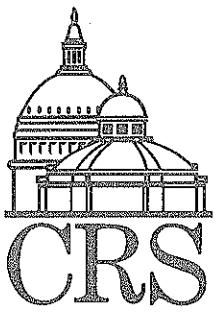
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CRS Report for Congress

Omnibus Patent Reform: An Overview of H.R. 400

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Updated May 14, 1997



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OMNIBUS PATENT REFORM: AN OVERVIEW OF H.R. 400

SUMMARY

The "21st Century Patent System Improvement Reform Act," H.R. 400, consists of five titles dealing with various patent reform issues. The House of Representatives passed H.R. 400 on April 23, 1997, with amendments adopted during the floor debate. This report summarizes the main provisions of H.R. 400 and briefly notes some arguments that were advanced for and against these provisions.

Title I -- the "Patent and Trademark Office Modernization Act" -- establishes the Patent and Trademark Office (PTO) as a government corporation under the policy direction of the Department of Commerce, but with business-like authority to conduct operations relating to issuance of patents and registration of trademarks. The "Floor Manager's" Amendment creates an intellectual property policy office within the Department of Commerce and apparently removes policy authority from the Director of the PTO Corporation.

Title II -- the "Examining Procedure Improvements Act" -- primarily amends 35 U.S.C. §122 to require publication of patent applications 18 months after filing (except for applications by small business entities, independent inventors, and universities who are generally exempted from pre-issuance disclosure by the Kaptur Amendment); amends 35 U.S.C. §154 to create a right to a reasonable royalty during the period between publication of the patent application and issuance of the patent; and amends 35 U.S.C. § 154(b) to extend the patent term to account for certain delays in patent prosecution. Patent term extensions up to 10 years (instead of the 5 years of current law) would be available in the case of appeals and unusual administrative delays; extensions would be available without limit for delays related to interferences or government secrecy orders.

Title III -- the "Protection for Prior Domestic Commercial and Research Users of Patented Technologies Act" -- would add a new section 273 to title 35 U.S.C. to provide a limited defense for good faith commercial and research use of a patented invention under certain circumstances. The defense allows an earlier innovator to elect the trade secret route rather than seek patent protection and to use the technology without liability for patent infringement.

Title IV -- the "Enhanced Protection of Inventors' Rights Act" -- would regulate the activities of invention marketing services. A new Chapter 5 to Part I of title 35 U.S.C. would set out contract requirements for these services, subject to misdemeanor penalties and fines for failure to comply.

Title V -- "Miscellaneous Improvements" -- contains provisions dealing with abandonment of provisional applications, international applications for plant breeder's rights, plant patent rights, electronic filing of patent applications, divisional applications, and publication of PTO procurement contracts.

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OMNIBUS PATENT REFORM: AN OVERVIEW OF H.R. 400

MOST RECENT DEVELOPMENTS

H.R. 400, the "21st Century Patent System Improvement Act," is an omnibus patent reform bill[1] which passed the House of Representatives, as amended, on April 23, 1997. Proponents and opponents of the version of the bill reported by the House Judiciary Committee on March 12, 1997, were each able to pass one amendment during floor debate.

The Floor Manager's Amendment primarily creates a new intellectual property policy office within the Department of Commerce, and apparently transfers the authority of the Director of the Patent and Trademark Office (PTO) over patent and trademark policy issues to the Under Secretary of Commerce for Intellectual Property Policy (a new position). [2]

The Kaptur Amendment generally exempts small business entities, independent inventors, and universities from the publication of their patent applications before the patent issues. The Amendment also deletes from the bill all provisions concerning changes to the patent reexamination procedures.[3]

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[1] The bill consists of five titles: Title I -- Patent and Trademark Office Modernization Act; Title II -- Examining Procedure Improvements Act; Title III -- Protection for Prior Domestic Commercial and Research Users of Patented Technologies Act; Title IV -- Enhanced Protection of Inventors' Rights Act; and Title V --Miscellaneous Improvements. Another title (the Improved Reexamination Procedures Act), which proposed changes in the patent reexamination procedures, was deleted from the bill by the Kaptur Amendment.

[2] The Floor Manager's Amendment, which was adopted on April 17, 1997, also amended Title II of the bill to allow small businesses, independent inventors, and universities who do not file abroad the option of delaying publication of their patent applications until three months after the second PTO action on the application. 143 CONG. REC. at H1669. The Kaptur Amendment (which was adopted on April 23, 1997) was presumably intended to supersede this part of the Floor Manager's Amendment. However, through an oversight apparently, the "small entities" option to delay publication until three months after the second PTO action remains in H.R. 400 as it passed the House.

[3] H.R. 400 was amended at each stage of the legislative consideration in the House of Representatives. On March 5, 1997, the House Subcommittee on Courts and Intellectual Property marked up and approved a slightly revised version of the bill as introduced. The changes included an amendment relating to the Patent Surcharge Fund, and an addition to Title II's statutory criteria for defining administrative delay which sets

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This report provides background information about certain patent issues in the bill (primarily with respect to the PTO government corporation, early publication, and patent term proposals), briefly summarizes the provisions of H.R. 400, and concludes with supporting and opposing views on the main issues.

BACKGROUND

PTO Corporation Proposal

The idea of separate agency status for the PTO was raised as early as 1980 by a recommendation of the American Bar Association. The National Academy of Public Administration (NAPA) studied the related idea that the PTO's operations could be appropriately carried out by a government corporation. In three reports, issued in 1985, 1989, and 1995, NAPA recommended corporate status for the PTO. The fact that the PTO is funded entirely by user fees is considered by some to justify corporation status.

Early Publication and Patent Term Extensions

Under 35 U.S.C. §122, a patent application must remain confidential until the patent issues. Other countries make patent applications public after a fixed period of time. As part of the effort to harmonize national patent laws with international standards, the Patent and Trademark Office's Advisory Commission on Patent Reform in March 1992 recommended that United States law be amended to require early publication of patent applications. In August 1994, the United States and Japan signed an agreement under which the Japanese Patent Office will end its practice of allowing third-party, pre-issuance oppositions, and the United States will introduce legislation to require publication of patent applications 18 months after filing.[4]

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[3](...continued)
a general standard of patent issuance within 3 years of filing. On March 12, 1997, the House Judiciary Committee reported the bill with further slight amendments. An amendment of Title I requires the GAO to report within 2 years after the effective date on PTO operations as a Government corporation and on the feasibility and desirability of making the trademark operations a separate Government corporation or agency. Amendments to Title III placed further conditions on the prior user defense in the case of research entities by making it available only to nonprofit research entities.

[4] Note that the commitment under the agreement with the Japanese Patent Office is to *introduce* legislation. Neither the GATT nor any formal agreement binds the United States to adopt early publication. The Government of Japan might rethink its commitment regarding pre-issuance oppositions, however, if the early publication legislation is not enacted.

Before enactment of the Uruguay Round Agreements Act of 1994 ("URAA"),[5] the term for U.S. patents was 17 years from the date of issuance (except for design patents, which enjoy a maximum 14 year term). Since 1984, the patent term could be extended up to 5 years for human drug products, medical devices, or food or color additives subject to premarketing approval by the Food and Drug Administration (FDA).[6] The purpose of the extension was to encourage increased investment in research and development of such products by restoring time lost on the patent life pending FDA marketing approval.[7]

Article 33 of the Trade-Related Intellectual Property Standards of the 1994 General Agreement on Tariffs and Trade ("GATT") requires GATT members to apply a utility patent term of 20 years from earliest filing of the patent application. In agreeing to become bound by the GATT 1994, the United States arguably accepted the obligation of harmonizing its patent term with that of other developed countries by adopting a 20-years-from-filing term.

This deceptively simple requirement of a 20-year term from filing actually implicates some complex changes in the operation of the U.S. patent system. Some of the procedures and practices impacted by this change are: the incentives for patent applicants to push for early issuance; the efficiency and capability of the Patent and Trademark Office (PTO) to process all patent applications within 18-24 months instead of more than 3 years for at least a significant number of applications; the ability of patent applicants to rely upon

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[5] Pub. L. No. 103-465, 108 Stat. 4809, Act of December 8, 1994, implementing the changes in United States law, including intellectual property laws, mandated by the Uruguay Round Agreements of the 1994 General Agreement on Tariffs and Trade ("GATT").

[6] Drug Price Competition and Patent Term Restoration Act of 1984, codified at 35 U.S.C. §156 (known as the Hatch-Waxman Act). The Act also facilitates FDA approval of generic drugs, which may be marketed only after expiration of the extended term for pharmaceutical product patents. Concerning the right to a URAA-based extension of the term, a district court in Virginia ruled that a Hatch-Waxman term extension must be added to the new patent expiration date legislated by the URAA. *Merck & Co., Inc. v. Kessler*, 903 F. Supp. 964 (E.D. Va. 1995). By this decision, the district court invalidated decisions of the PTO and FDA. The Court of Appeals for the Federal Circuit affirmed the core of the lower court decision but reversed the decision in the case of those patents kept in force on the relevant date for calculation of the 20-year term only because of a previously granted patent restoration. 80 F.3d 1543 (Fed. Cir. 1996)

[7] H.R. REP. No. 98-857, 98th Cong., 2d Sess. (1984), reprinted in U.S. CODE CONG. & ADM. NEWS 2647, 2648 (1984).

trade secrecy; the benefits and feasibility of "submarine patenting";[8] and the desirability of early publication of patent claims.

Before adoption by the United States of 20 years from filing, patent applicants may have had generalized concerns about delays in patent issuance. These concerns were substantially muted, however, for these reasons: the applicants' ability to safeguard against potential infringers by patent pending notices; their ability to assert proprietary rights under trade secrecy law; the statutorily required confidential status of their claims pending issuance; and their right to obtain the full 17 years of patent protection from issuance. Provided the patent ultimately issued, the delays essentially had the effect of prolonging the patentee's exclusive rights.

Under the 20-years-from-filing provision, delays in patent issuance potentially shorten the period during which inventions can be marketed under the protection of the patent law.[9] As discussed below, however, the law allows term extension under certain conditions.

The United States adopted a 20-years-from-filing patent term by enacting the Uruguay Round Agreements Act of 1994. The 20-year term applies to all patents issuing on applications filed on or after June 8, 1995 (i.e., 6 months after enactment of the URAA). This term may be extended up to 5 years to compensate for delays in patent issuance caused by an interference proceeding, a government secrecy order, or a successful appeal to the Board of Patent Appeals and Interferences or the Court of Appeals for the Federal Circuit.[10]

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[8] "Submarine patenting" refers to a practice of deliberate delays by the applicant in prosecuting the patent application until the claimed technology is independently developed by competitors. Observers disagree about the prevalence and impact of the practice. An August 1995 PTO report, which covered patents issued after a 20-year delay, discloses that about 62 percent of the "submarine patents" the PTO reviewed were owned by the government or had been delayed by government secrecy orders rather than by the applicants. A recent court decision held a patent unenforceable under the doctrine of "continuing application laches." *Ford Motor Co. v. Lemelson,* 1995 WL 628330 (magistrate's opinion of June 16, 1995), confirmed and adopted by the district court on April 11, 1996, 40 U.S.P.Q. 2d 1349, 1996 WL 673595 (D. Nev. 1996). Under the 20 years from filing term, deliberate delays in patent prosecution count against the patent term.

[9] Senator Hatch, in introducing his patent reform bill (S. 507), made the following comments on deliberate delays in patent prosecution: "By adopting GATT, and changing the manner in which we calculate the patent term to twenty years from filing, we eliminated the submarine problem. Under the current rule, if an applicant delays his own application, it simply shortens the time he will have after the actual granting of the patent. Thus, we have eliminated this unscrupulous, inefficient practice by removing its benefits." 143 CONG. REC. at S2680 (March 20, 1997).

[10] The patent extension is allowed under these conditions provided the delay covers more than three years after filing. The extension is reduced by any period during which the patent applicant fails to act with due diligence in prosecuting the application.

The URAA sets a special term for patents in force and patents issued on the basis of applications pending before June 8, 1995. For these patents, the greater of 20 years from filing or 17 years from issuance applies.

SUMMARY OF H.R. 400

The "21st Century Patent System Improvement Act" consists of five titles: Title I -- "Patent and Trademark Office Modernization Act;" Title II -- "Examining Procedure Improvements Act;" Title III -- "Protection for Prior Domestic Commercial and Research Users of Patented Technologies Act;" Title IV -- "Enhanced Protection of Inventors' Rights Act;" and Title V - Miscellaneous Improvements.

Title I: Patent and Trademark Office Modernization Act

Title I of H.R. 400 establishes the Patent and Trademark Office (PTO) as a government corporation and agency of the United States, subject to the policy direction of the Department of Commerce, but with business-like authority to conduct its operations relating to issuance of patents and registration of trademarks. The PTO would be subject to congressional oversight. Expenditures would be subject to the appropriations Acts. The management of the PTO would be vested in a Director of the Patent and Trademark Office, who would be appointed for a five-year term by the President with the advice and consent of the Senate. The PTO would have authority to invest funds; generally retain and use all revenues, subject to section 10101 of the Omnibus Reconciliation Act of 1990 (35 U.S.C. 41 note) as amended; purchase, lease, construct and manage real and personal property; and award contracts.

The Director must consult regularly with a Management Advisory Board on the operations of the PTO with respect to policies, goals, performance, budget, and user fees. The Director must consult the Board before submitting budgetary proposals to the Office of Management and Budget or making or proposing changes in user fees or regulations. The 12-member Board would be appointed for 4-year terms. The President, Speaker of the House, and majority leader of the Senate would each appoint 4 Board members.

The GAO shall report to the Congress within 2 years of the effective date on the operations of the PTO as a government corporation and on the feasibility and desirability of making the trademark operations a separate government corporation or agency.

The Floor Manager's Amendment creates an intellectual property policy office in the Department of Commerce. As stated by Representative Coble, Chairman of the House Subcommittee on Courts and Intellectual Property, the "manager's amendment separates completely policy functions from operational

functions. Policy functions are left to the Department of Commerce...while management and operational functions...are vested completely in the PTO."[11]

Supporters of Title I maintain that corporatization of the PTO will free the Office "from the bureaucratic redtape that impedes the Office's efforts to modernize and streamline its operations,"[12] and that this modernization will result in an improved and more efficient patent system. Opponents to Title I have expressed concerns about corporatizing the judicial function of granting patent rights, which has been exercised by the government for centuries. They also express concerns about the increased authority of the Director and assert that corporatization together with the role of the management board increases the opportunities for influence by special or foreign interests.[13]

Title II: Examining Procedure Improvements Act

Early publication of patents. One of the primary purposes of Title II of H.R. 400 has been to amend 35 U.S.C. §122 to require public disclosure of patent applications 18 months after the earliest filing date for which a benefit is sought. The Kaptur Amendment to H.R. 400 adopted during floor debate generally exempts small business entities, independent inventors, and universities from publication before issuance of the patent. Applications filed by non-exempt entities will be published 18 months after filing unless the application is no longer pending, is undergoing national security review, or is subject to a government secrecy order.

The "small entities" exemption from publication does not apply in three situations: i) if the applicant files or intends to file for a foreign patent, the Director of the PTO may publish in the United States the data that is made public in the foreign country; ii) an application pending more than 5 years from filing shall be published 90 days after receipt of a notice of imminent publication from the Director of the PTO, unless the applicant petitions for a delay and can demonstrate that the statutory conditions for publication have not been satisfied;[14] or iii) if, after the date of enactment, a continuing application is

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[11] 143 CONG. REC. at H1657 (April 17, 1997). The Manager's Amendment also requires that inventors be appointed to the Management Advisory Board, deprives the PTO of authority to borrow and receive monetary gifts from the private sector, and requires that the PTO make its goods and services contracts publicly available.

[12] Statement of Chairman Coble, introducing H.R. 400 on January 9, 1997. 143 CONG. REC. at E77, 105th Cong., 1st Sess. (1997).

[13] Alliance for American Innovation, position paper on H.R. 400 (dated February 25, 1997; unpublished).

[14] The application must have been filed after enactment of the bill, must not have been published previously by the PTO, not be under appellate review by the Board of Patent Appeals and Interferences, not be undergoing an interference proceeding, not (continued...)

filed more than 6 months after the initial filing, the application will be published after notification from the Director of the PTO, unless the applicant can demonstrate a reason for the continuing application other than to achieve a delay in patent prosecution.

The Kaptur Amendment applies in the context of a 20-years-from-filing patent term. Even without any pre-issuance publication rules, patent applicants potentially lose patent term protection for any deliberate delays in patent prosecution under a term computed from filing rather than issuance.[15]

Some may argue that pre-issuance publication rules are required even under a term computed from filing because it may be difficult to establish whether the delays are the fault of the applicant or of the PTO. If the latter, the term can be extended to compensate for the delays, as discussed below.

Patent term extension. With respect to extensions of the 20-year term for certain delays in patent issuance, H.R. 400 would add the justification of an "unusual administrative delay" by the PTO in issuing the patent, to the three justifications already legislated by the URAA. Moreover, extensions up to 10 years (instead of the 5-year extensions possible under existing law) would be available in the case of appeals and unusual administrative delay. In the case of delays related to interferences or government secrecy orders, the patent could be extended for the period of delay without a cap. The extension period is reduced, however, if the applicant fails to make "reasonable efforts to conclude prosecution of the application."[16] The Director of the PTO prescribes by regulation the circumstances under which a patent extension period is reduced by failure of an applicant to make such "reasonable efforts." The PTO must establish procedures for contesting its determinations concerning patent term extensions.

H.R. 400 creates statutory standards for determining what constitutes "unusual administrative delay." Basically, if the Patent Office takes more than 14 months from filing to reject or allow a patent application, the patent is extended for the delay beyond 14 months. In the case of replies and administrative appeals, if the Patent Office takes more than 4 months to

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[14](...continued)
be under any government secrecy order, not be diligently pursued by the applicant, and not be in abandonment.

[15] This point distinguishes the Kaptur Amendment from an amendment proposed by Representative Rohrabacher, which was rejected during House debate on H.R. 400. The Rohrabacher Amendment would have changed the patent term to the greater of 17 years from issuance or 20 years from filing.

[16] Existing law requires the applicant to act with "due diligence" to avoid attribution of the delays to him or her, with the consequent loss of extensions beyond 20 years from filing.

respond or act on an application, the patent is extended for the delay beyond 4 months. Also, if issuance takes more than 4 months after payment of the issue fee, the patent is extended for the period of the delay. The patent is extended for delays in patent issuance more than 3 years from filing, provided the applicant responds to PTO requests within 3 months and has not requested further examination, benefitted from an extension of the patent term for reasons other than administrative delay, sought appellate review, or otherwise requested a delay. The Floor Manager's Amendment adds the further criterion that the term shall be reduced by the cumulative time that an applicant takes to respond in excess of 3 months to any PTO action involving a rejection, objection, argument, or other request for a response.

Provisional rights. The patent grant under H.R. 400 includes the right to obtain a reasonable royalty, during the period between publication of the application and patent issuance,[17] from any person who makes, uses, offers for sale, or sells in the United States, or imports into the U.S., the invention or the patented process. The royalty right applies after publication of a domestic or international patent application, provided the user had actual notice of an English language version of the published application.

No new pre-issuance oppositions. Title II of H.R. 400 does not operate to create any new opportunity for pre-issuance oppositions, and the Director of the Patent and Trademark Office may issue regulations to ensure this outcome.

Limited reexamination. The Director of the PTO is to prescribe regulations to provide for the further limited reexamination of a patent and is authorized to reduce the fee by 50% for qualifying small entities.

Report on early publication. The Director of the PTO must report to Congress on April 1, 2001 and annually thereafter regarding the impact of early publication on independent inventors.

Pros and Cons concerning Title II. The arguments for and against Title II have presumably been affected by adoption of the Kaptur Amendment, which generally exempts "small entities" from the 18 month publication rule. At this writing, it is not known whether the changes to H.R. 400 effected by the Kaptur Amendment will cause a change of position by any of those groups who favored or opposed Title II of H.R. 400 as reported out of the House Judiciary Committee.

Supporters of early publication have contended that these provisions further the constitutional incentive to disseminate information regarding new technologies more rapidly. They assert that the term extension provisions

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[17] The royalty right attaches only upon patent issuance, but is made retroactive to the publication of the application. To obtain the royalty, the invention claimed in the patent must be substantially identical to the invention claimed in the published application. The royalty is available only in an action brought not later than six years after issuance.

guarantee that patent applicants will not lose patent term due to delays that are not their fault, and that the provisional right to a royalty protects patentholders whose applications are published before patent issuance.[18]

Opponents of early publication have argued that the 18-month provision "violates the original intent of our Founding Fathers to grant an applicant a patent in exchange for full disclosure of the inventor's idea" and "[p]rematurely discloses American patent applications to competitors and the public world-wide."[19] They have asserted that extensions of the patent term "which are in the power of the Commissioner to grant are no substitute for a guaranteed patent term."[20]

Title III: Protection for Prior Domestic Commercial and Research Users of Patented Technologies Act

This Title would add a new section 273 to title 35 U.S.C. to provide a limited defense for good faith commercial or research use of a patented invention under certain circumstances. A good faith prior user who began use of the technology before the patent filing date would be given a royalty-free license to practice the technology and any variations and improvements that do not infringe any additional, specifically claimed subject matter of the patent.

In order to claim the defense, the user must generally prove commercial use of the technology, or actual reduction to practice more than one year before the effective filing date of the patent. A person is deemed to have commercially used the subject matter if, before the patent filing date, the person actually reduced the subject matter to practice in the United States, completed a significant portion of the investment needed to use the subject matter commercially, and made a commercial transaction in the United States. After the patent filing date, the commercial user must also diligently complete the remainder of the activities and investments needed for commercial use and promptly begin commercial use.

Activities of nonprofit research laboratories or other nonprofit research entities such as universities, research centers, and hospitals are deemed eligible for the prior user defense if the public is the intended beneficiary of the use and

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[18] Statement of Chairman Coble, introducing H.R. 400 on January 9, 1997. 143 CONG. REC. at E76-E77, 105th Cong. 1st Sess. (1997).

[19] Alliance for American Innovation, position paper on H.R. 400 (dated February 25, 1997; unpublished).

[20] *Ibid.* This argument refers to the fact that the Director of the PTO makes the initial determinations about the period of any extension based upon findings about the reasonable diligence of the applicant in prosecuting the patent application. The Director's authority would be controlled, however, by statutory standards for delays and term extension decisions are appealable.

the activity occurred within the nonprofit entity or in connection with persons in privity with the nonprofit entity before the effective date of the application for the patent.

The prior commercial and research use defense allows an earlier innovator to elect the trade secret route rather than seek patent protection and to continue using that technology without becoming liable for patent infringement. The defense is personal to the person who actually uses the subject matter and is not a general license to the invention claimed in the patent. The prior user defense "rights" could be assigned, however, with the transfer of an entire business. As applied to research entities, the defense is not assignable.

Supporters of Title III argue that prior user rights "will protect the investments of innovative American manufacturers who have built plants using technology later patented by foreign competitors" and allow American companies, including small businesses to enjoy a right that is available in some other countries.[21] Opponents of Title III assert that the prior user right "harms both the inventor and the public because it encourages an inventor or a company to use trade secrets."[22] Trade secrets, it is argued, do not enrich the public's knowledge of new technology to the same extent as patents.

Title IV: Enhanced Protection of Inventors' Rights Act

The Enhanced Protection of Inventors' Rights Act would regulate the activities of invention marketing services. The bill targets the deceptive practices of fraudulent invention promotion companies who charge large sums of money for phony patent searches and worthless market research reports. A new Chapter 5 to Part I of title 35 U.S.C. would set out the requirements for contracts to be offered by invention marketing services.

Contracts for invention marketing services that do not comply with the statutory requirements, or that are entered into in reliance on any material false, fraudulent, or misleading information or advertising by the marketing service, would be voidable at the option of the customer. Waivers of these requirements are unenforceable.

An injured customer may obtain, in addition to reasonable costs and attorneys' fees, the greater of $5000 or actual damages. The court has discretion to award treble damages.

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[21] Statement of Chairman Coble, introducing H.R. 400 on January 9, 1997. 143 CONG. REC. at E76 and E77, 105th Cong. 1st Sess. (1997).

[22] Alliance for American Innovation position paper on H.R. 400 (dated February 25, 1997; unpublished).

Any invention marketing service that knowingly provides false or misleading statements or fails to make all disclosures required by the Act will be guilty of a misdemeanor and fined up to $10,000 for each offense.[23]

Title V: Miscellaneous Improvements

Title V of H.R. 400 contains miscellaneous provisions dealing with abandonment of a provisional application, international applications for plant breeder's rights, plant patent rights, electronic filing of patent applications, divisional applications, and publication of PTO procurement contracts.

SUPPORTING AND OPPOSING VIEWPOINTS

The "21st Century Patent System Improvement Act" is an omnibus patent reform proposal that, in the view of its original supporters, seeks to modernize, streamline, and improve the American patent system to meet the challenges of the next century, both domestically and internationally.

The Kaptur Amendment, which was adopted as part of H.R. 400 when it passed the House of Representatives on April 23, 1997, makes two major changes in the reform bill. Small business entities, independent inventors, and universities are generally exempt from the required publication of the patent application 18 months after filing. The patent reexamination reforms have been eliminated from the bill.

At this time, groups that supported or opposed H.R. 400 as reported by the House Judiciary Committee are reassessing their positions in light of the Kaptur Amendment.

In introducing H.R. 400, its sponsors stated that the bill would benefit American inventors and the public in these ways: "First, by providing more

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[23] The Kaptur Amendment adopted during House debate on H.R. 400 also struck an entire title of the bill -- Title V of the committee version dealing with changes in patent reexamination procedures. The proposed Improved Reexamination Procedures Act would have afforded third parties an opportunity for greater participation in reexamination proceedings and an opportunity to appeal a decision upholding patentability. The scope of patent reexamination would have been expanded to include compliance with all aspects of 35 U.S.C. §112 disclosure and claim requirements, except for the best mode. Supperters of this proposal contended that the revised procedures "better balance the interests of the patentee and the public and offer an effective alternative to expensive litigation in court." Statement of Chairman Coble, introducing H.R. 400 on January 9, 1997, 143 CONG. REC. at E77, 105th Cong., 1st Sess. (1997). Opponents of the patent reexamination reforms argued that the changes were "a hunting license for giant and foreign companies to bring their full legal resources to bear against any individual/independent inventor and small innovative business." Alliance for American Innovation position paper on H.R. 400 (dated February 25, 1997)(unpublished).

efficient and effective operation of the Patent and Trademark Office; second, by furthering the constitutional incentive to disseminate information regarding new technologies more rapidly; third, by guaranteeing that patent applicants will not lose patent term due to delays that are not their fault; fourth, by improving the procedures for reviewing the work product of patent examiners; fifth, by protecting earlier domestic commercial users of patented technologies; and sixth, by deterring invention promoters from defrauding unsuspecting inventors."[24]

Opponents of H.R. 400 have expressed a variety of objections or concerns to the different titles of the original bill. In their view, H.R. 400 "will radically change the U.S. patent system to mirror that of Europe and Japan,"[25]and they have objected because they believe the existing American patent system is superior to foreign patent systems. They have contended that the judicial function of patent issuance should not be entrusted to a corporation; that early publication of patent applications encourages patent flooding and prematurely discloses the invention to competitors to the detriment of independent inventors in particular; and that the patent reexamination reforms, if included in the bill, expose independent inventors to contentious and expensive administrative proceedings, during which their patent is essentially unenforceable. Those espousing these views may be partially satisfied by the Kaptur Amendment, which eliminates the patent reexamination provisions and arguably addresses at least some concerns about the early publication proposal.

Those who have participated in the debate over patent reform agree that the patent system is vital to maintenance of a strong economic system in the United States. The participants hold sharply different perceptions about the advantages and disadvantages of some of the specific proposals to change the patent system.

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[24] Statement of Chairman Coble, introducing H.R. 400 on January 9, 1997. 143 CONG. REC. at E76, 105th Cong., 1st Sess. (1997).

[25] Alliance for American Innovation position paper on H.R. 400 (dated February 25, 1997; unpublished).