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IMPLEMENTING PATENT COOPERATION TREATY

OCTOBER 29, 1975.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. KASTENMEIER, from the Committee on the Judiciary, submitted the following

REPORT

[To accompany S. 24]

The Committee on the Judiciary, to whom was referred the bill (S. 24) having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

ORIGIN AND PURPOSE OF S. 24

S. 24 passed the Senate on June 21. Its purpose is to implement the Patent Cooperation Treaty, a treaty to which the Senate gave its advice and consent on October 30, 1973.

The treaty itself resulted from a United States initiative in 1966, requesting a study of means for reducing the duplication of effort involved in the filing and processing of a patent application on an invention in each of two or more countries.

In recommending that the Senate give its advice and consent to the ratification of the Patent Cooperation Treaty, the Senate Committee on Foreign Relations indicated (Ex. Rept. 93-20, p. 4) that the Administration has agreed that the Executive would withhold filing the instrument of ratification until the implementing legislation (i.e., S. 24) is enacted.

For its report herein, the Committee adopts and incorporates sections of the detailed Report of the Senate Committee on the Judiciary on the subject legislation, namely Sen. Rept. 94-215, and particularly the sections thereof contained under the captions "Statement" and "Sectional Analysis" respectively, as follows:

STATEMENT

By adding a new part IV to title 35, United States Code, this bill would implement the Patent Cooperation Treaty and by its provisions enable United States applicants for patents to avail themselves of the advantages offered by the Treaty when it has come into force and

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has become effective with respect to the United States. Applicants from other countries would enjoy similar benefits, when seeking patent protection under the Treaty, in the United States. Moreover, United States applicants could rely on the provisions of the Treaty to be afforded its advantages in other countries adhering to the Treaty.

This bill would also amend certain sections of title 35, United States Code, in order to provide applicants filing applications for patents only in the United States, with the flexibility afforded to applicants filing under the Treaty.

The Patent Cooperation Treaty traces its genesis back to 1966. At that time, at the request of the United States, the Executive Committee of the Paris Convention for the Protection of Industrial Property recommended that the Secretariat of the Paris Convention (the United International Bureaux for the Protection of Intellectual Property (BIRPI) in Geneva, Switzerland) undertake a study of practical means which would reduce the duplication of effort involved, both for applicants and national Patent Offices, in the filing and processing of patent applications for the same invention in different countries.

Several drafts of an international agreement to that effect were prepared and intensively reviewed by the Committees of Experts from various member countries of the Paris Convention, prior to consideration of the final draft of the Patent Cooperation Treaty at the Washington Diplomatic Conference held from May 25 to June 19, 1970, Seventy-seven countries and a number of international organizations were represented at the Conference. On June 19, 1970, the Treaty was signed by 20 countries, including the United States, and remained open for signture until December 31, 1970, by which date a total of 35 countries had become signatories. The Treaty will come into force three months after eight countries have adhered to it, four of which must have certain defined major patent activity. To date, six countries with minor patent activity have adhered to the Treaty. On September 12, 1972, President Nixon submitted the Treaty to the United States Senate for its advice and consent to ratification. The Senate gave its advice and consent on October 30, 1973.

The Treaty offers several major advantages. One is to simplify the filing of patent applications on the same invention in different countries by providing, among other things, centralized filing procedures and a standardized application format.

Another advantage offered by the Treaty is the longer period of time available to an applicant before he must commit himself by undertaking the expenses of translation, national filing fees and prosecution in each country. Today, a 12 month priority period is provided by the Paris Convention while under the Treaty an applicant will have generally 20 months or more. This advantage should permit the applicant to be more selective of the countries in which he decides to file ultimately, by giving him more time and information to evaluate the strength of his potential patent and to determine his marketing plans. Thus, the Treaty would serve to expand established programs of U.S. industry to file foreign patent applications as well as to encourage smaller businesses and individual inventors to become more actively engaged in seeking patent protection abroad. A third advantage is to facilitate the examining process in those member countries which examine applications for patent.

Under Chapter I of the Treaty, an applicant files an international application with a Receiving Office, which usually is the patent office in the country of which he is a national or resident. (The Patent Office would act as a Receiving Office under this bill). The application is filed in a specified language (English for U.S. applicants), in a standard format, and includes the designation of those member countries in which the applicant desires protection. The international application is subject to an international fee at the time of filing. The payment of national filing fees and translation expenses in each of the countries where protection is desired can generally be deferred until as late as 20 months from the priority date of the international application.

An international search report is prepared by an International Searching Authority. (The Patent Office would be authorized by this bill to become such an authority). Copies of the search report are transmitted to the applicant and the International Bureau (which is the Secretariat of the World Intellectual Property Organization [WIPO], formerly BIRPI, in Geneva, Switzerland). The International Bureau is also the Secretariat for the Patent Cooperation Treaty and thus serves as the administrative and coordinating organ for this Treaty. After having received the search report, the applicant is afforded one opportunity to amend the claims of his international application before the International Bureau. Thereafter, copies of the international application and the international search report, together with any amendments, are forwarded by the International Bureau to each of the designated countries. (Any designated country may waive this communication in whole or in part).

The international application, search report, and amendments are published by the International Bureau 18 months from the priority date, unless all the countries which were designated in the international application have declared that, as far as they are concerned, international publication is not necessary. Only at the end of the 20th month may the applicant be required to pay national fees and submit any required translations of the international application and the amendments to those designated countries in which he still wishes to obtain protection. The applicant is also given the opportunity to amend his application before the patent office of each designated country and at this point each office makes its own determination as to the patentability of the claims in the international application.

Chapter II of the Treaty, to which member countries may adhere at their option, provides a further procedure whereby under certain conditions an applicant may demand an international preliminary examination report for one or more elected countries. The United States would not adhere to Chapter II of the Treaty, at this time.

This bill would amend United States patent law, by adding to the present system of obtaining a patent in this country, new international procedures as provided by the Patent Cooperation Treaty and the Regulations thereunder. However, as far as any substantive requirements for obtaining a patent are concerned, present law would be maintained. The procedures which this bill would establish are optional, are not intended to replace present domestic filing procedures and in no way diminish the rights of priority and national treatment which applicants are accorded under the Paris Convention for the Protection of Industrial Property.

The bill would enable U.S. nationals or residents to file international applications with the Patent Office which would act as a Receiving Office and in that capacity would initially process such applications. The bill would also authorize the acceptance by the Patent Office of international applications designating the United States, which were filed by foreign applicants in their respective foreign Receiving Offices and which would constitute regularly filed U.S. applications, subject to certain conditions and formal requirements. With certain exceptions, such as the effective date as prior art, international applications designating the United States would have the effect of national applications as from their international filing date.

In addition, the Patent Office would be authorized to become a Receiving Office for international applications filed by applicants of other countries. This would be conditioned on the concluding of an agreement between the United States and such other countries, as noted in Rule 19 of the Regulations.

The bill would also authorize, but not require, the Patent Office to act as an International Searching Authority and in that capacity assume all duties connected therewith. It should be noted, that the Patent Office is presently striving to reduce the time of pendency of national applications for patent to 18 months. It is anticipated that the Patent Office would not assume the additional functions of an International Searching Authority until it is in a position to process national applications without undue delay.

The bill would further provide that international applications which either originate in and designate the United States, or are received from abroad, would have to comply with certain national requirements, generally at the end of the 20th month from the applications' priority date. At this time, and after the fulfillment of the requirements, such international applications would generally be processed by the Patent Office like other national applications and subject to the same requirements of patentability.

The bill would amend section 6 of title 35, to authorize the allocation of funds, from Patent Office appropriations, to the Department of State for the payment of the share of the United States to the working capital fund established under the Treaty. Contributions to cover a portion of any operating deficits of the International Bureau, should they occur, would be included in the annual budget of the Patent Office and would similarly be authorized to be transmitted to the State Department for payment to the International Bureau.

Section 41(a) of title 35 would be amended by this bill to clarify questions of fees to be charged in connection with the liberalized claim format also proposed by this bill.

Section 42 of title 35 would be amended to permit the Commissioner to make direct transmissions of international fees to the International Bureau and the direct refunding of certain fees paid in connection with international applications, without having to deposit those fees in the Treasury first.

The bill would amend section 102(e) of title 35, to clarify the date on which patents granted in this country on international applications would become effective as prior art.

The first sentence of section 104 would be amended to clarify that the benefit of sections 119 and 120 also extend to international applications in accordance with section 365.

The second paragraph of section 112 would be amended to take account of a more liberal claim drafting practice in permitting multiple dependent claims as provided by the Treaty.

The bill would amend section 113 of title 35, by relaxing the present requirements for the submission of drawings when the invention disclosed in an application admits of being illustrated, although such drawings are not necessary for the understanding of the invention. Drawings of this nature could be requested by the Commissioner during the processing of the application and would not have to be furnished at the time of filing of the application.

Since, with one exception, an international application designating the United States has the effect of a regular national application in the Patent Office as of the international filing date, section 120 of title 35 has been amended to extend the benefit of the earlier filing date also to such international applications

The first paragraph of section 282 of title 35 would also be amended, in conjunction with the amended second paragraph of section 112, to clarify the presumption of validity in regard to multiple dependent claims.

The Treaty permits a number of reservations and declarations to be made by member countries. Under Article 20(1)(a), a designated office may waive the requirement of communication of the international application from the International Bureau to that office. This bill would provide that such communication is not required in the case of international applications originating in the United States, but would be required in the case of all other international applications designating the United States. This waiver would, of course, also have to be communicated to the International Bureau.

Under Article 64(3)(a), any member country may declare that as far as it is concerned, international publications of the international application by the International Bureau is not required. The United States intends to make such a declaration. The bill would clarify the effect, in this country, of an international application designating the United States, which was published internationally because it contained the designation of at least another country which had not made this declaration.

Article 64(4) of the Treaty provides that a country may declare that the filing of an international application outside that country and designating such country is not equated to an actual filing in that country for prior art purposes, if its national law does not provide for the prior art effect of its patents to commence from the priority date as claimed under the Paris Convention. The United States intends to make such a declaration, stating the date from which, and the conditions under which, the prior art effect becomes effective in this country. By amending section 102(e) of title 35, this bill would also clarify any questions on the prior art effect of patents granted on international applications designating the United States.

Article 64(1)(a) of the Treaty provides that a member country may declare that it shall not be bound by the provisions of Chapter II thereof, nor the applicable Regulations. The United States intends to make this declaration, because present divergent examining systems of other potential member countries from that in the United States would make adherence to Chapter II impracticable at this time. Thus, the bill does not contain any proposed legislation implementing Chapter II of the Treaty.

SECTIONAL ANALYSIS

Chapter 35. DEFINITIONS

§ 351. Definitions

Subsection (a) defines the term "Treaty" to be the Patent Cooperation Treaty signed at Washington, on June 19, 1970. Chapter II of the Treaty, which relates to international preliminary examination is excluded, because the United States does not intend to ratify this part of the Treaty at the present time.

Subsection (b) defines the term "Regulations", when capitalized, to mean the Regulations under the Patent Cooperation Treaty adopted at the same time as the Treaty. Part C of the Regulations, which also relates to international preliminary examination, is excluded. Reference throughout the bill is also made to "regulations", which are those established by the Commissioner under section 6 of this title, such as the Patent Office Rules of Practice in Patent Cases. A distinction by way of capitalization has been made.

Subsection (c) defines the term "international application" generally, which is to include any application filed under and in accordance with the provisions of Article 3 thereof, which defines the required contents of an international application.

Subsection (d), in defining the term "international application originating in the United States" narrows the scope to only those international applications which are actually filed in the Patent Office. These international applications encompass two different types, i.e., (1) those which designate the United States among other countries and therefore may be expected to be processed by the Patent Office as regular U.S. applications after the international stage is completed, and (2) those which designate countries other than the United States, thus seeking no patent protection in this country. The latter type of international applications, although filed in the United States, would be processed by the Patent Office only during the international stage and would not materialize as national applications for patent.

Subsection (e) further narrows the scope of an international application for defining an "international application designating the United States" to be an international application specifying the United States as the country in which a patent is sought. This definition not only includes those international applications which originated in the United States and designated this country, but any international application, filed in the Receiving Office of another contracting country, in which the United States is designated and which therefore has the effect, with certain exceptions, of a regular national application (under Article 11(3) of the Treaty) as of its international filing date.

Subsection (f) defines the term "Receiving Office" to mean any national patent office of a member country or an intergovernmental organization in its capacity to recieve and process international applications as prescribed in Articles 10, 11, 12 and 14 of the Treaty, as well as the Regulations thereunder.

Subsection (g) defines the term "International Searching Authority" to mean any national patent office of a member country or an intergovernmental organization appointed under Article 16(3)(a) of the Treaty, in its capacity to process international applications as prescribed by Articles 15, 17 and 18 of the Treaty, as well as the

Regulations thereunder. Under processing is meant, among otner things, the establishment of an international search report along certain guidelines prescribed by the Treaty and the Regulations.

Subsection (h) defines the term "International Bureau" to mean the intergovernmental organization which is recognized as the coordinating body under the Treaty and the Regulations.

This organization is known as the World Intellectual Property Organization (WIPO), located iu Geneva, Switzerland. The precursor of this organization, known as the United International Bureaux for the Protection of Intellectual Property (BIRPI) is gradually being replaced by WIPO but does continue to function for those member countries which have not yet joined WIPO.

Chapter 36. INTERNATIONAL STAGE

An international application undergoes two consecutive stages, unless it is withdrawn during the first stage. The first stage is called the "international stage" and connotes the time period from the time of filing of an international application to the time at which it enters the "national stage". The latter time is defined by Articles 22 and 23 of the Treaty and treated in greater detail in the analysis of chapter 37. Any actions performed by the Patent Office during the international stage are done in its capacity as an international authority under the Treaty, either as Receiving Office or as International Searching Authority. The reason for this is the fact that an international application which designates the United States as well as other countries is also considered a regularly filed application in those other countries and if it did not designate the United States it is considered to be an application in those other countries only.

§ 361. Receiving Office

Under subsection (a), the Patent Office would act as a Receiving Office for the filing of international applications by nationals, and residents (whether nationals or not), of the United States. Thus, a United States national living abroad could file an international application in this country.

The subsection also authorizes the Patent Office to act as a Receiving Office for international applications filed by persons or legal entities of other member countries who would normally be entitled to file international applications in such countries in accordance with those countries' national laws. All of this would, however, depend on the Patent Office's ability to assume such extra duties and would be subject to an agreement concluded between the United States and such countries.

Subsection (b) provides that the Patent Office shall perform all acts required to be undertaken by a Receiving Office. This would include, among other things, the checking of certain formal requirements for the purpose of according an international filing date to an international application (Article 11(1) of the Treaty), and once that date has been accorded, the further checking for certain additional defects in the international application which, if uncorrected, would cause that application to be held withdrawn (Article 14 of the Treaty).

The subsection specifically notes that the Patent Office is authorized not only to collect but also to transmit international fees. The transmittal would be to the International Bureau, since international fees are collected for that Bureau's benefit.

Subsection (c) requires that international applications filed in the Patent Office by in the English language. This provision may be necessary to allow the Patent Office, in its capacity as Receiving Office and International Searching Authority, to process international applications which have been filed in the United States, but in which only non-English-speaking countries have been designated, and which normally would not be filed in the English language.

Subsection (d) deals with the payment, at the time of filing, of the international fee, as well as the transmittal and search fees. The international fee, (consisting of a basic fee and designation fees, the amounts of which are established by Rule 15 of the Regulations), is collected by the Receiving Office and forwarded to the International Bureau. The transmittal and search fees are paid for the benefit of the Patent Office (Rules 14 and 16 of the Regulations). The amounts of these fees are established by regulation under section 376 of this bill. In accordance with section 376(b), the search fee will be refunded, if the international application was not accorded a filing date (Rule 16.2 of the Regulations). In addition, the Commissioner may also refund a part or all of the search fee, under given circumstances which are more fully explained in the analysis of section 376(b).

Designation fees, which are payable for each country designated in the international application, may be paid on filing and must be paid not later than one year from the priority date of the international application.

§ 362. International Searching Authority

This section authorizes, but does not require, the Patent Office to become an International Searching Authority and assume all duties connected therewith. It should be noted that the Patent Office is presently striving to reduce the time of pendency of domestic applications for patent, to 18 months. It is anticipated that the Patent Office would not assume the additional functions of an International Searching Authority until it is in a position to process national applications without undue delay.

An International Searching Authority is appointed by the Assembly which is formed under the Treaty. Appointment is conditioned on the consent of the Patent Office to be appointed and the conclusion of an agreement between the Patent Office and the International Bureau (Article 16(3) of the Treaty). Thus, this section also authorizes the conclusion of an agreement which specifies the rights and obligations of the parties and in particular, the formal undertaking by the Patent Office to apply and observe all the common rules of the International search as prescribed by the Treaty and the Regulations (Article 17 and 18 of the Treaty and Rules 13, 25, 37 to 40 and 42 to 44 of the Regulations).

This section would also authorize the Patent Office to act as an International Searching Authority for international applications filed in foreign Receiving Offices. This would, of course, be subject to an appointment and to the Patent Office's consent to carry out such additional duties (Article 16(3)(b) of the Treaty and Rule 35.2 of the Regulations).

Although, under Rule 42 of the Regulations all agreements shall provide for the same time limit for establishing the international

search report, time limits, not exceeding an additional 2 months, may be negotiated by the Patent Office for a transitional period of 3 years from the entry into force of the Treaty.

§ 363. International application designating the United States: Effect

This section guarantees that an international application designating the United States, regardless of whether it was filed in this or any other contracting country, has the effect, from its international filing date, of a regular national application for patent filed in the Patent Office. Under Article 11(3) of the Treaty and this section, the international filing date of an international application would be considered as the actual filing date in the Patent Office, with the exception of the prior art effect under section 102(c) of title 35. The prior art effect attaches to a patent issued on an international application which designated the United States, at that point of time at which the applicant complies with certain requirements, i.e., when he files the national fee, an oath or declaration, and submits a copy of the international application as well as an English translation thereof, if either is necessary.

§ 364. International Stage: Procedure

Subsection (a) provides that the procedure to be followed by the Patent Office when processing international applications in the capacity of a Receiving Office and an International Searching Authority is regulated by the Treaty, the Regulations and title 35. Thus, the Commissioner may establish regulations in accordance with section 6 of title 35, to govern the procedures to be followed by the Patent Office when handling international applications.

Subsection (b) provides for the excuse of an applicant's failure to act within a prescribed time limit, if such failure was due, for example, to interruption in the mail services or due to unavoidable loss or delay in the mail. If an applicant complies with the requirements of Rule 82 of the Regulations under the Treaty and any regulation on this point as established by the Commissioner, the delay may be excused and the time limit is deemed to be met, without any withdrawal of the international application.

No excuse is permitted under the Treaty and the Regulations, if the record copy of the international application was not received by the International Bureau within the prescribed time limit. (Rule 22.3(b) of the Regulations). This would result in the withdrawal of the international application. However, a withdrawn international application could be maintained in the United States as a national application (under section 367 of the bill) although the effect of the international application (i.e., a regular national application in other designated countries as of the international filing date) would be lost.

§ 365. Right of priority; benefit of the filing date of a prior application

Subsection (a) provides that a national application shall be entitled to the right of priority based on a prior international application of whatever origin, which designated any country other than, or in addition to, the United States. Of course, the conditions prescribed by section 119 of title 35, which deals with the right of priority based on earlier filed foreign applications, must be complied with. This subsection is mainly included for clarification, since under section 119 of title

35, which implements the Paris Convention for the Protection of Industrial Property, the right of priority based on an international application could be claimed without any specific reference to international applications.

Subsection (b) provides that an international application designating the United States shall be entitled to the right of priority of a prior foreign application which may either be another international application or a regularly filed foreign application. The international application upon which the claim of priority is based can either have been filed in the United States or a foreign country; however, it must contain the designation of at least one country other than, or in addition to, the United States.

As far as the actual place of filing is concerned, for the purpose of subsection (a), this subsection and section 119 of this title, an international application designating a country is considered to be a national application regularly filed in that country on the international filing date irrespective of whether it was physically filed in that country, in another country, or in an intergovernmental organization acting as Receiving Office for a country.

An international application which seeks to establish the right of priority will have to comply with the conditions and requirements as prescribed by the Treaty and the Regulations, in order to avoid rejection of the claim to the right of priority. Reference is especially made to the requirement of making a declaration of the claim of priority at the time of filing of the international application (Article 8(1) of the Treaty and Rule 4.10 of the Regulations) and the requirement of either filing a certified copy of the priority document with the international application, or submitting a certified copy of the priority document to the International Bureau at a certain time (Rule 17 of the Regulations). The submission of the priority document to the International Bureau is only required in those instances where priority is based on an earlier filed foreign *national* application.

Thus, if the priority document is an earlier application and did not accompany the international application when filed with the Receiving Office, an applicant must submit such document to the International Bureau not later than sixteen months after the priority date. However, should an applicant request early processing of his international application in accordance with Article 23(2) of the Treaty, the priority document would have to be submitted to the International Bureau at that time (Rule 17.1(a) of the Regulations). If priority is based on an earlier international application, a copy does not have to be filed, either with the Receiving Office or the International Bureau, since the latter is already in possession of such international application.

In accordance with Rule 17.2(a) of the Regulations this section would prevent the Patent Office from requiring an applicant to submit a copy of the priority document except where during the course of Patent Office proceedings, a translation of the priority document became necessary. In that case the applicant will have to furnish both a certified copy of the priority document, as well as a certified translation thereof. It should be noted however, that the applicant is not required to furnish such translation before the applicable time limit under Article 22 of the Treaty has expired.

The formal requirements for obtaining the right of priority under this section differ somewhat from those imposed by section 119 of title 35, although the one year bar of section 102(b), as required by the last clause of the first paragraph of section 119 has been maintained. However, the substantive right of priority is the same in that it is derived from Article 4 of the Paris Convention for the Protection of Industrial Property (Article 8(2)(a) of the Treaty).

Subsection (c) recognizes the benefit of the filing date of an earlier application under section 120 of title 35. Any international application designating the United States, whether filed in this country or abroad, and even though other countries may have also been designated, has the effect of a regular national application in the United States, as of the international filing date.

As such, any later filed national application, or international application designating the United States, may claim the benefit of the filing date of an earlier international application designating the United States, if the requirements and conditions of section 120 of title 35 are fulfilled. In giving the effect, under section 363, of an application regularly filed in the Patent Office to an international application designating the United States, but not filed in this country, the provision in section 120 to the effect that the earlier application must have been previously filed in the United States, does not apply to international applications.

Under the same circumstances, the benefit of the earlier filing date of a national application may be obtained in a later filed international application designating the United States. In those instances where the applicant relies on an international application designating, but not originating in, the United States the Commissioner may require submission of a copy of such application together with an English translation, since in some instances, and for various reasons, a copy of that international application or its translation may not otherwise be filed in the Patent Office.

§ 366. Withdrawn international application

This section clarifies the status of an international application designating the United States, in the event it is withdrawn or considered withdrawn as to the United States or generally. General withdrawal is caused by an international application's not meeting certain requirements under the Treaty and the Regulations, and as a result being declared withdrawn by an international authority, i.e., a Receiving Office (Article 14 of the Treaty). General withdrawal also occurs when the International Bureau made a finding that the record copy of the international application did not arrive at the prescribed time limit (Article 12(3) of the Treaty and Rules 22.3(b) and 24.2(b) of the Regulations). In both cases the international status of the international application ceases to exist and the applicant may seek review of the action of withdrawal before the patent office of each individual designated country.

A withdrawal as to the United States only, in an international application, is caused by nonpayment of the designation fee for the United States. Thus, an international application designating several countries, but being withdrawn as to the United States, continues to be an international application as regards the other designated countries. If only the United States is designated, withdrawal of that designation amounts to a general withdrawal of the international application.

Of the applicable requirements prescribed by section 371(c) of this bill are complied with before the withdrawal of the international application, (i.e., payment of national fee, submission of oath or declaration and filing a copy of the international application and English translation, if either is required), its status as a domestic application is automatically maintained. However, absent the compliance with such requirements, the initial designation of the United States has no effect in this country and is considered as not having been made.

However, under section 367 of this bill an applicant may maintain his international application designating the United States, as a domestic application if he can make a sufficient showing that any action taken against his application (e.g., refusal of international filing date or holding of withdrawal) by an international authority was an error on the part of such authority. Absent that showing, the international application will remain withdrawn, although a claim of the right of priority may be based on it, if it designated countries other than the United States. This is due to the fact that the international application is considered a regularly filed application in the other designated countries, and, although later withdrawn, may still serve as the basis for a claim of priority under the provision of Article 4A(3) of the Paris Convention for the Protection of Industrial Property.

An international application designating the United States only, which originated in a foreign country and was withdrawn before complying with the applicable requirements of section 371(c) of this bill, cannot later serve as the basis for a claim of priority, since it is not considered to be a foreign filed application for this purpose. Moreover, any later filed application is not entitled to the benefit of the filing date of a prior international application designating the United States, unless it was filed before the designation of the United States in the prior international application was withdrawn.

§ 367. Actions of other authorities: Review

Subsection (a) provides that certain actions which are taken by Receiving Offices located in contracting countries other than the United States, may be reviewed by the Commissioner, if such actions involve international applications designating the United States. In this context, actions taken by the Patent Office in its capacity as Receiving Office could be final as far as the United States is concerned and the applicant could not request a review by the Commissioner as a matter of right since the latter may already have reviewed the action during the international stage or a petition for review could have been made at that time.

In order to be granted a review, under Article 25(2)(a), the applicant must comply with the requirements of the Treaty, i.e., the national fee must be paid and a translation of the international application furnished, within 2 months from the date the applicant was notified of the action taken by the Receiving Office. Of course, no review takes place, unless the Patent Office also receives a copy of the international application from the International Bureau, which will only send such copies, if requested by the applicant within the same time limit mentioned above. (Article 25 of the Treaty and Rule 51 of the Regulations).

If on review, the Commissioner finds that the refusal to accord a filing date or the declaration of withdrawal of the international application was in error, the application will be considered pending in the

national stage as from the international filing date, or if the international filing date was refused, from such date, had it been granted.

In all instances the status and effect of the international application is lost, although the application will be continued to be processed as a national application, if the determination by the Commissioner is favorable (i.e., if he grants the applicant's request to process the application in the national stage).

Subsection (b) provides that a review by the Commissioner may also be requested, on compliance with the same requirements and within the same time limits specified in subsection (a), in the case where an international application designating the United States is considered withdrawn due to a finding by the International Bureau that it did not timely receive the record copy of the international application. If on review it is shown that the finding by the International Bureau was in error, the application will be considered pending in the national stage and, as such, continued to be processed by the Patent Office. The same consequences may obtain if it is shown that the International Bureau's finding was correct and that the delay was unavoidable. In both instances the status and effect of the international application would be lost, although the application would be continued to be processed as a national application.

§ 368. Secrecy of certain inventions; filing international applications in foreign countries

Subsection (a) provides that international applications filed in the Receiving Office are subject to the provisions of chapter 17 of this title, which contains the security provisions dealing with certain inventions, applications therefor and the filing of applications in foreign countries.

Subsection (b) provides that for the purpose of chapter 17 of this title, the filing of an international application in a Receiving Office, other than that located in the United States shall be considered the filing of an application in a foreign country, whether or not the United States is designated in that international application. This exceptional treatment of international applications is in accordance with Article 27(8) of the Treaty, which permits a contracting state to take steps for, among other things, the preservation of its national security. The provision is needed for various reasons. It prevents the filing of international applications abroad without first obtaining a license, by applicants who are residents of the United States and made an invention in this country, but would be eligible under the Treaty (i.e., as nationals of another country) to file in a foreign Receiving Office. Furthermore, an international application designating the United States, but filed in a foreign Receiving Office, is considered with certain exceptions, a regularly filed application in the United States. Thus, the provisions of this subsection prevent the filing of an international application designating the United States which discloses an invention made in this country from being filed abroad, without the grant of a license. It also prevents the filing in a foreign country of an international application not designating the United States which discloses an invention made in this country (e.g., by assignment to a foreign subsidiary of a company) without first having obtained a license.

Subsection (c) prohibits the Patent Office, when acting as a Receiving Office and International Searching Authority from disclosing or

transmitting an international application to anyone who is not authorized to receive such information if that international application is not authorized to be filed abroad, or is ordered to be kept secret. This subsection makes clear that a Receiving Office and International Searching Authority, as international authorities when located in the United States, are bound by the same national security requirements in international applications as those which apply to national applications.

Chapter 37. NATIONAL STAGE

The "national stage" comes into play only in the case of international applications designating the United States. It is precipitated by two contingencies. The first is the applicant's compliance with certain requirements within a certain time limit, (e.g. the payment of the national fee and the submission of the oath or declaration and of a copy of the international application as well as an English translation of the international application, if either is needed).

The second contingency is passage of time. As a general rule and subject to some exceptions, the Patent Office as a designated national Office may not begin the national stage processing of the international application before the expiration of 20 months from the priority date of the international application and the applicant does not have to meet the above named requirements until that time has elapsed (Article 23(1) of the Treaty).

There are two exceptions to this general rule. Where no international search report was established and the International Searching Authority make a declaration to this effect, the applicant has to comply with the requirements within two months from the time he was notified of the declaration, and the national stage begins at the expiration of that timelimit (A4ticle 22(2) of the Treaty). The second exception is that national processing may commence at any time, if expressly requested by the applicant (Article 23(a) of the Treaty).

§ 371. National stage: Commencement

Subsection (a) provides that copies of international applications originating in the United States shall not be required to be received from the International Bureau (under Article 20 of the Treaty) as one of the preliminary requirements for starting the national stage.

The communication under Article 20 of the Treaty entails the sending, by the International Bureau to each designated Office, of a copy of the international application together with the international search report as established by the International Searching Authority (or a declaration of the lack thereof), an English translation of that search report if it was not originally in the English language, and any amendments to the claims which were made by the applicant in light of the international search report and forwarded by him to the International Bureau (Rule 47 of the Regulations).

In the case of international applications originating in the United States this communication is unnecessary since the Patent Office, as Receiving Office and International Searching Authority, is already in possession of the international application and the international search report. The only exception is any amendments made by the applicant under Article 19 of the Treaty, which were forwarded by him to the International Bureau. If the applicant amended his application in this manner, such amendments would have to be furnished

by him to the Patent Office as part of the requirements for commencing the national stage and are prescribed by subsection (c) of this section.

International applications originating in but not designating the United States, are not considered to be national applications, would not enter the national stage and no communication by the International Bureau to the Patent Office would be required.

In the case of international applications designating the United States, but not originating in this country, a communication of the documents by the International Bureau would be necessary, since the Patent Office would not be in possession of them. (Of course, if the Patent Office requests a copy of the international application prior to communication, under Article 13 of the Treaty, one of the documents would be already present. However, for the sake of simplicity, it is considered preferable to subject all foreign originated international applications designating the United States to the requirement of communication by the International Bureau.)

Subsection (b) established the time at which the national stage commences and by which an applicant must have complied with the appropriate requirements enumerated in subsection (c) of this section. The term "applicable" recognizes the fact that the requirements of paragraphs (2) and (3) of subsection (c), i.e. the submission of a copy of the international application and any amendments to the claims do not have be met, if the International Bureau has already transmitted these documents to the Patent Office.

The point of time referred to in Article 22 (1) and (2) of the Treaty is variable in some instances, since it depends on certain actions taken by the International Searching Authority. The time limit at whose expiration the national stage normally commences is fixed in Article 22(1) of the Treaty at 20 months from the priority date of the international application. Under Article 22(2) of the Treaty, the applicable time limit is earlier than 20 months from the priority date. Where the International Searching Authority makes a declaration under Article 17(2)(a) of the Treaty that no international search report will be established (which may be for various reasons, as enumerated in Article 17(2)(a)), the applicable time limit expires 2 months from the date that a notification of such declaration was sent to the applicant.

The time limits enumerated in this subsection at which national processing begins are, of course, not applicable if the applicant requests that national processing commence at an earlier time, in accordance with subsection (f) of this section.

Subsection (c) enumerates the requirements an applicant must fulfill in order to have his international application processed in the national stage by the Patent Office. If the applicant did not make any amendments under Article 19 of the Treaty, paragraph (3) does not apply.

Subsection (d) provides that an international application shall be held abandoned if the requirements of subsection (c) (i.e., submission of national fee, oath or declaration, copy of international application, if required, amendments to claims, if any, and translation into the English language of the international application and amendments thereto, if necessary) are not fulfilled within the time limit provided under Article 22 (1) or (2) of the Treaty (i.e., 20 months from the

priority date of the international application or less in certain circumstances).

Subsection (e) provides that, except with the express consent of the applicant, and if he did not request early processing, no patent shall be granted or refused on an international application before the expiration of the applicable time limit under Article 28 of the Treaty. Although processing of the application in the national stage may have begun, no final action on the application may be taken by the Patent Office before a certain time limit has elapsed, thus assuring the applicant's right to amend the claims, the description and the drawings of the application. This opportunity to amend begins with the commencement of the national stage regardless of whether or not the applicant has received an action by the Patent Office. Amendments may not introduce new matter into the disclosure of the invention.

The fact that the time limit under Article 28 of the Treaty has expired, does not prevent the applicant from presenting addtional amendments to the application, and amendments may be madein the same manner and up to the same time as are permitted in domestic applications. This includes amendments relating to the requirements under the Treaty, which the Patent Office must allow the applicant to make, before finally rejecting an application on grounds of noncompliance with Treaty requirements. (Article 26 of the Treaty.)

The time limit under Article 28 of the Treaty during which no final action on the application may be rendered by the Patent Office is not fixed in all cases. Generally, the time limit expires one month from the time the applicant has fulfilled the applicable requirements of subsection (c) of this section. This time limit applies to all international applications which have entered the national stage, irrespective of whether they originated in the United States or not. However, in the case of applications which did not originate in the United States a communication of certain documents from the International Bureau is necessary. Normally, this communication would occur well before the applicant has to comply with the requirements of subsection (c) of this section, as mentioned above. However, should the communication not have been effected by the expiration of the applicable time limit under Article 22 of the Treaty, final action on the application by the Patent Office must be delayed until the expiration of 4 months from the time the Article 22 time limit has elapsed (Rule 52 of the Regulations).

Subsection (f) provides that the national stage of processing the application may begin at any earlier time if expressly requested by the applicant and if the application is otherwise in order for processing in the national stage (i.e., the applicant must have complied with the applicable requirements of subsection (c) of this section).

§ 372. National stage: Requirements and procedure

Subsection (a) provides that all questions of substance (i.e., patentability) which may involve an international application during the national stage are to be resolved as in the case of national applications. Thus, an examination would be carried out on all international applications designating the United States which reach the Patent Office after the international stage has ended and by virtue of the applicant's compliance with the applicable requirements of section 371(c) of this bill. Included among such applications are also those in which an International Searching Authority (foreign or domestic) did not

establish a search report. Questions of procedure involving international applications during the national stage would also be resolved, as in the case of national applications, with the exception that the Patent Office would not be permitted to make any requirements regarding the form and contents of an international application which would contradict those of the Treaty and the Regulations thereunder. The Commissioner would, of course, be authorized to establish regulations under section 6 of title 35 dealing with situations where identical processing is either impractical or impossible.

If the examination shows that the applicant is entitled to a patent under title 35, the Commissioner would issue a patent on the application and the applicant (and thus the patentee) would have the same rights as any other applicant for a national application, or patentee of a national patent (see section 375 of this bill).

Section (b) clarifies subsection (a) in authorizing the Commissioner to reexamine certain points in the case of international applications designating the United States which did not originate in this country, but have entered the national stage after compliance with section 371(c) of this bill. Before reaching the Patent Office those international applications were processed in a foreign Receiving Office and were the subject of a search by a foreign International Searching Authority.

Paragraph (1) of subsection (b) authorizes a reexamination of the international application to determine whether the requirements under the Treaty and the Regulations relating to form and contents have been complied with.

Paragraph (2) of subsection (b) deals with the reexamination of compliance with the requirement of unity of invention. Under section 121 of this title, the Commissioner may require restriction to one invention, if two or more independent and distinct inventions are claimed in one application. Rule 13 of the Regulations provides that an international application shall relate to one invention only, or to a group of inventions so linked as to form a single general inventive concept. It also elaborates on the different combinations of inventions which may be present in one application provided they form a single general inventive concept. Thus, a reexamination is authorized to ascertain whether the determination of unity of invention by another International Searching Authority is in accord with the provisions of the Treaty and Regulations.

Subsection (c) provides that unless the applicant pays a special fee, any claim in an international application which was not searched in the international stage (i.e., by either the domestic International Searching Authority or a foreign one, depending on the international application's origin), is considered to be cancelled, if the reason for not searching that claim was a holding of noncompliance with the requirement for unity of invention and if such holding was justified. Noncompliance means that an applicant did not pay supplemental search fees to the International Searching Authority when the latter latter noted that unity of invention did not exist in the international application.

If such supplemental fees were not paid by the applicant, and it is determined in the national stage that the holding by the International Searching Authority was correct and justified, the claims for which

no fees have been paid are considered cancelled. However, even if the supplemental search fees were not paid during the international stage, and therefore the claims were not searched, the applicant can prevent their being cancelled in the national stage, upon payment of a special fee for each unsearched claim (Article 17(3)(b) of the Treaty). The special fee must be paid within one month from the time the applicant was sent a notification informing him that the holding by the International Searching Authority was considered to be justified.

If the determination by the International Searching Authority is not considered justified by the Patent Office, the claims will be retained in the application without the payment of a special fee and examined for patentability.

However, the payment of supplemental search fees or special fees does not prevent the Commissioner from requiring that the application be restricted in the manner prescribed by section 121 of this title, the Treaty and the Regulations (Article 17(3)(b) of the Treaty and Rule 13 of the Regulations).

§ 373. Improper applicant

This section provides that an international application designating the United States, shall not be accepted if it was filed by anyone who, according to chapter 11 of this title, is not entitled to be an applicant in the United States. The refusal can only be made when the application enters the national stage (Article 27(3) of the Treaty). Thus, the Receiving Office cannot refuse an international application on these grounds, since that application may contain designations of other countries in which such applicant is permitted to file.

The section further provides that an application which has been refused for the reasons mentioned above, may not serve as the basis for the benefit of an earlier filing date under section 120 of this title, in a subsequently filed application. This is due to the fact that the subsequent application could not have been filed by the same inventor or applicant who filed the previous international application. A claim for the right of priority under section 119 of this title may be made however, if at least one country other than, or in addition to, the United States was designated in the international application and it may therefore be considered a regularly filed application in such other country.

§ 374. Publication of international application: Effect

This section clarifies the effect which an international application has upon being published by the International Bureau. Although, as far as the United States is concerned, international publication of international applications is not required, it will nevertheless occur in the case of every international application designating a country which has not declared that for its purposes international publication need not take place.

Since a published international application designating the United States and other countries is also a published United States application, questions of provisional protection may arise. The concept of provisional protection does not exist in this country, and therefore no such protection can be afforded in the United States to published international applications. The published application does become "prior art" on its publication date like any other printed publication.

§ 375. Patent issued on international application: Effect

Subsection (a) authorizes the Commissioner to issue a patent on the basis of an international application designating the United States. Of course, all requirements imposed by title 35 must be complied with before a patent is issued. This subsection also provides that a patent based on an international application designating the United States, has the force and effect of a patent issued on a regularly filed national application (i.e., an application filed under the provisions of chapter 11 of this title. An exception to this provision with respect to the prior art effect of a patent issued on an international application designating the United States is noted in this subsection and provided for in an amendment, by this bill, of section 102(e) of title 35.

Subsection (b) deals with the problem arising in connection with patents issued on international applications which were not originally filed in the English language and which exceed the scope of the international application as originally filed because of an incorrect English translation. A patent afflicted with this defect, which becomes involved in any litigation may be limited by the courts in its scope of coverage to that disclosed by the international application in its original language. Hence, those claims of the patent, or parts thereof, which exceed that scope may be declared unenforceable to the extent that the scope of the international application in its original language was exceeded. Thus, a claim would not necessarily be declared unenforceable as a whole just because it contained subject matter which exceeded the original scope of the international application.

§ 376. Fees

Subsection (a) enumerates the fees which may be charged in the case of international applications by the Patent Office, for its own benefit over and above the international fee which is collected and forwarded to the International Bureau.

The transmittal fee is charged by the Patent Office in its capacity as a Receiving Office as payment for all the services rendered, e.g., receiving and processing international applications, producing and transmitting copies to the International Bureau, etc. (Rule 14 of the Regulations).

The search fee and the supplemental search fee are charged by the Patent Office in its capacity as an International Searching Authority. (Rule 16 and 40 of the Regulations.) As payment for all tasks performed by that Authority, the search fee is especially intended to defray the cost of an international search on the invention disclosed in the international application or the group of inventions so linked as to form a single general inventive concept. The supplemental search fee is charged if the international application contains two or more independent inventions. If paid by the applicant, the additional inventions are also searched and the search results are included in the international search report.

The national fee is that charged by the Patent Office in lieu of the filing fee in national applications (Rule 49.1 of the Regulations).

The special fee is charged in those cases where the applicant wants to prevent claims in his application from being cancelled on the ground that they had not been searched by the International Searching Authority for reasons of non-unity of invention.

The "catchall" provision referring to "such other fees" takes into account the incidental charges which may be established for services rendered by the Patent Office in the course of handling and processing of international applications. (e.g., fees for furnishing certified copies of international applications (Rule 20.9 of the Regulations), preparation of sufficient copies of international applications (Rule 21.2(s) of the Regulations), preparing and mailing copies of references (Rule 44.3(b) of the Regulations), etc.). This provision would also include the issue fee under section 151 of this title.

Subsection (b) authorizes the Commissioner to prescribe the amounts of the fees mentioned in subsection (a) of this section, in accordance with the authority given him by sections 6 and 41 of title 35.

Any payment made by mistake or in excess of the specified fee may be refunded. The refunding of international fees, should the international application not be accorded a filing date, would be authorized under this subsection. (Rule 15.6 of the Regulations.)

This subsection also authorizes the refund of the search fee, if the international application failed to receive a filing date (Rule 16.2 of the Regulations). It also authorizes the Commissioner to refund all or part of the search fee, if the international application is based on a prior national application which had already received a Patent Office action on the merits and if the international search could be based wholly or in part on the search results contained in such Patent Office action.

Section 2.

§ 6. Duties of Commissioner

This section concerns itself with the financial obligations which the United States must undertake when the Treaty goes into force and becomes effective as to the United States. By virtue of adherence to the Treaty, a Union (the International Patent Cooperation Union) is formed among the contracting countries. Under Article 57(7) of the Treaty, the Union shall have a working capital fund which shall be constituted by a single payment made by each contracting country. The amount of the initial payment is determined by the Assembly of the Union with due regard to the number of international applications filed by United States residents. Moreover, should the fund become insufficient, the Assembly of the Union would make arrangements to increase it, necessitating additional payments by member countries, including the United States.

Another aspect covered by this section is that of contributions to cover operating deficits of the International Bureau. In the event a financial year should close with a deficit, the Assembly of the Union may decide that contracting countries pay contributions to cover such deficit. In this event contributions would be authorized by this section.

Section 3.

§ 41. Patent fees

This section amends item 1 of section 41(a) of title 35 to provide that claims in multiple dependent form may not be considered as single dependent claims, for the purpose of computing fees. Thus, a multiple dependent claim would be considered to be that number of dependent

claims to which it refers. Any claim depending from a multiple dependent claim would also be considered as a number of dependent claims.

Section 4.

§ 42. Payment of patent fees; return of excess amounts

Amended section 42 of title 35 would permit the Commissioner to retain the international fee, paid on filing of an international application, for direct transmittal to the International Bureau, rather than depositing such fee in the Treasury. In addition, the refund of international and other fees, as outlined in the analysis of section 376(b), could also be made directly, especially where such fees were not paid by mistake or in excess.

Section 5.

§ 102. Conditions for patentability; novelty and loss of right to patent

Amended section 102(e) of title 35 would provide the date on which the prior art effect attaches to a patent granted on an international application designating the United States. The date would be that point of time at which the requirements of paragraphs (1), (2), and (4) of section 371(c) of this bill have been complied with (i.e., filing in the Patent Office of the national fee, the oath or declaration and submission of a copy of the international application, as well as a translation thereof into English, if either is necessary). By complying with these requirements on, or any time after, the filing of an international application, an applicant could assure that the prior art effect of a patent issued on that application commences at an earlier date than either that provided by virtue of international publication, or the date marking the beginning of the national stage. Applicants who filed international applications with the Patent Office in its capacity as Receiving Office, would only have to submit the national fee and the oath or declaration to comply with the conditions of section 102(e).

Section 6.

§ 104. Invention made abroad

The purpose of this section is to amend the first sentence of section 104 to clarify that the benefit of sections 119 and 120 concerning the benefit on an earlier filing date also extends to international applications in accordance with section 365.

Section 7.

§ 112. Specification

The second paragraph of section 112 has been revised to take account of the multiple dependent claim practice introduced by the Treaty Thus, this section authorizes multiple dependent claims, as long as they are in the alternative form (e.g., "A machine according to claims, 3 *or* 4, further comprising . . ."). Cumulative claiming (e.g., "A machine according to claims 3 *and* 4, further comprising . . .") is not permitted, nor may a multiple dependent claim serve as a basis for any other multiple dependent claim. This distinction is made in order to avoid inherent confusion in determining how many claims are actually presented in an application.

The amendment of the second paragraph of section 112 further clarifies that the limitations or elements of each claim incorporated by

reference into a multiple dependent claim must be considered separately. Thus, a multiple dependent claim, as such, does not contain all the limitations of all the claims to which it refers, but rather, contains at any one time only those limitations of the particular claim under consideration. Hence, a multiple dependent claim is actually a plurality of single dependent claims.

Section 8.

§ 113. Drawings

As amended by this bill, this section would require the furnishing of drawings at the time an application is filed only in those instances where drawings are necessary for the understanding of the invention. If an invention can be understood without the aid of drawings although it is capable of being illustrated, the Commissioner may require that such drawings be furnished during the processing of the application, not earlier than two months from the date of notification that such drawings are required. The reasons for requiring such drawings is the facility with which the subject matter of an issued patent can be appraised as prior art in later searches. Thus, drawings of this nature are not needed for examining purposes and can be supplied later. No new matter may, of course, be included in those drawings.

Section 9.

§ 120. Benefit of earlier filing date in the United States

This section amends section 120, relating to the benefit of an earlier filing date in the United States, to provide that, in accordance with section 365(c) an international application designating the United States, regardless of its place of filing may serve as the basis for the benefit of an earlier filing date, as well as be entitled to it on the basis of an earlier national application or international application designating the United States.

Section 10.

§ 282. Presumption of validity; defenses

The section is amended by this bill, in conjunction with the new second paragraph of section 112, to clarify the presumption of validity in regard to multiple dependent claims.

Section 11.

Subsection (a) relates to the time of taking effect of Section 1 (part IV) of this bill, which is set to be on the same day the Patent Cooperation Treaty enters into force with respect to the United States. Since the Treaty is not self-executing, the bill would have to be enacted before the Treaty is ratified in order to avoid timing problems. The provisions of part IV will apply also to those national and international applications filed on or after the effective date of the bill which are entitled to the priority date or the benefit of an earlier filing date ante-dating the date of taking effect.

Subsection (b) relates to the time of taking effect of sections 2 to 10 of this bill.

Subsection (c) provides for a continued application of present title 35 to national applications filed before the effective date of this Act and to patents issued thereon.

Estimated Cost of Enactment of S. 24

The Department of Commerce has submitted and the Committee adopts the following estimate of the cost of carrying out S. 24 in the present fiscal year and each of the five following fiscal years.

Since S. 24, if enacted, implements the Patent Cooperation Treaty (PCT), no financial consequences can be attributed to the bill's enactment until the Treaty comes into force. It is presently estimated that prompt ratification of the PCT by the United States would encourage other major countries to ratify the PCT, thereby bringing it into effect in Fiscal Year 1977. Because of the necessary action of other countries in bringing the PCT into force, the estimation of FY 77 as the start-up year for the PCT is only an approximation and may actually be one year too early. Should a delay of the coming into force of the PCT occur, the costs arising from the enactment of S. 24 would also be delayed accordingly, although some funds will have to be expended to prepare for the implementation of the Treaty.

Expenses incurred by operating under the PCT are generally directly proportionate to the use made of the PCT procedure by United States patent applicants. Expenses are therefore directly related to the number of international applications processed by the Patent and Trademark Office. The presently estimated international application flow for the five consecutive fiscal years following FY 76 (the year in which S. 24 is reported out) is as follows:

ESTIMATED PCT WORKLOAD PROJECTIONS

International applications	Fiscal year—				
	1977	1978	1979	1980	1981
Domestic origin (enter receiving office)	4,500	6,100	8,200	10,200	12,400
Foreign origin (enter designated office)	5,400	10,900	12,900	14,900	17,000
Total	9,900	17,000	21,100	25,100	29,400

The processing of international applications originating in the United States is estimated to cost $107 more than had the application been filed as a national application only. The cost of $107 is comprised of the following components:

1. Additional functions as receiving office	$35
2. Additional functions as designated office	9
Total administration cost	44
3. Examining costs	63
Total	107

The estimated examining costs of $63 are based on an estimated 25 percent increase in time required due to additional searching and other functions.

International applications originating in foreign countries which are filed with the Patent and Trademark Office as a Designated Office, are estimated to cost an additional $9 only, since no Receiving Office functions nor additional examining duties are involved.

The estimated additional costs of Patent and Trademark Office operations under the PCT are as follows:

	Fiscal year—					
	1976	1977	1978	1979	1980	1981
U.S. origin at $107	0	$481,500	$652,700	$877,400	$1,091,400	$1,326,800
Foreign origin at $9	0	48,600	98,100	116,100	134,100	153,000
Total cost	0	530,100	750,800	993,500	1,225,500	1,479,800

It is expected that fees involved in the processing of international applications would be comparable to those involving national applications.

Additional cost factors, which are too speculative or remote for attempting to estimate at this time, involve contributions to the World Intellectual Property Organization (WIPO) which acts as the International Bureau under the PCT and thus serves as its administrative and coordinating organ. Article 57(7) of the Treaty establishes a working capital fund, constituted by a single payment made by each contracting state. WIPO's present plans are not to establish a working capital fund until after 1979 (assuming that the PCT comes into force in 1977). This decision was made in order to await a larger number of member countries, thereby reducing each individually prorated share. It should also be noted that the amount of the initial payment of each contracting state to the working capital fund is computed with due regard to the number of international applications which are filed by nationals and residents of that state. Thus, a direct relationship exists between the amount of the payment by the United States and the use of the PCT by U.S. nationals or residents.

In starting up for operation under the PCT, the International Bureau will have to establish a budget financed from fees and charges for services rendered by the International Bureau, from sales of publications and other miscellaneous income. To the extent that this income does not cover the International Bureau's budget, individual member states will have to contribute to cover the deficit. Deficit payments are also made with due regard to the number of international applications which emanate from each contracting state. At this point, no budget has been established by WIPO. Deficits during the start-up period may well occur, but are not expected to be of any significant magnitude. (The authorization to make payments to the working capital fund and to cover the share on the part of the United States of any operating deficit of the International Bureau under the Patent Cooperation Treaty, is contained in section 2 of S. 24.)

Information Submitted Pursuant to Rules X and XI

Clause 2(1) of Rule XI is not applicable. Section 308(a) of the Congressional Budget Act of 1974 will not be implemented this year. See last paragraph of House Rept. No. 94–25, 94th Cong., 1st session (1975).

No estimate or comparison from the Director of the Congressional Budget Office was received.

No related oversight findings or recommendations have been made by the Committee on Government Operations under clause 2(b)(2) of Rule X.

STATEMENT UNDER CLAUSE 2(1)(4) OF RULE XI OF THE RULES OF THE HOUSE OF REPRESENTATIVES CONCERNING ANY INFLATIONARY IMPACT ON PRICES AND COSTS IN THE OPERATION OF THE NATIONAL ECONOMY

The Committee has concluded that, in view of the modest increased expenditures which would result from enactment, there will be no inflationary impact on prices and costs in the operation of the national economy.

Votes

The Committee by voice vote ordered S. 24 reported favorably without amendment at a public meeting held on October 28, 1975. No record vote was taken on the bill.

Changes in Existing Law

In compliance with subsection (3) of rule XIII of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows: (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

Title 35—Patents

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"§ 6. Duties of Commissioner

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"(*d*) *The Commissioner, under the direction of the Secretary of Commerce, may, with the concurrence of the Secretary of State, allocate funds appropriated to the Patent Office, to the Department of State for the purpose of payment of the share on the part of the United States to the working capital fund established under the Patent Cooperation Treaty. Contributions to cover the share on the part of the United States of any operating deficits of the International Bureau under the Patent Cooperation Treaty shall be included in the annual budget of the Patent Office and may be transferred by the Commissioner, under the direction of the Secretary of Commerce, to the Department of State for the purpose of making payments thereof to the International Bureau.*"

* * * * * * *

"§ 41. Patent fees

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

"1. On filing each application for an original patent, except in design cases, $65; in addition on filing or on presentation at any other time, $10 for each claim in independent form which is in excess of one, and $2 for each claim (whether independent or dependent) which is in excess of ten. *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.".

* * * * * * *

§ 42. Payment of patent fees; return of excess amounts

All patent fees shall be paid to the Commissioner who, *except as provided in section 361(b) and 376(b) of this title*, shall deposit the same in the Treasury of the United States in such manner as the Secretary of the Treasury directs, and the Commissioner may refund any sum paid by mistake or in excess of the fee required by law.

* * * * * * *

"§ 102. Conditions for patentability; novelty and loss or right to patent

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or *on an international application by another who has fulfilled the requirements of paragraphs (1), (2) and (4) of section 371(c) of this title before the invention thereof by the applicant for patent, or*

* * * * * * *

§ 104. Invention made abroad

In proceedings in the Patent Office and in the courts, an applicant for a patent, or a patentee, may not establish a date of invention by reference to knowledge or use thereof, or other activity with respect thereto, in a foreign country, except as provided in [section] *sections* 119 *and 365* of this title.

* * * * * * *

§ 112. Specification

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is mostly nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention. A claim may be written in independent or, *if the nature or the case admits, in dependents of multiple* dependent form [, and if in dependent form, it shall be construed to include all the limitations of the claim incorporated by reference into the dependent claim].

Subject to the following paragraph, a claim in dependent form shall contain a reference to a claim previously set forth and then specify a further limitation of the subject matter claimed. A claim in dependent form shall be construed to incorporate by reference all the limitations of the claim to which it refers.

A claim in multiple dependent form shall contain a reference, in the alternatives only, to more than one claim previously set forth and then specify a further limitation of the subject matter claimed. A multiple dependent claim shall not serve as a basis for any other multiple dependent claim. A multiple dependent claim shall be construed to incorporate by reference all the limitations of the particular claim in relation to which it is being considered.

* * * * * * *

§ 113. Drawings

[When the nature of the case admits, the applicant shall furnish a drawing.]

"The applicant shall furnish a drawing where necessary for the understanding of the subject matter sought to be patented. When the nature of such subject matter admits of illustration by a drawing and the applicant has not furnished such a drawing, the Commissioner may require its submission within a time period of not less than two months from the sending of a notice thereof. Drawings submitted after the filing date of the application may not be used (i) to overcome any insufficiency of the specification due to lack of an enabling disclosure or otherwise inadequate disclosure therein, or (ii) to supplement the original disclosure thereof for the purpose of interpretation of the scope of any claim.".

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§ 120. Benefit of earlier filing date in the United States

An application for patent for an invention disclosed in the manner provided by the first paragraph of section 112 of this title in an application previously filed in the United States, *or as provided by section 363 of this title,* by the same inventor shall have the same effect, as to such invention, as though filed on the date of the prior application, if filed before the patenting or abandonment of or termination of proceedings on the first application or on an application similarly entitled to the benefit of the filing date of the first application and if it contains or is amended to contain a specific reference to the earlier filed application.

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§ 282. Presumption of validity; defenses

A patent shall be presumed valid. Each claim of a patent (whether in independent, [or] dependent, *or multiple dependent* form) shall be presumed valid independently of the validity of other claims; dependent *or multiple dependent* claims shall be presumed valid even though dependent upon an invalid claim. The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting [it] *such invalidity.*

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"PART IV.—PATENT COOPERATION TREATY

"CHAPTER 35.—DEFINITIONS

"Sec.
"351. Definitions.

"§ 351. Definitions

"When used in this part unless the context otherwise indicates—

"(a) The term 'treaty' means the Patent Cooperation Treaty done at Washington, on June 19, 1970, excluding chapter II thereof.

"(b) The term 'Regulations', when capitalized, means the Regulations under the treaty excluding part C thereof, done at Washington on the same date as the treaty. The term 'regulations', when not capitalized, means the regulations established by the Commissioner under this title.

"(c) The term 'international application' means an application filed under the treaty.

"(d) The term 'international application originating in the United States' means an international application filed in the Patent Office when it is acting as a Receiving Office under the treaty, irrespective of whether or not the United States has been designated in that international application.

"(e) The term 'international application designating the United States' means an international application specifying the United States as a country in which a patent is sought, regardless where such international application is filed.

"(f) The term 'Receiving Office' means a national patent office or intergovernmental organization which receives and processes international applications as prescribed by the treaty and the Regulations.

"(g) The term 'International Searching Authority' means a national patent office or intergovernmental organization as appointed under the treaty which processes international applications as prescribed by the treaty and the Regulations.

"(h) The term 'International Bureau' means the international intergovernmental organization which is recognized as the coordinating body under the treaty and the Regulations.

"(i) Terms and expressions not defined in this part are to be taken in the sense indicated by the treaty and the Regulations.

"CHAPTER 36.—INTERNATIONAL STAGE

Sec.

"361. Receiving Office.
"362. International Searching Authority.
"363. International application designating the United States: Effect.
"364. International stage: Procedure.
"365. Right of priority; benefit of the filing date of a prior application.
"366. Withdrawn international application.
"367. Actions of other authorities: Review.
"368. Secrecy of certain inventions; filing international applications in foreign countries.

"§ 361. Receiving Office

"(a) The Patent Office shall act as a Receiving Office for international applications filed by nationals or residents of the United States. In accordance with any agreement made between the United States and another country, the Patent Office may also act as a Receiving Office for international applications filed by residents or nationals of such country who are entitled to file international applications.

"(b) The Patent Office shall perform all acts connected with the discharge of duties required of a Receiving Office, including the collection of international fees and their transmittal to the International Bureau.

"(c) International applications filed in the Patent Office shall be in the English language.

"(d) The basic fee portion of the international fee, and the transmittal and search fees prescribed under section 376 (a) of this part, shall be paid on filing of an international application. Payment of designation fees may be made on filing and shall be made not later than one year from the priority date of the international application.

"§ 362. International Searching Authority

"The Patent Office may act as an International Searching Authority with respect to international applications in accordance with the terms and conditions of an agreement which may be concluded with the International Bureau.

"§ 363. International application designating the United States: Effect

"An international application designating the United States shall have the effect, from its international filing date under article 11 of the treaty,

of a national application for patent regularly filed in the Patent Office except as otherwise provided in section 102(e) of this title.

"§ 364. International stage: Procedure

"(a) International applications shall be processed by the Patent Office when acting as a Receiving Office or International Searching Authority, or both, in accordance with the applicable provisions of the treaty, the Regulations, and this title.

"(b) An applicant's failure to act within prescribed time limits in connection with requirements pertaining to a pending international application may be excused upon a showing satisfactory to the Commissioner of unavoidable delay, to the extent not precluded by the treaty and the Regulations, and provided the conditions imposed by the treaty and the Regulations regarding the excuse of such failure to act are complied with.

"§ 365. Right of priority; benefit of the filing date of a prior application

"(a) In accordance with the conditions and requirements of section 119 of this title, a national application shall be entitled to the right of priority based on a prior filed international application which designated at least one country other than the United States.

"(b) In accordance with the conditions and requirement of the first paragraph of section 119 of this title and the treaty and the Regulations, an international application designating the United States shall be entitled to the right of priority based on a prior foreign application, or a prior international application designating at least one country other than the United States.

"(c) In accordance with the conditions and requirements of section 120 of this title, an international application designating the United States shall be entitled to the benefit of the filing date of a prior national application or a prior international application designating the United States, and a national application shall be entitled to the benefit of the filing date of a prior international application designating the United States. If any claim for the benefit of an earlier filing date is based on a prior international application which designated but did not originate in the United States, the Commissioner may require the filing in the Patent Office of a certified copy of such application together with a translation thereof into the English language, if it was filed in another language.

"§ 366. Withdrawn international application

"Subject to section 367 of this part, if an international application designating the United States is withdrawn or considered withdrawn, either generally or as to the United States, under the conditions of the treaty and the Regulations, before the applicant has complied with the applicable requirements prescribed by section 371(c) of this part, the designation of the United States shall have no effect and shall be considered as not having been made. However, such international application may serve as the basis for a claim of priority under section 365 (a) and (b) of this part, if it designated a country other than the United States.

"§ 367. Actions of other authorities: Review

"(a) Where a Receiving Officer other than the Patent Office has refused to accord an international filing date to an international application designating the United States or where it has held such application to be withdrawn either generally or as to the United States, the applicant may request review of the matter by the Commissioner, on compliance with

the requirements of and within the time limits specified by the treaty and the Regulations. Such review may result in a determination that such application be considered as pending in the national stage.

"(b) The review under subsection (a) of this section, subject to the same requirements and conditions, may also be requested in those instances where an international application designating the United States is considered withdrawn due to a finding by the International Bureau under article 12(3) of the treaty.

"§ 368. Secrecy of certain inventions; filing international applications in foreign countries

"(a) International applications filed in the Patent Office shall be subject to the provisions of chapter 17 of this title.

"(b) In accordance with article 27(8) of the treaty, the filing of an international application in a country other than the United States on the invention made in this country shall be considered to constitute the filing of an application in a foreign country within the meaning of chapter 17 of this title, whether or not the United States is designated in that international application.

"(c) If a license to file in a foreign country is refused or if an international application is ordered to be kept secret and a permit refused, the Patent Office when acting as a Receiving Office or International Searching Authority, or both, may not disclose the contents of such application to anyone not authorized to receive such disclosure.

"CHAPTER 37.—NATIONAL STAGE

Sec.

"371. National stage: Commencement.
"372. National stage: Requirements and procedure.
"373. Improper applicant.
"374. Publication of international application: Effect.
"375. Patent issued on internaitonal application: Effect.
"376. Fees.

"§ 371. National stage: Commencement

"(a) Receipt from the International Bureau of copies of international applications with amendments to the claims, if any, and international search reports is required in the case of all international applications designating the United States, except those filed in the Patent Office.

"(b) Subject to subsection (f) of this section, the national stage shall commence with the expiration of the applicable time limit under article 22 (1) or (2) of the treaty, at which time the applicant shall have complied with the applicable requirements spcified in subsection (c) of this section.

"(c) The applicant shall file in the Patent Office—

"(1) the national fee prescribed under section 376(a)(4) of this part;

"(2) a copy of the international application, unless not required under subsection (a) of this section or already received from the International Bureau, and a verified translation into the English language of the international application, if it was filed in another language;

"(3) amendments, if any, to the claims in the international application, made under article 19 of the treaty, unless such amendments have been communicated to the Patent Office by the International Bureau, and a translation into the English language if such amendments were made in another language;

"(4) an oath or declaration of the inventor (or other person authorized under chapter 11 of this title) complying with the requirements of section 115 of this title and with regulations prescribed for oaths or declarations of applicants.

"(d) Failure to comply with any of the requirements of subsection (c) of this section, within the time limit provided by article 22 (1) or (2) of the treaty shall result in abandonment of the international application.

"(e) After an international application has entered the national stage, no patent may be granted or refused thereon before the expiration of the applicable time limit under article 28 of the treaty, except with the express consent of the applicant. The applicant may present amendments to the specification, claims, and drawings of the application after the national stage has commenced.

"(f) At the express request of the applicant, the national stage of processing may be commenced at any time at which the application is in order for such purpose and the applicable requirements of subsection (c) of this section have been complied with.

"§ 372. National stage: Requirements and procedure

"(a) All questions of substance and, within the scope of the requirements of the treaty and Regulations, procedure in an international application designating the United States shall be determined as in the case of national applications regularly filed in the Patent Office.

"(b) In case of international applications designating but not originating in, the United States—

"(1) the Commissioner may cause to be reexamined questions relating to form and contents of the application in accordance with the requirements of the treaty and the Regulations;

"(2) the Commissioner may cause the question of unity of invention to be reexamined under section 121 of this title, within the scope of the requirements of the treaty and the Regulations.

"(c) Any claim not searched in the international stage in view of a holding, found to be justified by the Commissioner upon review, that the international application did not comply with the requirement for unity of invention under the treaty and the Regulations, shall be considered canceled, unless payment of a special fee is made by the applicant. Such special fee shall be paid with respect to each claim not searched in the international stage and shall be submitted not later than one month after a notice was sent to the applicant informing him that the said holding was deemed to be justified. The payment of the special fee shall not prevent the Commissioner from requiring that the international application be restricted to one of the inventions claimed therein under section 121 of this title, and within the scope of the requirements of the treaty and the Regulations.

"§ 373. Improper applicant

"An international application designating the United States, shall not be accepted by the Patent Office for the national stage if it was filed by anyone not qualified under chapter 11 of this title to be an applicant for the purpose of filing a national application in the United States. Such international applications shall not serve as the basis for the benefit of an earlier filing date under section 120 of this title in a subsequently filed application, but may serve as the basis for a claim of the right of priority under section 119 of this title, if the United States was not the sole country designated in such international application.

"§ 374. Publication of international application: Effect

"The publication under the treaty of an international application shall confer no rights and shall have no effect under this title other than that of a printed publication.

"§ 375. Patent issued on international application: Effect

"(a) A patent may be issued by the Commissioner based on an international application designating the United States, in accordance with the provisions of this title. Subject to section 102(e) of this title, such patent shall have the force and effect of a patent issued on a national application filed under the provisions of chapter 11 of this title.

"(b) Where due to an incorrect translation the scope of a patent granted on an international application designating the United States, which was not originally filed in the English language, exceeds the scope if the international application in its original language, a court of competent jurisdiction may retroactively limit the scope of the patent, by declaring it unenforceable to the extent that it exceeds the scope of the international application in its original language.

"§ 376. Fees

"(a) The required payment of the international fee, which amount is specified in the Regulations, shall be paid in United States currency. The Patent Office may also charge the following fees:

"(1) A transmittal fee (see section 361(d));

"(2) A search fee (see section 361(d));

"(3) A supplemental search fee (to be paid when required);

"(4) A national fee (see section 371(c));

"(5) A special fee (to be paid when required; see section 372 (c));

"(6) Such other fees as established by the Commissioner.

"(b) The amounts of fees specified in subsection (a) of this section, except the international fee, shall be prescribed by the Commissioner. He may refund any sum paid by mistake or in excess of the fees so specified, or if required under the treaty and the Regulations. The Commissioner may also refund any part of the search fee, where he determines such refund to be warranted.".

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