111(a)), the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office is authorized in fiscal year 2000 to adjust trademark fees without regard to fluctuations in the Consumer Price Index during the preceding 12 months.*

**SEC. 4204. STUDY ON ALTERNATIVE FEE STRUCTURES.**

*The Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and*

*Trademark Office shall conduct a study of alternative fee structures that could be adopted by the United States Patent and Trademark Office to encourage maximum participation by the inventor community in the United States. The Director shall submit such study to the Committees on the Judiciary of the House of Representatives and the Senate not later than 1 year after the date of enactment of this Act.*

**SEC. 4205. PATENT AND TRADEMARK OFFICE FUNDING.**

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

- (1) by striking “Fees available” and inserting “All fees available”; and*
- (2) by striking “may” and inserting “shall”.*

**SEC. 4206. EFFECTIVE DATE.**

*(a) IN GENERAL.—Except as provided in subsection (b), the amendments made by this subtitle shall take effect on the date of enactment of this Act.*

*(b) SECTION 4202.—The amendments made by section 4202 of this subtitle shall take effect 30 days after the date of enactment of this Act.*

***Subtitle C—First Inventor Defense***

**SEC. 4301. SHORT TITLE.**

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

**SEC. 4302. DEFENSE TO PATENT INFRINGEMENT BASED ON  
EARLIER INVENTOR.**

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

**“§273. Defense to infringement based on earlier inventor**

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

“(1) the terms ‘commercially used’ and ‘commercial use’ mean use of a method in the United States, so long as such use is in connection with an internal commercial use or an actual arm’s-length sale or other arm’s-length commercial transfer of a useful end result, whether or not the subject matter at issue is accessible to or otherwise known to the public, except that the subject matter for which commercial marketing or use is subject to a premarketing regulatory review period during which the safety or efficacy of the subject matter is established, including any period specified in section 156(g), shall be deemed ‘commercially used’ and in ‘commercial use’ during such regulatory review period;

“(2) in the case of activities performed by a nonprofit research laboratory, or nonprofit entity such as a university, research center, or hospital, a use for which the public is the intended beneficiary shall be

*considered to be a use described in paragraph (1), except that the use—*

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

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

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

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

*“(b) DEFENSE TO INFRINGEMENT.—*

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

*subject matter before the effective filing date of such patent.*

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

*“(3) LIMITATIONS AND QUALIFICATIONS OF DEFENSE.—The defense to infringement under this section is subject to the following:*

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

*“(B) DERIVATION.—A person may not assert the defense under this section if the subject matter on which the defense is based was derived from the patentee or persons in privity with the patentee.*

*“(C) NOT A GENERAL LICENSE.—The defense asserted by a person under this section is not a general license under all claims of the patent at issue, but extends only to the specific sub-*

*ject matter claimed in the patent with respect to which the person can assert a defense under this chapter, except that the defense shall also extend to variations in the quantity or volume of use of the claimed subject matter, and to improvements in the claimed subject matter that do not infringe additional specifically claimed subject matter of the patent.*

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

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

*“(6) PERSONAL DEFENSE.—The defense under this section may be asserted only by the person who performed the acts necessary to establish the defense and, except for any transfer to the patent owner, the right to assert the defense shall not be licensed or assigned or transferred to another person except as an ancillary and subordinate part of a good faith assign-*

*ment or transfer for other reasons of the entire enterprise or line of business to which the defense relates.*

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

“(8) *UNSUCCESSFUL ASSERTION OF DEFENSE.*—*If the defense under this section is pleaded by a person who is found to infringe the patent and who subsequently fails to demonstrate a reasonable basis for asserting the defense, the court shall find the case exceptional for the purpose of awarding attorney fees under section 285 of this title.*

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

(b) *CONFORMING AMENDMENT.*—*The table of sections at the beginning of chapter 28 of title 35, United States*

*Code, is amended by adding at the end the following new item:*

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

***SEC. 4303. EFFECTIVE DATE AND APPLICABILITY.***

*This subtitle and the amendments made by this subtitle shall take effect on the date of enactment of this Act, but shall not apply to any action for infringement that is pending on such date of enactment or with respect to any subject matter for which an adjudication of infringement, including a consent judgment, has been made before such date of enactment.*

***Subtitle D—Patent Term Guarantee***

***SEC. 4401. SHORT TITLE.***

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

***SEC. 4402. PATENT TERM GUARANTEE AUTHORITY.***

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

*“(b) ADJUSTMENT OF PATENT TERM.—*

*“(1) PATENT TERM GUARANTEES.—*

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

“(i) provide at least 1 of the notifications under section 132 of this title or a notice of allowance under section 151 of this title not later than 14 months after—

“(I) the date on which an application was filed under section 111(a) of this title; or

“(II) the date on which an international application fulfilled the requirements of section 371 of this title;

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

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

“(iv) issue a patent within 4 months after the date on which the issue fee was

*paid under section 151 and all outstanding requirements were satisfied, the term of the patent shall be extended one day for each day after the end of the period specified in clause (i), (ii), (iii), or (iv), as the case may be, until the action described in such clause is taken.*

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

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

*“(ii) any time consumed by a proceeding under section 135(a), any time consumed by the imposition of an order under section 181, or any time consumed by appellate review by the Board of Patent Appeals and Interferences or by a Federal court; or*

“(iii) any delay in the processing of the application by the United States Patent and Trademark Office requested by the applicant except as permitted by paragraph (3)(C),

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

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

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

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

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

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

“(2) *LIMITATIONS.*—

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

“(B) *DISCLAIMED TERM.*—*No patent the term of which has been disclaimed beyond a specified date may be adjusted under this section beyond the expiration date specified in the disclaimer.*

“(C) *REDUCTION OF PERIOD OF ADJUSTMENT.*—

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

“(ii) *With respect to adjustments to patent term made under the authority of paragraph (1)(B), an applicant shall be deemed to have failed to engage in reasonable efforts to conclude processing or exam-*

*ination of an application for the cumulative total of any periods of time in excess of 3 months that are taken to respond to a notice from the Office making any rejection, objection, argument, or other request, measuring such 3-month period from the date the notice was given or mailed to the applicant.*

*“(iii) The Director shall prescribe regulations establishing the circumstances that constitute a failure of an applicant to engage in reasonable efforts to conclude processing or examination of an application.*

*“(3) PROCEDURES FOR PATENT TERM ADJUSTMENT DETERMINATION.—*

*“(A) The Director shall prescribe regulations establishing procedures for the application for and determination of patent term adjustments under this subsection.*

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

*“(i) make a determination of the period of any patent term adjustment under this subsection, and shall transmit a notice of that determination with the written no-*

*tice of allowance of the application under section 151; and*

*“(ii) provide the applicant one opportunity to request reconsideration of any patent term adjustment determination made by the Director.*

*“(C) The Director shall reinstate all or part of the cumulative period of time of an adjustment under paragraph (2)(C) if the applicant, prior to the issuance of the patent, makes a showing that, in spite of all due care, the applicant was unable to respond within the 3-month period, but in no case shall more than 3 additional months for each such response beyond the original 3-month period be reinstated.*

*“(D) The Director shall proceed to grant the patent after completion of the Director’s determination of a patent term adjustment under the procedures established under this subsection, notwithstanding any appeal taken by the applicant of such determination.*

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

*“(A) An applicant dissatisfied with a determination made by the Director under paragraph*

*(3) shall have remedy by a civil action against the Director filed in the United States District Court for the District of Columbia within 180 days after the grant of the patent. Chapter 7 of title 5 shall apply to such action. Any final judgment resulting in a change to the period of adjustment of the patent term shall be served on the Director, and the Director shall thereafter alter the term of the patent to reflect such change.*

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

*(b) CONFORMING AMENDMENTS.—*

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

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

**SEC. 4403. CONTINUED EXAMINATION OF PATENT APPLICATIONS.**

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

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

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

*“(b) The Director shall prescribe regulations to provide for the continued examination of applications for patent at the request of the applicant. The Director may establish appropriate fees for such continued examination and shall provide a 50 percent reduction in such fees for small entities that qualify for reduced fees under section 41(h)(1) of this title.”.*

**SEC. 4404. TECHNICAL CLARIFICATION.**

*Section 156(a) of title 35, United States Code, is amended in the matter preceding paragraph (1) by inserting “, which shall include any patent term adjustment granted under section 154(b),” after “the original expiration date of the patent”.*

**SEC. 4405. EFFECTIVE DATE.**

*(a) AMENDMENTS MADE BY SECTIONS 4402 AND 4404.—The amendments made by sections 4402 and 4404 shall take effect on the date that is 6 months after the date of enactment of this Act and, except for a design patent application filed under chapter 16 of title 35, United*

*States Code, shall apply to any application filed on or after the date that is 6 months after the date of enactment of this Act.*

*(b) AMENDMENTS MADE BY SECTION 4403.—The amendments made by section 4403—*

*(1) shall take effect on the date that is 6 months after the date of enactment of this Act, and shall apply to all applications filed under section 111(a) of title 35, United States Code, on or after June 8, 1995, and all applications complying with section 371 of title 35, United States Code, that resulted from international applications filed on or after June 8, 1995; and*

*(2) do not apply to applications for design patents under chapter 16 of title 35, United States Code.*

## ***Subtitle E—Domestic Publication of Patent Applications Published Abroad***

### ***SEC. 4501. SHORT TITLE.***

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

### ***SEC. 4502. PUBLICATION.***

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

**“§ 122. Confidential status of applications; publication of patent applications**

“(a) *CONFIDENTIALITY.*—*Except as provided in subsection (b), applications for patents shall be kept in confidence by the Patent and Trademark Office and no information concerning the same given without authority of the applicant or owner unless necessary to carry out the provisions of an Act of Congress or in such special circumstances as may be determined by the Director.*

“(b) *PUBLICATION.*—

“(1) *IN GENERAL.*—(A) *Subject to paragraph (2), each application for a patent shall be published, in accordance with procedures determined by the Director, promptly after the expiration of a period of 18 months from the earliest filing date for which a benefit is sought under this title. At the request of the applicant, an application may be published earlier than the end of such 18-month period.*

“(B) *No information concerning published patent applications shall be made available to the public except as the Director determines.*

“(C) *Notwithstanding any other provision of law, a determination by the Director to release or not to release information concerning a published patent application shall be final and nonreviewable.*

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

“(i) *no longer pending;*

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

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

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

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

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

“(iii) *An applicant who has made a request under clause (i) but who subsequently files, in a foreign country or under a multilateral international agreement specified in clause (i), an application directed to the invention disclosed in the application filed in the Patent and Trademark Office, shall notify*

*the Director of such filing not later than 45 days after the date of the filing of such foreign or international application. A failure of the applicant to provide such notice within the prescribed period shall result in the application being regarded as abandoned, unless it is shown to the satisfaction of the Director that the delay in submitting the notice was unintentional.*

*“(iv) If an applicant rescinds a request made under clause (i) or notifies the Director that an application was filed in a foreign country or under a multilateral international agreement specified in clause (i), the application shall be published in accordance with the provisions of paragraph (1) on or as soon as is practical after the date that is specified in clause (i).*

*“(v) If an applicant has filed applications in one or more foreign countries, directly or through a multilateral international agreement, and such foreign filed applications corresponding to an application filed in the Patent and Trademark Office or the description of the invention in such foreign filed applications is less extensive than the application or description of the invention in the application filed in the Patent and Trademark Office, the applicant may*

*submit a redacted copy of the application filed in the Patent and Trademark Office eliminating any part or description of the invention in such application that is not also contained in any of the corresponding applications filed in a foreign country. The Director may only publish the redacted copy of the application unless the redacted copy of the application is not received within 16 months after the earliest effective filing date for which a benefit is sought under this title. The provisions of section 154(d) shall not apply to a claim if the description of the invention published in the redacted application filed under this clause with respect to the claim does not enable a person skilled in the art to make and use the subject matter of the claim.*

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

*“(d) NATIONAL SECURITY.—No application for patent shall be published under subsection (b)(1) if the publication or disclosure of such invention would be detrimental to the national security. The Director shall establish ap-*

*appropriate procedures to ensure that such applications are promptly identified and the secrecy of such inventions is maintained in accordance with chapter 17 of this title.”.*

*(b) STUDY.—*

*(1) IN GENERAL.—The Comptroller General shall conduct a 3-year study of the applicants who file only in the United States on or after the effective date of this subtitle and shall provide the results of such study to the Judiciary Committees of the House of Representatives and the Senate.*

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

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

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

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

*(D) examine the status of the entity seeking an application and any correlation that may exist between such status and the publication of patent applications; and*

*(E) examine the abandonment/issuance ratios and length of application pendency before patent issuance or abandonment for published versus unpublished applications.*

**SEC. 4503. TIME FOR CLAIMING BENEFIT OF EARLIER FILING DATE.**

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

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

*“(2) The Director may consider the failure of the applicant to file a timely claim for priority as a waiver of any such claim. The Director may establish procedures, including the payment of a surcharge, to accept an unintentionally delayed claim under this section.*

*“(3) The Director may require a certified copy of the original foreign application, specification, and drawings upon which it is based, a translation if not in the English language, and such other information as the Director con-*

*siders necessary. Any such certification shall be made by the foreign intellectual property authority in which the foreign application was filed and show the date of the application and of the filing of the specification and other papers.”.*

*(b) IN THE UNITED STATES.—*

*(1) IN GENERAL.—Section 120 of title 35, United States Code, is amended by adding at the end the following: “No application shall be entitled to the benefit of an earlier filed application under this section unless an amendment containing the specific reference to the earlier filed application is submitted at such time during the pendency of the application as required by the Director. The Director may consider the failure to submit such an amendment within that time period as a waiver of any benefit under this section. The Director may establish procedures, including the payment of a surcharge, to accept an unintentionally delayed submission of an amendment under this section.”.*

*(2) RIGHT OF PRIORITY.—Section 119(e)(1) of title 35, United States Code, is amended by adding at the end the following: “No application shall be entitled to the benefit of an earlier filed provisional application under this subsection unless an amendment*

*containing the specific reference to the earlier filed provisional application is submitted at such time during the pendency of the application as required by the Director. The Director may consider the failure to submit such an amendment within that time period as a waiver of any benefit under this subsection. The Director may establish procedures, including the payment of a surcharge, to accept an unintentionally delayed submission of an amendment under this subsection during the pendency of the application.”.*

**SEC. 4504. PROVISIONAL RIGHTS.**

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

*(1) in the section caption by inserting “; **provisional rights**” after “**patent**”; and*

*(2) by adding at the end the following new subsection:*

*“(d) PROVISIONAL RIGHTS.—*

*“(1) IN GENERAL.—In addition to other rights provided by this section, a patent shall include the right to obtain a reasonable royalty from any person who, during the period beginning on the date of publication of the application for such patent under section 122(b), or in the case of an international application filed under the treaty defined in section 351(a)*

*designating the United States under Article 21(2)(a) of such treaty, the date of publication of the application, and ending on the date the patent is issued—*

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

*“(i) if the invention as claimed in the published patent application is a process, uses, offers for sale, or sells in the United States or imports into the United States products made by that process as claimed in the published patent application; and*

*“(B) had actual notice of the published patent application and, in a case in which the right arising under this paragraph is based upon an international application designating the United States that is published in a language other than English, had a translation of the international application into the English language.*

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

*in the patent is substantially identical to the invention as claimed in the published patent application.*

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

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

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

“(B) COPIES.—The Director may require the applicant to provide a copy of the international application and a translation thereof.”.

**SEC. 4505. PRIOR ART EFFECT OF PUBLISHED APPLICATIONS.**

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

“(e) The invention was described in—

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

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

**SEC. 4506. COST RECOVERY FOR PUBLICATION.**

*The Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office shall recover the cost of early publication required by the amendment made by section 4502 by charging a separate publication fee after notice of allowance is given under section 151 of title 35, United States Code.*

**SEC. 4507. CONFORMING AMENDMENTS.**

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

*(1) Section 11 is amended in paragraph 1 of subsection (a) by inserting “and published applications for patents” after “Patents”.*

*(2) Section 12 is amended—*

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

*(B) by inserting “and published applications for patents” after “patents”.*

*(3) Section 13 is amended—*

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

*(B) by inserting “and published applications for patents” after “patents”.*

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

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

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

(7) *Section 181 is amended—*

*(A) in the first undesignated paragraph—*

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

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

*(B) in the second undesignated paragraph by inserting “by the publication of an application or” after “disclosure of an invention”;*

*(C) in the third undesignated paragraph—*

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

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

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

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

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

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

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

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

(11) Section 135(b) is amended—

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

(B) by adding at the end the following:

“(2) A claim which is the same as, or for the same or substantially the same subject matter as, a claim of an application published under section 122(b) of this title

*may be made in an application filed after the application is published only if the claim is made before 1 year after the date on which the application is published.”.*

**SEC. 4508. EFFECTIVE DATE.**

*Sections 4502 through 4507, and the amendments made by such sections, shall take effect on the date that is 1 year after the date of enactment of this Act and shall apply to all applications filed under section 111 of title 35, United States Code, on or after that date, and all applications complying with section 371 of title 35, United States Code, that resulted from international applications filed on or after that date. The amendments made by sections 4504 and 4505 shall apply to any such application voluntarily published by the applicant under procedures established under this subtitle that is pending on the date that is 1 year after the date of enactment of this Act. The amendment made by section 4504 shall also apply to international applications designating the United States that are filed on or after the date that is 1 year after the date of enactment of this Act.*

***Subtitle F—Optional Inter Partes  
Reexamination Procedure***

**SEC. 4601. SHORT TITLE.**

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

**SEC. 4602. EX PARTE REEXAMINATION OF PATENTS.**

*The chapter heading for chapter 30 of title 35, United States Code, is amended by inserting “**EX PARTE**” before “**REEXAMINATION OF PATENTS**”.*

**SEC. 4603. DEFINITIONS.**

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

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

**SEC. 4604. OPTIONAL INTER PARTES REEXAMINATION PROCEDURES.**

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

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

*“Sec.*

*“311. Request for inter partes reexamination.*

*“312. Determination of issue by Director.*

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

*“314. Conduct of inter partes reexamination proceedings.*

*“315. Appeal.*

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

*“317. Inter partes reexamination prohibited.*

*“318. Stay of litigation.*

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

*“(a) IN GENERAL.—Any person at any time may file a request for inter partes reexamination by the Office of*

*a patent on the basis of any prior art cited under the provisions of section 301.*

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

*“(1) be in writing, include the identity of the real party in interest, and be accompanied by payment of an inter partes reexamination fee established by the Director under section 41; and*

*“(2) set forth the pertinency and manner of applying cited prior art to every claim for which reexamination is requested.*

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

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

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

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

“(c) *FINAL DECISION*.—A determination by the Director under subsection (a) shall be final and non-appealable. Upon a determination that no substantial new question of patentability has been raised, the Director may refund a portion of the inter partes reexamination fee required under section 311.

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

“If, in a determination made under section 312(a), the Director finds that a substantial new question of patentability affecting a claim of a patent is raised, the determination shall include an order for inter partes reexamination of the patent for resolution of the question. The order may be accompanied by the initial action of the Patent and Trademark Office on the merits of the inter partes reexamination conducted in accordance with section 314.

**“§ 314. Conduct of inter partes reexamination proceedings**

“(a) *IN GENERAL*.—Except as otherwise provided in this section, reexamination shall be conducted according to the procedures established for initial examination under

*the provisions of sections 132 and 133. In any inter partes reexamination proceeding under this chapter, the patent owner shall be permitted to propose any amendment to the patent and a new claim or claims, except that no proposed amended or new claim enlarging the scope of the claims of the patent shall be permitted.*

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

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

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

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

**“§ 315. Appeal**

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

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

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

“(b) *THIRD-PARTY REQUESTER.*—A third-party requester may—

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

“(2) be a party to any appeal taken by the patent owner under the provisions of section 134, subject to subsection (c).

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

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

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

“(b) *AMENDED OR NEW CLAIM.*—Any proposed amended or new claim determined to be patentable and in-

*corporated into a patent following an inter partes reexamination proceeding shall have the same effect as that specified in section 252 of this title for reissued patents on the right of any person who made, purchased, or used within the United States, or imported into the United States, anything patented by such proposed amended or new claim, or who made substantial preparation therefor, prior to issuance of a certificate under the provisions of subsection (a) of this section.*

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

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

*“(b) FINAL DECISION.—Once a final decision has been entered against a party in a civil action arising in whole or in part under section 1338 of title 28 that the party has not sustained its burden of proving the invalidity of any patent claim in suit or if a final decision in an inter partes reexamination proceeding instituted by*

*a third-party requester is favorable to the patentability of any original or proposed amended or new claim of the patent, then neither that party nor its privies may thereafter request an inter partes reexamination of any such patent claim on the basis of issues which that party or its privies raised or could have raised in such civil action or inter partes reexamination proceeding, and an inter partes reexamination requested by that party or its privies on the basis of such issues may not thereafter be maintained by the Office, notwithstanding any other provision of this chapter. This subsection does not prevent the assertion of invalidity based on newly discovered prior art unavailable to the third-party requester and the Patent and Trademark Office at the time of the inter partes reexamination proceedings.*

**“§ 318. Stay of litigation**

*“Once an order for inter partes reexamination of a patent has been issued under section 313, the patent owner may obtain a stay of any pending litigation which involves an issue of patentability of any claims of the patent which are the subject of the inter partes reexamination order, unless the court before which such litigation is pending determines that a stay would not serve the interests of justice.”.*

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

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

**SEC. 4605. CONFORMING AMENDMENTS.**

(a) *PATENT FEES; PATENT SEARCH SYSTEMS.*—Section 41(a)(7) of title 35, United States Code, is amended to read as follows:

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

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

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

“(a) *PATENT APPLICANT.*—An applicant for a patent, any of whose claims has been twice rejected, may appeal

*from the decision of the administrative patent judge to the Board of Patent Appeals and Interferences, having once paid the fee for such appeal.*

*“(b) PATENT OWNER.—A patent owner in any reexamination proceeding may appeal from the final rejection of any claim by the administrative patent judge to the Board of Patent Appeals and Interferences, having once paid the fee for such appeal.*

*“(c) THIRD-PARTY.—A third-party requester in an inter partes proceeding may appeal to the Board of Patent Appeals and Interferences from the final decision of the administrative patent judge favorable to the patentability of any original or proposed amended or new claim of a patent, having once paid the fee for such appeal. The third-party requester may not appeal the decision of the Board of Patent Appeals and Interferences.”.*

*(c) APPEAL TO COURT OF APPEALS FOR THE FEDERAL CIRCUIT.—Section 141 of title 35, United States Code, is amended by adding the following after the second sentence: “A patent owner in any reexamination proceeding dissatisfied with the final decision in an appeal to the Board of Patent Appeals and Interferences under section 134 may appeal the decision only to the United States Court of Appeals for the Federal Circuit.”.*

(d) *PROCEEDINGS ON APPEAL.*—Section 143 of title 35, United States Code, is amended by amending the third sentence to read as follows: “In any reexamination case, the Director shall submit to the court in writing the grounds for the decision of the Patent and Trademark Office, addressing all the issues involved in the appeal.”.

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

**SEC. 4606. REPORT TO CONGRESS.**

Not later than 5 years after the date of the enactment of this Act, the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office shall submit to the Congress a report evaluating whether the *inter partes* reexamination proceedings established under the amendments made by this subtitle are inequitable to any of the parties in interest and, if so, the report shall contain recommendations for changes to the amendments made by this subtitle to remove such inequity.

**SEC. 4607. ESTOPPEL EFFECT OF REEXAMINATION.**

Any party who requests an *inter partes* reexamination under section 311 of title 35, United States Code, is estopped from challenging at a later time, in any civil action, any fact determined during the process of such reex-

*amination, except with respect to a fact determination later proved to be erroneous based on information unavailable at the time of the inter partes reexamination decision. If this section is held to be unenforceable, the enforceability of the remainder of this subtitle or of this title shall not be denied as a result.*

**SEC. 4608. EFFECTIVE DATE.**

*(a) IN GENERAL.—Subject to subsection (b), this subtitle and the amendments made by this subtitle shall take effect on the date of enactment of this Act and shall apply to any patent that issues from an original application filed in the United States on or after that date.*

*(b) SECTION 4605(a).—The amendments made by section 4605(a) shall take effect on the date that is 1 year after the date of enactment of this Act.*

***Subtitle G—Patent and Trademark  
Office***

**SEC. 4701. SHORT TITLE.**

*This subtitle may be cited as the “Patent and Trademark Office Efficiency Act”.*

**CHAPTER 1—UNITED STATES PATENT AND  
TRADEMARK OFFICE**

**SEC. 4711. ESTABLISHMENT OF PATENT AND TRADEMARK  
OFFICE.**

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

**“§ 1. Establishment**

*“(a) ESTABLISHMENT.—The United States Patent and Trademark Office is established as an agency of the United States, within the Department of Commerce. In carrying out its functions, the United States Patent and Trademark Office shall be subject to the policy direction of the Secretary of Commerce, but otherwise shall retain responsibility for decisions regarding the management and administration of its operations and shall exercise independent control of its budget allocations and expenditures, personnel decisions and processes, procurements, and other administrative and management functions in accordance with this title and applicable provisions of law. Those operations designed to grant and issue patents and those operations which are designed to facilitate the registration of trademarks shall be treated as separate operating units within the Office.*

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

*ropolitan Washington, DC, area, for the service of process and papers and for the purpose of carrying out its functions. The United States Patent and Trademark Office shall be deemed, for purposes of venue in civil actions, to be a resident of the district in which its principal office is located, except where jurisdiction is otherwise provided by law. The United States Patent and Trademark Office may establish satellite offices in such other places in the United States as it considers necessary and appropriate in the conduct of its business.*

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

***SEC. 4712. POWERS AND DUTIES.***

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

***“§ 2. Powers and duties***

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

*“(1) shall be responsible for the granting and issuing of patents and the registration of trademarks; and*

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

*“(b) SPECIFIC POWERS.—The Office—*

*“(1) shall adopt and use a seal of the Office, which shall be judicially noticed and with which letters patent, certificates of trademark registrations, and papers issued by the Office shall be authenticated;*

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

*“(A) shall govern the conduct of proceedings in the Office;*

*“(B) shall be made in accordance with section 553 of title 5;*

*“(C) shall facilitate and expedite the processing of patent applications, particularly those which can be filed, stored, processed, searched, and retrieved electronically, subject to the provisions of section 122 relating to the confidential status of applications;*

*“(D) may govern the recognition and conduct of agents, attorneys, or other persons representing applicants or other parties before the Office, and may require them, before being recognized as representatives of applicants or other*

*persons, to show that they are of good moral character and reputation and are possessed of the necessary qualifications to render to applicants or other persons valuable service, advice, and assistance in the presentation or prosecution of their applications or other business before the Office;*

*“(E) shall recognize the public interest in continuing to safeguard broad access to the United States patent system through the reduced fee structure for small entities under section 41(h)(1) of this title; and*

*“(F) provide for the development of a performance-based process that includes quantitative and qualitative measures and standards for evaluating cost-effectiveness and is consistent with the principles of impartiality and competitiveness;*

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

*“(4)(A) may make such purchases, contracts for the construction, maintenance, or management and*

*operation of facilities, and contracts for supplies or services, without regard to the provisions of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.), the Public Buildings Act (40 U.S.C. 601 et seq.), and the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11301 et seq.); and*

*“(B) may enter into and perform such purchases and contracts for printing services, including the process of composition, platemaking, presswork, silk screen processes, binding, microform, and the products of such processes, as it considers necessary to carry out the functions of the Office, without regard to sections 501 through 517 and 1101 through 1123 of title 44;*

*“(5) may use, with their consent, services, equipment, personnel, and facilities of other departments, agencies, and instrumentalities of the Federal Government, on a reimbursable basis, and cooperate with such other departments, agencies, and instrumentalities in the establishment and use of services, equipment, and facilities of the Office;*

*“(6) may, when the Director determines that it is practicable, efficient, and cost-effective to do so, use, with the consent of the United States and the agency,*

*instrumentality, patent and trademark office, or international organization concerned, the services, records, facilities, or personnel of any State or local government agency or instrumentality or foreign patent and trademark office or international organization to perform functions on its behalf;*

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

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

*“(9) shall advise Federal departments and agencies on matters of intellectual property policy in the United States and intellectual property protection in other countries;*

*“(10) shall provide guidance, as appropriate, with respect to proposals by agencies to assist foreign governments and international intergovernmental organizations on matters of intellectual property protection;*

*“(11) may conduct programs, studies, or exchanges of items or services regarding domestic and international intellectual property law and the effec-*

*tiveness of intellectual property protection domestically and throughout the world;*

*“(12)(A) shall advise the Secretary of Commerce on programs and studies relating to intellectual property policy that are conducted, or authorized to be conducted, cooperatively with foreign intellectual property offices and international intergovernmental organizations; and*

*“(B) may conduct programs and studies described in subparagraph (A); and*

*“(13)(A) in coordination with the Department of State, may conduct programs and studies cooperatively with foreign intellectual property offices and international intergovernmental organizations; and*

*“(B) with the concurrence of the Secretary of State, may authorize the transfer of not to exceed \$100,000 in any year to the Department of State for the purpose of making special payments to international intergovernmental organizations for studies and programs for advancing international cooperation concerning patents, trademarks, and other matters.*

*“(c) CLARIFICATION OF SPECIFIC POWERS.—(1) The special payments under subsection (b)(13)(B) shall be in addition to any other payments or contributions to inter-*

*national organizations described in subsection (b)(13)(B) and shall not be subject to any limitations imposed by law on the amounts of such other payments or contributions by the United States Government.*

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

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

*“(4) In exercising the Director’s powers under paragraphs (3) and (4)(A) of subsection (b), the Director shall consult with the Administrator of General Services.*

*“(5) In exercising the Director’s powers and duties under this section, the Director shall consult with the Register of Copyrights on all copyright and related matters.*

*“(d) CONSTRUCTION.—Nothing in this section shall be construed to nullify, void, cancel, or interrupt any pending request-for-proposal let or contract issued by the General Services Administration for the specific purpose of relocating or leasing space to the United States Patent and Trademark Office.”.*

**SEC. 4713. ORGANIZATION AND MANAGEMENT.**

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

**“§ 3. Officers and employees**

*“(a) UNDER SECRETARY AND DIRECTOR.—*

*“(1) IN GENERAL.—The powers and duties of the United States Patent and Trademark Office shall be vested in an Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office (in this title referred to as the ‘Director’), who shall be a citizen of the United States and who shall be appointed by the President, by and with the advice and consent of the Senate. The Director shall be a person who has a professional background and experience in patent or trademark law.*

*“(2) DUTIES.—*

*“(A) IN GENERAL.—The Director shall be responsible for providing policy direction and management supervision for the Office and for the issuance of patents and the registration of trademarks. The Director shall perform these duties in a fair, impartial, and equitable manner.*

*“(B) CONSULTING WITH THE PUBLIC ADVISORY COMMITTEES.—The Director shall consult with the Patent Public Advisory Committee es-*

*tablished in section 5 on a regular basis on matters relating to the patent operations of the Office, shall consult with the Trademark Public Advisory Committee established in section 5 on a regular basis on matters relating to the trademark operations of the Office, and shall consult with the respective Public Advisory Committee before submitting budgetary proposals to the Office of Management and Budget or changing or proposing to change patent or trademark user fees or patent or trademark regulations which are subject to the requirement to provide notice and opportunity for public comment under section 553 of title 5, as the case may be.*

*“(3) OATH.—The Director shall, before taking of-  
fice, take an oath to discharge faithfully the duties of  
the Office.*

*“(4) REMOVAL.—The Director may be removed  
from office by the President. The President shall pro-  
vide notification of any such removal to both Houses  
of Congress.*

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

*“(1) DEPUTY UNDER SECRETARY AND DEPUTY  
DIRECTOR.—The Secretary of Commerce, upon nomi-  
nation by the Director, shall appoint a Deputy Under*

*Secretary of Commerce for Intellectual Property and Deputy Director of the United States Patent and Trademark Office who shall be vested with the authority to act in the capacity of the Director in the event of the absence or incapacity of the Director. The Deputy Director shall be a citizen of the United States who has a professional background and experience in patent or trademark law.*

“(2) COMMISSIONERS.—

“(A) APPOINTMENT AND DUTIES.—*The Secretary of Commerce shall appoint a Commissioner for Patents and a Commissioner for Trademarks, without regard to chapter 33, 51, or 53 of title 5. The Commissioner for Patents shall be a citizen of the United States with demonstrated management ability and professional background and experience in patent law and serve for a term of 5 years. The Commissioner for Trademarks shall be a citizen of the United States with demonstrated management ability and professional background and experience in trademark law and serve for a term of 5 years. The Commissioner for Patents and the Commissioner for Trademarks shall serve as the chief operating officers for the operations of the Office re-*

*lating to patents and trademarks, respectively, and shall be responsible for the management and direction of all aspects of the activities of the Office that affect the administration of patent and trademark operations, respectively. The Secretary may reappoint a Commissioner to subsequent terms of 5 years as long as the performance of the Commissioner as set forth in the performance agreement in subparagraph (B) is satisfactory.*

*“(B) SALARY AND PERFORMANCE AGREEMENT.—The Commissioners shall be paid an annual rate of basic pay not to exceed the maximum rate of basic pay for the Senior Executive Service established under section 5382 of title 5, including any applicable locality-based comparability payment that may be authorized under section 5304(h)(2)(C) of title 5. The compensation of the Commissioners shall be considered, for purposes of section 207(c)(2)(A) of title 18, to be the equivalent of that described under clause (ii) of section 207(c)(2)(A) of title 18. In addition, the Commissioners may receive a bonus in an amount of up to, but not in excess of, 50 percent of the Commissioners’ annual rate of*

*basic pay, based upon an evaluation by the Secretary of Commerce, acting through the Director, of the Commissioners' performance as defined in an annual performance agreement between the Commissioners and the Secretary. The annual performance agreements shall incorporate measurable organization and individual goals in key operational areas as delineated in an annual performance plan agreed to by the Commissioners and the Secretary. Payment of a bonus under this subparagraph may be made to the Commissioners only to the extent that such payment does not cause the Commissioners' total aggregate compensation in a calendar year to equal or exceed the amount of the salary of the Vice President under section 104 of title 3.*

*“(C) REMOVAL.—The Commissioners may be removed from office by the Secretary for misconduct or nonsatisfactory performance under the performance agreement described in subparagraph (B), without regard to the provisions of title 5. The Secretary shall provide notification of any such removal to both Houses of Congress.*

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

*“(A) appoint such officers, employees (including attorneys), and agents of the Office as the Director considers necessary to carry out the functions of the Office; and*

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

*The Office shall not be subject to any administratively or statutorily imposed limitation on positions or personnel, and no positions or personnel of the Office shall be taken into account for purposes of applying any such limitation.*

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

*“(5) NATIONAL SECURITY POSITIONS.—The Director, in consultation with the Director of the Office of Personnel Management, shall maintain a program for identifying national security positions and providing for appropriate security clearances, in order to maintain the secrecy of certain inventions, as de-*

*scribed in section 181, and to prevent disclosure of sensitive and strategic information in the interest of national security.*

*“(c) CONTINUED APPLICABILITY OF TITLE 5.—Officers and employees of the Office shall be subject to the provisions of title 5 relating to Federal employees.*

*“(d) ADOPTION OF EXISTING LABOR AGREEMENTS.—The Office shall adopt all labor agreements which are in effect, as of the day before the effective date of the Patent and Trademark Office Efficiency Act, with respect to such Office (as then in effect).*

*“(e) CARRYOVER OF PERSONNEL.—*

*“(1) FROM PTO.—Effective as of the effective date of the Patent and Trademark Office Efficiency Act, all officers and employees of the Patent and Trademark Office on the day before such effective date shall become officers and employees of the Office, without a break in service.*

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

“(A) such individual serves in a position for which a major function is the performance of work reimbursed by the Patent and Trademark Office, as determined by the Secretary of Commerce;

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

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

*Any transfer under this paragraph shall be effective as of the same effective date as referred to in paragraph (1), and shall be made without a break in service.*

“(f) *TRANSITION PROVISIONS.—*

“(1) *INTERIM APPOINTMENT OF DIRECTOR.—On or after the effective date of the Patent and Trademark Office Efficiency Act, the President shall appoint an individual to serve as the Director until the date on which a Director qualifies under subsection (a). The President shall not make more than one such appointment under this subsection.*

“(2) *CONTINUATION IN OFFICE OF CERTAIN OFFICERS.*—(A) *The individual serving as the Assistant Commissioner for Patents on the day before the effective date of the Patent and Trademark Office Efficiency Act may serve as the Commissioner for Patents until the date on which a Commissioner for Patents is appointed under subsection (b).*

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

**SEC. 4714. PUBLIC ADVISORY COMMITTEES.**

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

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

“(a) *ESTABLISHMENT OF PUBLIC ADVISORY COMMITTEES.*—

“(1) *APPOINTMENT.*—*The United States Patent and Trademark Office shall have a Patent Public Advisory Committee and a Trademark Public Advisory Committee, each of which shall have nine voting members who shall be appointed by the Secretary of*

*Commerce and serve at the pleasure of the Secretary of Commerce. Members of each Public Advisory Committee shall be appointed for a term of 3 years, except that of the members first appointed, three shall be appointed for a term of 1 year, and three shall be appointed for a term of 2 years. In making appointments to each Committee, the Secretary of Commerce shall consider the risk of loss of competitive advantage in international commerce or other harm to United States companies as a result of such appointments.*

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

*“(3) TIMING OF APPOINTMENTS.—Initial appointments to each Advisory Committee shall be made within 3 months after the effective date of the Patent and Trademark Office Efficiency Act. Vacancies shall be filled within 3 months after they occur.*

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

*“(1) shall be citizens of the United States who shall be chosen so as to represent the interests of diverse users of the United States Patent and Trademark Office with respect to patents, in the case of the Patent Public Advisory Committee, and with respect*

*to trademarks, in the case of the Trademark Public Advisory Committee;*

*“(2) shall include members who represent small and large entity applicants located in the United States in proportion to the number of applications filed by such applicants, but in no case shall members who represent small entity patent applicants, including small business concerns, independent inventors, and nonprofit organizations, constitute less than 25 percent of the members of the Patent Public Advisory Committee, and such members shall include at least one independent inventor; and*

*“(3) shall include individuals with substantial background and achievement in finance, management, labor relations, science, technology, and office automation.*

*In addition to the voting members, each Advisory Committee shall include a representative of each labor organization recognized by the United States Patent and Trademark Office. Such representatives shall be nonvoting members of the Advisory Committee to which they are appointed.*

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

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

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

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

*“(A) prepare an annual report on the matters referred to in paragraph (1);*

*“(B) transmit the report to the Secretary of Commerce, the President, and the Committees on the Judiciary of the Senate and the House of Representatives; and*

*“(C) publish the report in the Official Gazette of the United States Patent and Trademark Office.*

*“(e) COMPENSATION.—Each member of each Advisory Committee shall be compensated for each day (including travel time) during which such member is attending meetings or conferences of that Advisory Committee or otherwise engaged in the business of that Advisory Committee, at the rate which is the daily equivalent of the annual rate*

*of basic pay in effect for level III of the Executive Schedule under section 5314 of title 5. While away from such member's home or regular place of business such member shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code.*

*“(f) ACCESS TO INFORMATION.—Members of each Advisory Committee shall be provided access to records and information in the United States Patent and Trademark Office, except for personnel or other privileged information and information concerning patent applications required to be kept in confidence by section 122.*

*“(g) APPLICABILITY OF CERTAIN ETHICS LAWS.—Members of each Advisory Committee shall be special Government employees within the meaning of section 202 of title 18.*

*“(h) INAPPLICABILITY OF FEDERAL ADVISORY COMMITTEE ACT.—The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to each Advisory Committee.*

*“(i) OPEN MEETINGS.—The meetings of each Advisory Committee shall be open to the public, except that each Advisory Committee may by majority vote meet in executive session when considering personnel or other confidential information.”.*

**SEC. 4715. CONFORMING AMENDMENTS.**

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

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

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

**SEC. 4716. TRADEMARK TRIAL AND APPEAL BOARD.**

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

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

“(b) The Trademark Trial and Appeal Board shall include the Director, the Commissioner for Patents, the Commissioner for Trademarks, and administrative trademark judges who are appointed by the Director.”

**SEC. 4717. BOARD OF PATENT APPEALS AND INTERFERENCES.**

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

*(1) by striking section 7 and redesignating sections 8 through 14 as sections 7 through 13, respectively; and*

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

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

*“(a) ESTABLISHMENT AND COMPOSITION.—There shall be in the United States Patent and Trademark Office a Board of Patent Appeals and Interferences. The Director, the Commissioner for Patents, the Commissioner for Trademarks, and the administrative patent judges shall constitute the Board. The administrative patent judges shall be persons of competent legal knowledge and scientific ability who are appointed by the Director.*

*“(b) DUTIES.—The Board of Patent Appeals and Interferences shall, on written appeal of an applicant, review adverse decisions of examiners upon applications for patents and shall determine priority and patentability of invention in interferences declared under section 135(a). Each appeal and interference shall be heard by at least 3 members of the Board, who shall be designated by the Director. Only the Board of Patent Appeals and Interferences may grant rehearings.”.*

**SEC. 4718. ANNUAL REPORT OF DIRECTOR.**

*Section 13 of title 35, United States Code, as redesignated by section 4717 of this subtitle, is amended to read as follows:*

**“§ 13. Annual report to Congress**

*“The Director shall report to the Congress, not later than 180 days after the end of each fiscal year, the moneys received and expended by the Office, the purposes for which the moneys were spent, the quality and quantity of the work of the Office, the nature of training provided to examiners, the evaluation of the Commissioner of Patents and the Commissioner of Trademarks by the Secretary of Commerce, the compensation of the Commissioners, and other information relating to the Office.”.*

**SEC. 4719. SUSPENSION OR EXCLUSION FROM PRACTICE.**

*Section 32 of title 35, United States Code, is amended by inserting before the last sentence the following: “The Director shall have the discretion to designate any attorney who is an officer or employee of the United States Patent and Trademark Office to conduct the hearing required by this section.”.*

**SEC. 4720. PAY OF DIRECTOR AND DEPUTY DIRECTOR.**

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

*“Assistant Secretary of Commerce and Commissioner of Patents and Trademarks.”.*

and inserting:

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

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

*“Deputy Under Secretary of Commerce for Intellectual Property and Deputy Director of the United States Patent and Trademark Office.”.*

## **CHAPTER 2—EFFECTIVE DATE; TECHNICAL AMENDMENTS**

### **SEC. 4731. EFFECTIVE DATE.**

*This subtitle and the amendments made by this subtitle shall take effect 4 months after the date of enactment of this Act.*

### **SEC. 4732. TECHNICAL AND CONFORMING AMENDMENTS.**

*(a) AMENDMENTS TO TITLE 35.—*

*(1) The item relating to part I in the table of parts for chapter 35, United States Code, is amended to read as follows:*

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

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

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

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

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

*(4) The table of sections for chapter 1 of title 35, United States Code, is amended to read as follows:*

**“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 Committees.

“ 6. Board of Patent Appeals and Interferences.

“ 7. Library.

“ 8. Classification of patents.

“ 9. Certified copies of records.

“10. Publications.

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

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

“13. Annual report to Congress.”.

*(5) Section 41(h) of title 35, United States Code, is amended by striking “Commissioner of Patents and Trademarks” and inserting “Director”.*

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

(7) Section 155A(c) of title 35, United States Code, is amended by striking “Commissioner of Patents and Trademarks” and inserting “Director”.

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

(9)(A) Section 303 of title 35, United States Code, is amended—

(i) in the section heading by striking “**Commissioner**” and inserting “**Director**”;  
and

(ii) by striking “Commissioner’s” and inserting “Director’s”.

(B) The item relating to section 303 in the table of sections for chapter 30 of title 35, United States Code, is amended by striking “Commissioner” and inserting “Director”.

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

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

(11) *Section 157(d) of title 35, United States Code, is amended by striking “Secretary of Commerce” and inserting “Director”.*

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

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

*and*

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

*(b) OTHER PROVISIONS OF LAW.—*

*(1)(A) Section 45 of the Act of July 5, 1946 (commonly referred to as the “Trademark Act of 1946”; 15 U.S.C. 1127), is amended by striking “The term ‘Commissioner’ means the Commissioner of Patents and Trademarks.’ and inserting “The term ‘Director’ means the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.”.*

*(B) The Act of July 5, 1946 (commonly referred to as the “Trademark Act of 1946”; 15 U.S.C. 1051 and following), except for section 17, as amended by 4716 of this subtitle, is amended by striking “Commissioner” each place it appears and inserting “Director”.*

(C) Sections 8(e) and 9(b) of the Trademark Act of 1946 are each amended by striking “Commissioner” and inserting “Director”.

(2) Section 500(e) of title 5, United States Code, is amended by striking “Patent Office” and inserting “United States Patent and Trademark Office”.

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

“(23) administrative patent judges and designated administrative patent judges in the United States Patent and Trademark Office;”.

(4) Section 5316 of title 5, United States Code (5 U.S.C. 5316) is amended by striking “Commissioner of Patents, Department of Commerce.”, “Deputy Commissioner of Patents and Trademarks.”, “Assistant Commissioner for Patents.”, and “Assistant Commissioner for Trademarks.”.

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

“(B) the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office; and”.

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

(A) by striking “(d) Patent and Trademark Office;” and inserting:

“(4) United States Patent and Trademark Office”; and

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

(7) Section 19 of the Tennessee Valley Authority Act of 1933 (16 U.S.C. 831r) is amended—

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

(B) by striking “Commissioner of Patents” and inserting “Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office”.

(8) Section 182(b)(2)(A) of the Trade Act of 1974 (19 U.S.C. 2242(b)(2)(A)) is amended by striking “Commissioner of Patents and Trademarks” and inserting “Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office”.

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

ing “Commissioner of Patents and Trademarks” and inserting “Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office”.

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

(11) *Sections 505(m) and 512(o) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355(m) and 360b(o)) are each amended by striking “Patent and Trademark Office of the Department of Commerce” and inserting “United States Patent and Trademark Office”.*

(12) *Section 702(d) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 372(d)) is amended by striking “Commissioner of Patents” and inserting “Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office” and by striking “Commissioner” and inserting “Director”.*

(13) *Section 105(e) of the Federal Alcohol Administration Act (27 U.S.C. 205(e)) is amended by striking “United States Patent Office” and inserting “United States Patent and Trademark Office”.*

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

(A) *in subparagraph (A) by inserting “United States” before “Patent and Trademark”; and*

(B) *in subparagraph (B) by striking “Commissioner of Patents and Trademarks” and inserting “Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office”.*

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

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

(B) *in section 1744—*

(i) *by striking “Patent Office” each place it appears in the text and section heading and inserting “United States Patent and Trademark Office”; and*

(ii) *by striking “Commissioner of Patents” and inserting “Under Secretary of Commerce for Intellectual Property and Di-*

rector of the United States Patent and Trademark Office”; and

(C) by striking “Commissioner” and inserting “Director”.

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

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

(18) Section 151 of the Atomic Energy Act of 1954 (42 U.S.C. 2181) is amended in subsections c. and d. by striking “Commissioner of Patents” and inserting “Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office”.

(19) Section 152 of the Atomic Energy Act of 1954 (42 U.S.C. 2182) is amended by striking “Commissioner of Patents” each place it appears and inserting “Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office”.

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

*(A) in subsection (c) by striking “Commissioner of Patents” and inserting “Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office (hereafter in this section referred to as the ‘Director’)”; and*

*(B) by striking “Commissioner” each subsequent place it appears and inserting “Director”.*

(21) *Section 12(a) of the Solar Heating and Cooling Demonstration Act of 1974 (42 U.S.C. 5510(a)) is amended by striking “Commissioner of the Patent Office” and inserting “Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office”.*

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

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

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

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

(26) Section 10(i) of the Trading with the enemy Act (50 U.S.C. App. 10(i)) is amended by striking “Commissioner of Patents” and inserting “Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office”.

### **CHAPTER 3—MISCELLANEOUS PROVISIONS**

#### **SEC. 4741. REFERENCES.**

(a) *IN GENERAL.*—Any reference in any other Federal law, Executive order, rule, regulation, or delegation of authority, or any document of or pertaining to a department or office from which a function is transferred by this subtitle—

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

(2) to such department or office is deemed to refer to the department or office to which such function is transferred.

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

(1) to the Commissioner of Patents and Trademarks is deemed to refer to the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office;

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

(3) to the Assistant Commissioner for Trademarks is deemed to refer to the Commissioner for Trademarks.

**SEC. 4742. EXERCISE OF AUTHORITIES.**

Except as otherwise provided by law, a Federal official to whom a function is transferred by this subtitle may, for purposes of performing the function, exercise all authorities under any other provision of law that were available with respect to the performance of that function to the official responsible for the performance of the function immediately before the effective date of the transfer of the function under this subtitle.

**SEC. 4743. SAVINGS PROVISIONS.**

(a) *LEGAL DOCUMENTS.*—All orders, determinations, rules, regulations, permits, grants, loans, contracts, agreements, certificates, licenses, and privileges—

(1) that have been issued, made, granted, or allowed to become effective by the President, the Secretary of Commerce, any officer or employee of any office transferred by this subtitle, or any other Government official, or by a court of competent jurisdiction, in the performance of any function that is transferred by this subtitle; and

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

(b) *PROCEEDINGS.*—This subtitle shall not affect any proceedings or any application for any benefits, service, license, permit, certificate, or financial assistance pending on the effective date of this subtitle before an office transferred by this subtitle, but such proceedings and applications shall be continued. Orders shall be issued in such proceedings, appeals shall be taken therefrom, and pay-

*ments shall be made pursuant to such orders, as if this subtitle had not been enacted, and orders issued in any such proceeding shall continue in effect until modified, terminated, superseded, or revoked by a duly authorized official, by a court of competent jurisdiction, or by operation of law. Nothing in this subsection shall be considered to prohibit the discontinuance or modification of any such proceeding under the same terms and conditions and to the same extent that such proceeding could have been discontinued or modified if this subtitle had not been enacted.*

*(c) SUITS.—This subtitle shall not affect suits commenced before the effective date of this subtitle, and in all such suits, proceedings shall be had, appeals taken, and judgments rendered in the same manner and with the same effect as if this subtitle had not been enacted.*

*(d) NONABATEMENT OF ACTIONS.—No suit, action, or other proceeding commenced by or against the Department of Commerce or the Secretary of Commerce, or by or against any individual in the official capacity of such individual as an officer or employee of an office transferred by this subtitle, shall abate by reason of the enactment of this subtitle.*

*(e) CONTINUANCE OF SUITS.—If any Government officer in the official capacity of such officer is party to a suit with respect to a function of the officer, and under*

*this subtitle such function is transferred to any other officer or office, then such suit shall be continued with the other officer or the head of such other office, as applicable, substituted or added as a party.*

*(f) ADMINISTRATIVE PROCEDURE AND JUDICIAL REVIEW.—Except as otherwise provided by this subtitle, any statutory requirements relating to notice, hearings, action upon the record, or administrative or judicial review that apply to any function transferred by this subtitle shall apply to the exercise of such function by the head of the Federal agency, and other officers of the agency, to which such function is transferred by this subtitle.*

**SEC. 4744. TRANSFER OF ASSETS.**

*Except as otherwise provided in this subtitle, so much of the personnel, property, records, and unexpended balances of appropriations, allocations, and other funds employed, used, held, available, or to be made available in connection with a function transferred to an official or agency by this subtitle shall be available to the official or the head of that agency, respectively, at such time or times as the Director of the Office of Management and Budget directs for use in connection with the functions transferred.*

**SEC. 4745. DELEGATION AND ASSIGNMENT.**

*Except as otherwise expressly prohibited by law or otherwise provided in this subtitle, an official to whom*

*functions are transferred under this subtitle (including the head of any office to which functions are transferred under this subtitle) may delegate any of the functions so transferred to such officers and employees of the office of the official as the official may designate, and may authorize successive redelegations of such functions as may be necessary or appropriate. No delegation of functions under this section or under any other provision of this subtitle shall relieve the official to whom a function is transferred under this subtitle of responsibility for the administration of the function.*

**SEC. 4746. AUTHORITY OF DIRECTOR OF THE OFFICE OF  
MANAGEMENT AND BUDGET WITH RESPECT  
TO FUNCTIONS TRANSFERRED.**

*(a) DETERMINATIONS.—If necessary, the Director of the Office of Management and Budget shall make any determination of the functions that are transferred under this subtitle.*

*(b) INCIDENTAL TRANSFERS.—The Director of the Office of Management and Budget, at such time or times as the Director shall provide, may make such determinations as may be necessary with regard to the functions transferred by this subtitle, and to make such additional incidental dispositions of personnel, assets, liabilities, grants, contracts, property, records, and unexpended balances of*

*appropriations, authorizations, allocations, and other funds held, used, arising from, available to, or to be made available in connection with such functions, as may be necessary to carry out the provisions of this subtitle. The Director shall provide for the termination of the affairs of all entities terminated by this subtitle and for such further measures and dispositions as may be necessary to effectuate the purposes of this subtitle.*

***SEC. 4747. CERTAIN VESTING OF FUNCTIONS CONSIDERED TRANSFERS.***

*For purposes of this subtitle, the vesting of a function in a department or office pursuant to reestablishment of an office shall be considered to be the transfer of the function.*

***SEC. 4748. AVAILABILITY OF EXISTING FUNDS.***

*Existing appropriations and funds available for the performance of functions, programs, and activities terminated pursuant to this subtitle shall remain available, for the duration of their period of availability, for necessary expenses in connection with the termination and resolution of such functions, programs, and activities, subject to the submission of a plan to the Committees on Appropriations of the House and Senate in accordance with the procedures set forth in section 605 of the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies*

*Appropriations Act, 1999, as contained in Public Law 105–277.*

**SEC. 4749. DEFINITIONS.**

*For purposes of this subtitle—*

*(1) the term “function” includes any duty, obligation, power, authority, responsibility, right, privilege, activity, or program; and*

*(2) the term “office” includes any office, administration, agency, bureau, institute, council, unit, organizational entity, or component thereof.*

***Subtitle H—Miscellaneous Patent Provisions***

**SEC. 4801. PROVISIONAL APPLICATIONS.**

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

*“(5) ABANDONMENT.—Notwithstanding the absence of a claim, upon timely request and as prescribed by the Director, a provisional application may be treated as an application filed under subsection (a). Subject to section 119(e)(3) of this title, if no such request is made, the provisional application shall be regarded as abandoned 12 months after the filing date of such application and shall not be subject to revival after such 12-month period.”.*

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

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

(c) *ELIMINATION OF COPENDENCY REQUIREMENT.*—Section 119(e)(2) of title 35, United States Code, is amended by striking “and the provisional application was pending on the filing date of the application for patent under section 111(a) or section 363 of this title”.

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

**SEC. 4802. INTERNATIONAL APPLICATIONS.**

Section 119 of title 35, United States Code, is amended as follows:

(1) *In subsection (a), insert “or in a WTO member country,” after “or citizens of the United States,”.*

(2) *At the end of section 119 add the following new subsections:*

*“(f) Applications for plant breeder’s rights filed in a WTO member country (or in a foreign UPOV Contracting Party) shall have the same effect for the purpose of the right of priority under subsections (a) through (c) of this section as applications for patents, subject to the same conditions and requirements of this section as apply to applications for patents.*

*“(g) As used in this section—*

*“(1) the term ‘WTO member country’ has the same meaning as the term is defined in section 104(b)(2) of this title; and*

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

***SEC. 4803. CERTAIN LIMITATIONS ON DAMAGES FOR PATENT INFRINGEMENT NOT APPLICABLE.***

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

**SEC. 4804. ELECTRONIC FILING AND PUBLICATIONS.**

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

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

“(a) The Director may publish in printed, typewritten, or electronic form, the following:”.

(c) *COPIES OF PATENTS FOR PUBLIC LIBRARIES.*—Section 13 of title 35, United States Code, is amended by striking “printed copies of specifications and drawings of patents” and inserting “copies of specifications and drawings of patents in printed or electronic form”.

(d) *MAINTENANCE OF COLLECTIONS.*—

(1) *ELECTRONIC COLLECTIONS.*—Section 41(i)(1) of title 35, United States Code, is amended by striking “paper or microform” and inserting “paper, microform, or electronic”.

(2) *CONTINUATION OF MAINTENANCE.*—The Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office shall not, pursuant to the amendment made by paragraph (1), cease to maintain, for use by the public, paper or microform collections of

*United States patents, foreign patent documents, and United States trademark registrations, except pursuant to notice and opportunity for public comment and except that the Director shall first submit a report to the Committees on the Judiciary of the Senate and the House of Representatives detailing such plan, including a description of the mechanisms in place to ensure the integrity of such collections and the data contained therein, as well as to ensure prompt public access to the most current available information, and certifying that the implementation of such plan will not negatively impact the public.*

**SEC. 4805. STUDY AND REPORT ON BIOLOGICAL DEPOSITS  
IN SUPPORT OF BIOTECHNOLOGY PATENTS.**

*(a) IN GENERAL.—Not later than 6 months after the date of enactment of this Act, the Comptroller General of the United States, in consultation with the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office, shall conduct a study and submit a report to Congress on the potential risks to the United States biotechnology industry relating to biological deposits in support of biotechnology patents.*

*(b) CONTENTS.—The study conducted under this section shall include—*

(1) *an examination of the risk of export and the risk of transfers to third parties of biological deposits, and the risks posed by the change to 18-month publication requirements made by this subtitle;*

(2) *an analysis of comparative legal and regulatory regimes; and*

(3) *any related recommendations.*

(c) *CONSIDERATION OF REPORT.*—*In drafting regulations affecting biological deposits (including any modification of title 37, Code of Federal Regulations, section 1.801 et seq.), the United States Patent and Trademark Office shall consider the recommendations of the study conducted under this section.*

***SEC. 4806. PRIOR INVENTION.***

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

*“(g)(1) during the course of an interference conducted under section 135 or section 291, another inventor involved therein establishes, to the extent permitted in section 104, that before such person’s invention thereof the invention was made by such other inventor and not abandoned, suppressed, or concealed, or (2) before such person’s invention thereof, the invention was made in this country by another inventor who had not abandoned, suppressed, or concealed it. In determining priority of invention under this sub-*

*section, there shall be considered not only the respective dates of conception and reduction to practice of the invention, but also the reasonable diligence of one who was first to conceive and last to reduce to practice, from a time prior to conception by the other.”*

**SEC. 4807. PRIOR ART EXCLUSION FOR CERTAIN COMMONLY ASSIGNED PATENTS.**

*(a) PRIOR ART EXCLUSION.—Section 103(c) of title 35, United States Code, is amended by striking “subsection (f) or (g)” and inserting “one or more of subsections (e), (f), and (g)”.*

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

**SEC. 4808. EXCHANGE OF COPIES OF PATENTS WITH FOREIGN COUNTRIES.**

*Section 12 of title 35, United States Code, is amended by adding at the end the following: “The Director shall not enter into an agreement to provide such copies of specifications and drawings of United States patents and applications to a foreign country, other than a NAFTA country or a WTO member country, without the express authorization of the Secretary of Commerce. For purposes of this section, the terms ‘NAFTA country’ and ‘WTO member*

country' have the meanings given those terms in section 104(b).”.

## **TITLE V—MISCELLANEOUS PROVISIONS**

### **SEC. 5001. COMMISSION ON ONLINE CHILD PROTECTION.**

(a) *REFERENCES.*—Wherever in this section an amendment is expressed in terms of an amendment to any provision, the reference shall be considered to be made to such provision of section 1405 of the Child Online Protection Act (47 U.S.C. 231 note).

(b) *MEMBERSHIP.*—Subsection (b) is amended—

(1) by striking paragraph (1) and inserting the following new paragraph:

“(1) *INDUSTRY MEMBERS.*—The Commission shall include 16 members who shall consist of representatives of—

“(A) providers of Internet filtering or blocking services or software;

“(B) Internet access services;

“(C) labeling or ratings services;

“(D) Internet portal or search services;

“(E) domain name registration services;

“(F) academic experts; and

“(G) providers that make content available over the Internet.