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CONGRESSIONAL RECORD
PROCEEDINGS AND DEBATES OF THE 97TH CONGRESS

HOUSE

BILL	DATE	PAGE(S)
H.R. 6260	June 8, 1982	H3203-06

ACTION

Suspensions: House voted to suspend the rules and pass the following bills:

Patent and Trademark Office authorizations: H.R. 6260, amended, to authorize appropriations to the Patent and Trademark Office in the Department of Commerce;

Pages H3203-H3206

PATENT AND TRADEMARK OFFICE AUTHORIZATION

Mr. KASTENMEIER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 6260) to authorize appropriations to the Patent and Trademark Office in the Department of Commerce, and for other purposes, as amended.

The Clerk read as follows:

H.R. 6260

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there is authorized to be appropriated for the payment of salaries and necessary expenses of the Patent and Trademark Office to become available for fiscal year 1983, $76,000,000, and in fiscal years 1984 and 1985 such sums as may be necessary as well as such additional or supplemental amounts as may be necessary, for increases in salary, pay, retirement, or other employee benefits authorized by law. Funds available under this section shall be used to reduce by 50 per centum the payment of fees under section 41 (a) and (b) of title 35, United States Code, by independent inventors and nonprofit organizations as defined in regulations established by the Commissioner of Patents and Trademarks, and by small business concerns as defined in section 3 of the Small Business Act and by regulations established by the Small Business Administration. When so specified and to the extent provided in an appropriation Act, any amount appropriated pursuant to this section and, in addition, such fees as shall be

collected pursuant to title 35, United States Code, and the Trademark Act of 1946, as amended (15 U.S.C. 1051 et seq.), may remain available without fiscal year limitation.

SEC. 2. Notwithstanding any other provision of law, there is authorized to be appropriated for the payment of salaries and expenses of the Patent and Trademark Office, $121,461,000 for the fiscal year ending September 30, 1982, and such additional or supplemental amounts as may be necessary for increases in salary, pay, retirement, or other employee benefits authorized by law.

SEC. 3. (a) Section 41(a) of title 35, United States Code, is amended to read as follows:

"(a) The Commissioner shall charge the following fees:

"1. On filing each application for an original patent, except in design or plant cases, $300; in addition, on filing or on presentation at any other time, $30 for each claim in independent form which is in excess of three, $10 for each claim (whether independent or dependent) which is in excess of twenty, and $100 for each application containing a multiple dependent claim. For the purpose of computing fees, a multiple dependent claim as referred to in section 112 of this title or any claim depending therefrom shall be considered as separate dependent claims in accordance with the number of claims to which reference is made. Errors in payment of the additional fees may be rectified in accordance with regulations of the Commissioner.

"2. For issuing each original or reissue patent, except in design or plant cases, $500.

"3. In design and plant cases:

"a. On filing each design application, $125.

"b. On filing each plant application, $200.

"c. On issuing each design patent, $175.

"d. On issuing each plant patent, $250.

"4. On filing each application for the reissue of a patent, $300; in addition; on filing or on presentation at any other time, $30 for each claim in independent form which is in excess of the number of independent claims of the original patent, and $10 for each claim (whether independent or dependent) which is in excess of twenty and also in excess of the number of claims of the original patent. Errors in payment of the additional fees may be rectified in accordance with regulations of the Commissioner.

"5. On filing each disclaimer, $50.

"6. On filing an appeal from the examiner to the Board of Appeals, $115; in addition, on filing a brief in support of the appeal, $115, and on requesting on oral hearing before the Board of Appeals, $100.

"7. On filing each petition for the revival of an unintentionally abandoned application for a patent or for the unintentionally delayed payment of the fee for issuing each patent, $500, unless the petition is filed under sections 133 or 151 of this title, in which case the fee shall be $50.

"8. For petitions for one-month extensions of time to take actions required by the Commissioner in an application:

"a. On filing a first petition, $50.

"b. On filing a second petition, $100.

"c. On filing a third or subsequent petition, $200.".

(b) Section 41(b) of title 35, United States Code, is amended to read as follows:

"(b) The Commissioner shall charge the following fees for maintaining a patent in force:

"1. Three years and six months after grant, $400.

"2. Seven years and six months after grant, $800.

"3. Eleven years and six months after grant, $1,200.

Unless payment of the applicable maintenance fee is received in the Patent and Trademark Office on or before the date the fee is due or within a grace period of six months thereafter, the patent will expire as of the end of such grace period. The Commissioner may require the payment of a surcharge as a condition of accepting within such six-month grace period the late payment of an applicable maintenance fee. No fee will be established for maintaining a design or plant patent in force.".

(c) Section 41(c) of title 35, United States Code, is amended to read as follows:

"(c)(1) The Commissioner may accept the payment of any maintenance fee required by subsection (b) of this section after the six-month grace period if the delay is shown to the satisfaction of the Commissioner to have been unavoidable. The Commissioner may require the payment of a surcharge as a condition of accepting payment of any maintenance fee after the six-month grace period. If the Commissioner accepts payment of a maintenance fee after the six-month grace period, the patent shall be considered as not having expired at the end of the grace period.

"(2) No patent, the term of which has been maintained as a result of the acceptance of a payment of a maintenance fee under this subsection, shall abridge or affect the right of any person or his successors in business who made, purchased or used after the six-month grace period but prior to the acceptance of a maintenance fee under this subsection anything protected by the patent, to continue the use of, or to sell to others to be used or sold, the specific thing so made, purchased, or used. The court before which such matter is in question may provide for the continued manufacture, use or sale of the thing made, purchased, or used as specified, or for the manufacture, use or sale of which substantial preparation was made after the six-month grace period but before the acceptance of a maintenance fee under this subsection, and it may also provide for the continued practice of any process, practiced, or for the practice of which substantial preparation was made, after the six-month grace period but prior to the acceptance of a maintenance fee under this subsection, to the extent and under such terms as the court deems equitable for the protection of investments made or business commenced after the six-month grace period but before the acceptance of a maintenance fee under the subsection.".

(d) Section 41(d) of title 35, United States Code, is amended to read as follows:

"(d) The Commissioner will establish fees for all other processing, services, or materials related to patents not specified above to recover the estimated average cost to the Office of such processing, services, or materials. The yearly fee for providing a library specified in section 13 of this title with uncertified printed copies of the specifications and drawings for all patents issued in that year will be $50.".

(e) Section 41(f) of title 35, United States Code, is amended to read as follows:

"(f) The fees established in subsections (a) and (b) of this section may be adjusted by the Commissioner on October 1, 1985, and every third year thereafter, to reflect any fluctuations occurring during the previous three years in the Consumer Price Index, as determined by the Secretary of Labor. Changes of less than 1 per centum may be ignored.".

(f) Subsection (a) of section 31 of the Trademark Act of 1946, as amended (15 U.S.C. 1113), is amended by deleting "Fees will be set and adjusted by the Commissioner to recover in aggregate 50 per centum of the estimated average cost to the Office of such processing. Fees for all other services or materials related to trademarks and other marks will recover the estimated average cost to the Office of performing the service or furnishing the material.".

(g) Section 42(c) of title 35, United States Code, is amended by adding the following sentence at the end thereof: "Fees available to the Commissioner under section 31 of the Trademark Act of 1946, as amended (15 U.S.C. 1113), shall be used exclusively for the processing of trademark registrations and for other services and materials related to trademarks.".

SEC. 4. Section 3(a) of title 35, United States Code is amended (1) by deleting the phrase "not more than fifteen"; and (2) by inserting the phrase "appointed under section 7 of this title" immediately after the phrase "examiners-in-chief".

SEC. 5. Section 111 of title 35, United States Code, is amended to read as follows:

"SEC. 111. Application for patent shall be made, or authorized to be made, by the inventor, except as otherwise provided in this title, in writing to the Commissioner. Such application shall include (1) a specification as prescribed by section 112 of this title; (2) a drawing as prescribed by section 113 of this title; and (3) an oath by the applicant as prescribed by section 115 of this title. The application must be accompanied by the fee required by law. The fee and oath may be submitted after the specification and any required drawing are submitted, within such period and under such conditions, including the payment of a surcharge, as may be prescribed by the Commissioner. Upon failure to submit the fee and oath within such prescribed period, the application shall be regarded as abandoned, unless it is shown to the satisfaction of the Commissioner that the delay in submitting the fee and oath was unavoidable. The filing date of an application shall be the date on which the specification and any required drawing are received in the Patent and Trademark Office.".

SEC. 6. (a) Section 116 of title 35, United States Code, is amended (1) by deleting the phrase "Joint inventors" from the title and inserting in its place "Inventors"; and (2) in the third paragraph, by deleting the phrase "a person is joined in an application for patent as joint inventor through error, or a joint inventor is not included in an application through error" and inserting in its place the phrase "through error a person is named in an application for patent as the inventor, or through error an inventor is not named in an application".

(b) Section 256 of title 35, United States Code, is amended to read as follows:

"§ 256. Correction of named inventor

"Whenever through error a person is named in an issued patent as the inventor, or through error an inventor is not named in an issued patent and such error arose without any deceptive intention on his part, the Commissioner may, on application of all the parties and assignees, with proof of the facts and such other requirements as may be imposed, issue a certificate correcting such error.

"The error of omitting inventors or naming persons who are not inventors shall not invalidate the patent in which such error occurred if it can be corrected as provided in this section. The court before which such matter is called in question may order correction of the patent on notice and hearing of all parties concerned and the Commissioner shall issue a certificate accordingly.".

SEC. 7. Section 6 of title 35, United States Code, is amended by deleting paragraph (d) thereof.

SEC. 8. (a) Section 8(a) of the Trademark Act of 1946, as amended (15 U.S.C. 1058(a)), is amended (1) by deleting the word "still"; and (2) by inserting the phrase "in commerce" immediately after the word "use".

(b) Section 8(b) of the Trademark Act of 1946, as amended (15 U.S.C. 1058(b)), is amended (1) by deleting the word "still"; and (2) by inserting the phrase "in commerce" immediately after the word "use".

SEC. 9. (a) Section 13 of the Trademark Act of 1946, as amended (15 U.S.C. 1063), is amended (1) by deleting the phrase "a verified" and inserting in its place the word "an"; (2) by adding the phrase "when requested prior to the expiration of an extension" immediately after the word "cause"; and (3) by deleting the fourth sentence.

(b) Section 14 of the Trademark Act of 1946, as amended (15 U.S.C. 1064), is amended by deleting the word "verified".

SEC. 10. Section 15 of the Trademark Act of 1946, as amended (15 U.S.C. 1065), is amended by deleting the phrase "the publication" and inserting in its place the word "registration".

SEC. 11. The first sentence of section 16 of the Trademark Act of 1946, as amended (15 U.S.C. 1066), is amended to read as follows: "Upon petition showing extraordinary circumstances, the Commissioner may declare that an interference exists when application is made for the registration of a mark which so resembles a mark previously registered by another, or for the registration of which another has previously made application, as to be likely when applied to the goods or when used in connection with the services of the applicant to cause confusion or mistake or to deceive.".

SEC. 12. Section 21 of title 35, United States Code, is amended—

(1) by deleting the phrase "Day for taking action falling on Saturday, Sunday, or holiday" from the title and inserting in its place the phrase "Filing date and day for taking action";

(2) by inserting the following as subsection (a):

"(a) The Commissioner may by rule prescribe that any paper or fee required to be filed in the Patent and Trademark Office will be considered filed in the Office on the date on which it was deposited with the United States Postal Service or would have been deposited with the United States Postal Service but for postal service interruptions or emergencies designated by the Commissioner.";

(3) by designating the existing paragraph as subsection (b); and

(4) by inserting the word "federal" in subsection (b), as designated above, immediately after the word "a".

SEC. 13. Section 6(a) of title 35, United States Code, is amended (1) by deleting the word "and", third occurrence, and inserting in its place a comma; (2) by inserting the phrase ", or exchanges of items or services" immediately after the word "programs"; and (3) by inserting the phrase "or the administration of the Patent and Trademark Office" immediately after the word "law", second occurrence.

SEC. 14. (a) Section 115 of title 35, United States Code, is amended by (1) deleting the phrase "shall be" and inserting in its place the word "is"; and (2) inserting the following immediately after the phrase "United States", third occurrence: ", or apostille of an official designated by a foreign country which, by treaty or convention, accords like effect to apostilles of designated officials in the United States".

(b) Section 261 of title 35, United States Code, is amended, in the third paragraph, by inserting the following immediately after the phrase "United States", third occurrence: ", or apostille of an official designated by a foreign country which, by treaty or convention, accords like effect to apostilles of designated officials in the United States".

(c) Section 11 of the Trademark Act of 1946, as amended (15 U.S.C. 1061), is amended by (1) deleting the phrase "shall be", first occurrence, and inserting in its place the word "is"; and (2) inserting the following immediately after the phrase "United States", third occurrence: ", or apostille of an official designated by a foreign country which, by treaty or convention, accords like effect to apostilles of designated officials in the United States".

SEC. 15. Section 13 of title 35, United States Code, is amended by deleting "(a) 9" and inserting in its place "(d)".

SEC. 16. Section 173 of title 35, United States Code, is amended to read as follows: "Patents for designs shall be granted for the term of fourteen years."

SEC. 17. (a) Sections 1, 2, 4, 7, and 13 through 15 of this Act shall take effect on the date of enactment of this Act. Sections 3 and 16 of this Act shall take effect on October 1, 1982. The maintenance fees provided for in section 3(b) of this Act shall not apply to patents applied for prior to the date of enactment of this Act. Each patent applied for on or after the date of enactment of this Act shall be subject to the maintenance fees established pursuant to section 3(b) of this Act or to maintenance fees hereafter established by law, as to the amounts paid and the number and timing of the payments.

(b)(1) Title 35, United States Code, is amended by inserting after section 293 the following new section of chapter 29:

"§ 294. Voluntary arbitration

"(a) A contract involving a patent or any right under a patent may contain a provision requiring arbitration of any dispute relating to patent validity or infringement arising under the contract. In the absence of such a provision, the parties to an existing patent validity or infringement dispute may agree in writing to settle such dispute by arbitration. Any such provision or agreement shall be valid, irrevocable, and enforceable, except for any grounds that exist at law or in equity for revocation of a contract.

"(b) Arbitration of such disputes, awards by arbitrators and confirmation of awards shall be governed by title 9, United States Code, to the extent such title is not inconsistent with this section. In any such arbitration proceeding, the defenses provided for under section 282 of this title shall be considered by the arbitrator if raised by any party to the proceeding.

"(c) An award by an arbitrator shall be final and binding between the parties to the arbitration but shall have no force or effect on any other person. The parties to an arbitration may agree that in the event a patent which is the subject matter of an award is subsequently determined to be invalid or unenforceable in a judgment rendered by a court to competent jurisdiction from which no appeal can or has been taken, such award may be modified by any court of competent jurisdiction upon application by any party to the arbitration. Any such modification shall govern the rights and obligations between such parties from the date of such modification.

"(d) When an award is made by an arbitrator, the patentee, his assignee or licensee shall give notice thereof in writing to the Commissioner. There shall be a separate notice prepared for each patent involved in such proceeding. Such notice shall set forth the names and addresses of the parties, the name of the inventor, and the name of the patent owner, shall designate the number of the patent, and shall contain a copy of the award. If an award is modified by a court, the party requesting such modification shall give notice of such modification to the Commissioner. The Commissioner shall, upon receipt of either notice, enter the same in the record of the prosecution of such patent. If the required notice is not filed with the Commissioner, any party to the proceeding may provide such notice to the Commissioner.

"(e) The award shall be unenforceable until the notice required by subsection (d) is received by the Commissioner.".

(2) The analysis for chapter 29 of title 35 of the United States Code is amended by adding at the end the following:

"294. Voluntary arbitration.".

(c) Sections 5, 6, 8 through 12, and 17(b) of this Act shall take effect six months after enactment.

The SPEAKER. Pursuant to the rule, a second is not required on this motion.

The gentleman from Wisconsin (Mr. KASTENMEIER), will be recognized for 20 minutes, and the gentleman from New Mexico (Mr. LUJAN), will be recognized for 20 minutes.

The Chair recognizes the gentleman from Wisconsin (Mr. KASTENMEIER).

Mr. KASTENMEIER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, on May 11 the Committee on the Judiciary voted by unanimous voice vote to report favorably H.R. 6260, authorizing appropriations for the Patent and Trademark Office. The committee's action followed similar unanimous approval of the bill by the subcommittee handling copyright, patent, and trademark matters.

The reason for the strong committee support for this bill is that it reflects a bipartisan response to the needs of the Patent and Trademark Office.

The bill before you this afternoon is basically the proposal of the President with four changes designed to deal with serious criticisms raised during subcommittee hearings. First, the original administration proposal authorized the Commissioner of Patents and Trademarks to establish fees administratively. The subcommittee approved an amendment to set forth specific fees in the statute and limited the Commissioner's authority to raise fees. Second, the administration recommended that user fees recover 100 percent of the costs of actual processing of patents and trademarks. The subcommittee amended the bill to reduce by 50 percent patent filing and maintenance fees for individual inventors, small businesses and not for profit institutions. The effect of this amendment is to increase by $8 million the authorized appropriation which would have been provided under the original administration request. Third, the subcommittee adopted a recommendation of the Commissioner of Patents and Trademarks, the American Bar Association and a coalition of corporate patent counsel permitting arbitration of patent disputes.

Finally, during full committee consideration of the bill, an amendment by the gentleman from Massachusetts, Mr. FRANK, was adopted. His amendment grants to the Commissioner of Patents and Trademarks the discretion to establish the level of fees for processing of trademarks.

Mr. Speaker, enactment of this bill will reduce the current level of taxpayer support of the Patent and Trademark Office by $21 million next year. At the same time the innovative fee provisions will permit an increase in the actual level of services available to users of the Office.

The bill before you reflects the contribution of witnesses from a cross section of the patent community. In developing H.R. 6260 we heard testimony from the Commissioner of Patents and Trademarks, the American Bar Association Section of Patent, trademark and copyright law, the American Patent Law Association, the Patent, Trademark, and Copyright Section of the State Bar of Virginia, the U.S. Trademark Association and the General Patent Counsel of the General Electric Corp.

I should add that the committee's amendments have all been agreed to by the administration.

Mr. Speaker, this is a bipartisan bill which will save the U.S. taxpayers over $20 million next year alone. It deserves the support of all Members of the House and I urge its prompt passage.

I reserve the balance of my time.

The SPEAKER pro tempore (Mr. DONNELLY). The Chair recognizes the gentleman from New Mexico, (Mr. LUJAN).

● Mr. BUTLER. Mr. Speaker, I rise in support of H.R. 6260, a bill to authorize appropriations for the Patent and Trademark Office for fiscal years 1983 through 1985.

The problems that have plagued the Patent and Trademark Office and the users thereof are well documented. In his testimony, the Commissioner of Patents, Jerry Mossinghoff, indicated that during fiscal year 1981, 20,000 pending patent applications were added to an already huge backlog, bringing the total of pending applications to over 200,000 cases. Moreover, an estimated 6 percent to 7 percent of the 24 million documents patent examiners must search to decided whether to issue a patent are either missing or misfiled. The trademark operation is in no better shape, with a record 116,000 cases pending and a wait of almost 2 years to register a trademark.

In an attempt to remedy this serious situation H.R. 6260 incorporates the administration's recommendation that user fees be increased to achieve 100 percent cost recovery for patent and trademark application processing. Given the fact that patent fees have remained unchanged since 1965, while inflation has soared, and that the users of the patent and trademark systems are the ones who benefit most directly from the services provided by the Patent and Trademark Office, the fee increases proposed in H.R. 6260 are I believe, reasonable, in these times of severe budgetary restraint.

In response to testimony from several witnesses that an increase in fees beyond what is comtemplated in Public Law 96-517 would work a substantial hardship on independent inventors and small businesses, H.R. 6260 provides for a 50-percent reduction of all fees—filing, issuance, and maintenance—for independent inventors, small businesses, and nonprofit organizations. Initially, I was concerned that this two-tiered fee system would result in additional bureaucracy and increased costs. However, the Commerce Department and the Commissioner of Patents and Trademarks have made a convincing case that the two-tier system is workable and will require no additional resources to administer.

Pursuant to the provisions of H.R. 6260, the Patent and Trademark Office would rely exclusively on a self-certification that a patent applicant qualified as an independent inventor, small business, or nonprofit organization. Any false or fraudulent statement or misrepresentation by an applicant would be a crime under title 18, United States Code, section 1001, and the patent would be unenforceable.

In my opinion H.R. 6260 will go a long way toward providing an effective patent system operating around an efficient, properly funded Patent and Trademark Office. Accordingly, I urge my colleagues support for H.R. 6260, which is a high priority for the Reagan administration.●

● Mr. McCLORY. Mr. Speaker, I rise in support of H.R. 6260, which authorizes appropriations for the Patent and Trademark Office for 3 years. The overall objective of this legislation which is strongly supported by the Reagan administration is to provide for 100 percent user support for the Patent and Trademark Office costs associated with the actual processing of patent applications by fiscal year 1996. At the present time less than 25 percent of the actual costs of processing patent applications are supported by fee revenue and under Public Law 96-517, which becomes effective on October 1, 1982, this amount will gradually begin to rise but will only reach 50 percent of actual costs in 1996.

There are those who maintain that proposed fee increases will discourage individual inventors and small businesses from using the patent system. H.R. 6260 would clearly alleviate that concern in that it provides a 50-percent reduction in all patent fees for independent inventors, small businesses, and nonprofit organizations. By the same token, it is important to note that if the average $85 filing fee and $145 issue fee established in 1965 had been indexed to the Consumer Price Index, the filing issue fees during fiscal year 1983 through fiscal year 1985 would be higher than the estimated $300/$500 fees proposed in H.R. 6260.

Under H.R. 6260, the patent fees are specifically spelled out in the statute. The bill allows the Commissioner to adjust these fees on October 1, 1985, and every third year thereafter, to reflect any fluctuations occurring during the previous 3 years in the Consumer Price Index. Under this approach fees can be adjusted to keep up with increases in Patent and Trademark Office operational costs without Congress having to enact a new statutory fee scheduled when operational costs outstrip existing fees.

H.R. 6260 is an important piece of legislation that I believe will greatly improve the quality and timeliness of patent and trademark production and services. I commend it to my colleagues and urge its passage.●

Mr. LUJAN. Mr. Speaker, I yield back the balance of my time.

Mr. KASTENMEIER. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Wisconsin (Mr. KASTENMEIER) that the House suspend the rule and pass the bill, H.R. 6260, as amended.

The question was taken; and (two-thirds having voted in favor thereof), the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

GE 'E

Mr. KASTI '. Speaker, I
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