

United States Patent and Trademark Fee Modernization Act of 2004.

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108th CONGRESS

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H. R. 1561

IN THE SENATE OF THE UNITED STATES

March 4, 2004

Received; read twice and referred to the Committee on the Judiciary

April 29, 2004

Reported by Mr. HATCH, without amendment

AN ACT

To amend title 35, United States Code, with respect to patent fees, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America
in Congress assembled,

SECTION 1. SHORT TITLE. ➡

This Act may be cited as the `United States Patent and Trademark Fee Modernization Act
of 2004'.

SEC. 2. FEES FOR PATENT SERVICES. ➡

- a. GENERAL PATENT FEES- Section 41(a) of title 35, United States Code, is amended to read as follows:

- a. GENERAL FEES- The Director shall charge the following fees:

1. FILING AND BASIC NATIONAL FEES-

- A. On filing each application for an original patent, except for design, plant, or provisional applications, \$300.
- B. On filing each application for an original design patent, \$200.
- C. On filing each application for an original plant patent, \$200.
- D. On filing each provisional application for an original patent, \$200.
- E. On filing each application for the reissue of a patent, \$300.
- F. The basic national fee for each international application filed under the treaty defined in section 351(a) of this title entering the national stage under section 371 of this title, \$300.
- G. In addition, excluding any sequence listing or computer program listing filed in an electronic medium as prescribed by the Director, for any application the specification and drawings of which exceed 100 sheets of paper (or equivalent as prescribed by the Director if filed in an electronic medium), \$250 for each additional 50 sheets of paper (or equivalent as prescribed by the Director if filed in an electronic medium) or fraction thereof.

2. EXCESS CLAIMS FEES- In addition to the fee specified in paragraph (1)--

- A. on filing or on presentation at any other time, \$200 for each claim in independent form in excess of 3;
- B. on filing or on presentation at any other time, \$50 for each claim (whether dependent or independent) in excess of 20; and
- C. for each application containing a multiple dependent claim, \$360.

For the purpose of computing fees under this paragraph, a multiple dependent claim 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. The Director may by regulation provide for a refund of any part of the fee specified in this paragraph for any claim that is canceled

before an examination on the merits, as prescribed by the Director, has been made of the application under section 131 of this title. Errors in payment of the additional fees under this paragraph may be rectified in accordance with regulations prescribed by the Director.

3. EXAMINATION FEES-

- A. For examination of each application for an original patent, except for design, plant, provisional, or international applications, \$200.
- B. For examination of each application for an original design patent, \$130.
- C. For examination of each application for an original plant patent, \$160.
- D. For examination of the national stage of each international application, \$200.
- E. For examination of each application for the reissue of a patent, \$600.

The provisions of section 111(a)(3) of this title relating to the payment of the fee for filing the application shall apply to the payment of the fee specified in this paragraph with respect to an application filed under section 111(a) of this title. The provisions of section 371(d) of this title relating to the payment of the national fee shall apply to the payment of the fee specified in this paragraph with respect to an international application. The Director may by regulation provide for a refund of any part of the fee specified in this paragraph for any applicant who files a written declaration of express abandonment as prescribed by the Director before an examination has been made of the application under section 131 of this title, and for any applicant who provides a search report that meets the conditions prescribed by the Director.

4. ISSUE FEES-

- A. For issuing each original patent, except for design or plant patents, \$1,400.
- B. For issuing each original design patent, \$800.
- C. For issuing each original plant patent, \$1,100.
- D. For issuing each reissue patent, \$1,400.

5. DISCLAIMER FEE- On filing each disclaimer, \$130.

6. APPEAL FEES-

- A. On filing an appeal from the examiner to the Board of Patent Appeals

and Interferences, \$500.

- B. In addition, on filing a brief in support of the appeal, \$500, and on requesting an oral hearing in the appeal before the Board of Patent Appeals and Interferences, \$1,000.

- 7. **REVIVAL FEES-** On filing each petition for the revival of an unintentionally abandoned application for a patent, for the unintentionally delayed payment of the fee for issuing each patent, or for an unintentionally delayed response by the patent owner in any reexamination proceeding, \$1,500, unless the petition is filed under section 133 or 151 of this title, in which case the fee shall be \$500.

- 8. **EXTENSION FEES-** For petitions for 1-month extensions of time to take actions required by the Director in an application--

- A. on filing a first petition, \$120;
- B. on filing a second petition, \$330; and
- C. on filing a third or subsequent petition, \$570.'

- b. **PATENT MAINTENANCE FEES-** Section 41(b) of title 35, United States Code, is amended to read as follows:

- b. **MAINTENANCE FEES-** The Director shall charge the following fees for maintaining in force all patents based on applications filed on or after December 12, 1980:

- 1. 3 years and 6 months after grant, \$900.
- 2. 7 years and 6 months after grant, \$2,300.
- 3. 11 years and 6 months after grant, \$3,800.

Unless payment of the applicable maintenance fee is received in the United States Patent and Trademark Office on or before the date the fee is due or within a grace period of 6 months thereafter, the patent will expire as of the end of such grace period. The Director may require the payment of a surcharge as a condition of accepting within such 6-month grace period the payment of an applicable maintenance fee. No fee may be established for maintaining a design or plant patent in force.'

- c. **PATENT SEARCH FEES-** Section 41(d) of title 35, United States Code, is amended to read as follows:

- d. **PATENT SEARCH AND OTHER FEES-**

1. PATENT SEARCH FEES-

- A. The Director shall charge a fee for the search of each application for a patent, except for provisional applications. The Director shall establish the fees charged under this paragraph to recover an amount not to exceed the estimated average cost to the Office of searching applications for patent either by acquiring a search report from a qualified search authority, or by causing a search by Office personnel to be made, of each application for patent. For the 3-year period beginning on October 1, 2004, the fee for a search by a qualified search authority of a patent application described in clause (i), (iv), or (v) of subparagraph (B) may not exceed \$500, of a patent application described in clause (ii) of subparagraph (B) may not exceed \$100, and of a patent application described in clause (iii) of subparagraph (B) may not exceed \$300. The Director may not increase any such fee by more than 20 percent in each of the next 3 1-year periods, and the Director may not increase any such fee thereafter.
- B. For purposes of determining the fees to be established under this paragraph, the cost to the Office of causing a search of an application to be made by Office personnel shall be deemed to be--
- i. \$500 for each application for an original patent, except for design, plant, provisional, or international applications;
 - ii. \$100 for each application for an original design patent;
 - iii. \$300 for each application for an original plant patent;
 - iv. \$500 for the national stage of each international application; and
 - v. \$500 for each application for the reissue of a patent.
- C. The provisions of section 111(a)(3) of this title relating to the payment of the fee for filing the application shall apply to the payment of the fee specified in this paragraph with respect to an application filed under section 111(a) of this title. The provisions of section 371(d) of this title relating to the payment of the national fee shall apply to the payment of the fee specified in this paragraph with respect to an international application.
- D. The Director may by regulation provide for a refund of any part of the fee specified in this paragraph for any applicant who files a written declaration of express abandonment as prescribed by the Director before an examination has been made of the application under section 131 of this title, and for any applicant who provides a search report that meets the conditions prescribed by the Director.
- E. For purposes of subparagraph (A), a 'qualified search authority' may not include a commercial entity unless--
- i.

the Director conducts a pilot program of limited scope, conducted over a period of not more than 18 months, which demonstrates that searches by commercial entities of the available prior art relating to the subject matter of inventions claimed in patent applications--

- I. are accurate; and
 - II. meet or exceed the standards of searches conducted by and used by the Patent and Trademark Office during the patent examination process;
- ii. the Director submits a report on the results of the pilot program to the Congress and the Patent Public Advisory Committee that includes--
- I. a description of the scope and duration of the pilot program;
 - II. the identity of each commercial entity participating in the pilot program;
 - III. an explanation of the methodology used to evaluate the accuracy and quality of the search reports; and
 - IV. an assessment of the effects that the pilot program, as compared to searches conducted by the Patent and Trademark Office, had and will have on--
 - a. patentability determinations;
 - b. productivity of the Patent and Trademark Office;
 - c. costs to the Patent and Trademark Office;
 - d. costs to patent applicants; and
 - e. other relevant factors;
- iii. the Patent Public Advisory Committee reviews and analyzes the Director's report under clause (ii) and the results of the pilot program and submits a separate report on its analysis to the Director and the Congress that includes--
- I. an independent evaluation of the effects that the pilot program, as compared to searches conducted by the Patent and Trademark Office, had and will have on the factors set forth in clause (ii)(IV); and
 - II.

an analysis of the reasonableness, appropriateness, and effectiveness of the methods used in the pilot program to make the evaluations required under clause (ii)(IV); and

- iv. the Congress does not, during the 1-year period beginning on the date on which the Patent Public Advisory Committee submits its report to the Congress under clause (iii), enact a law prohibiting searches by commercial entities of the available prior art relating to the subject matter of inventions claimed in patent applications.
- F. The Director shall require that any search by a qualified search authority that is a commercial entity is conducted in the United States by persons that--
- i. if individuals, are United States citizens; and
 - ii. if business concerns, are organized under the laws of the United States or any State and employ United States citizens to perform the searches.
- G. A search of an application that is the subject of a secrecy order under section 181 or otherwise involves classified information may only be conducted by Office personnel.
- H. A qualified search authority that is a commercial entity may not conduct a search of a patent application if the entity has any direct or indirect financial interest in any patent or in any pending or imminent application for patent filed or to be filed in the Patent and Trademark Office.
2. OTHER FEES- The Director shall establish fees for all other processing, services, or materials relating to patents not specified in this section to recover the estimated average cost to the Office of such processing, services, or materials, except that the Director shall charge the following fees for the following services:
- A. For recording a document affecting title, \$40 per property.
 - B. For each photocopy, \$.25 per page.
 - C. For each black and white copy of a patent, \$3.

The yearly fee for providing a library specified in section 12 of this title with uncertified printed copies of the specifications and drawings for all patents in that year shall be \$50.'

- d. ADJUSTMENTS-

1. IN GENERAL- Section 41(f) of title 35, United States Code, shall apply to the fees established under the amendments made by this section, beginning in fiscal year 2005.
 2. CONFORMING AMENDMENT- Effective October 1, 2004, section 41(f) of title 35, United States Code, is amended by striking `(a) and (b)' and inserting `(a), (b), and (d)'.
- e. FEES FOR SMALL ENTITIES- Section 41(h) of title 35, United States Code, is amended--
1. in paragraph (1), by striking `Fees charged under subsection (a) or (b)' and inserting `Subject to paragraph (3), fees charged under subsections (a), (b), and (d)(1)'; and
 2. by adding at the end the following new paragraph:
 3. The fee charged under subsection (a)(1)(A) shall be reduced by 75 percent with respect to its application to any entity to which paragraph (1) applies, if the application is filed by electronic means as prescribed by the Director.'
- f. SIZE STANDARDS FOR SMALL ENTITIES-
1. STUDY- The Director, in conjunction with the Administrator of the Small Business Administration and the Chief Counsel for Advocacy of the Small Business Administration, shall conduct a study on the effect of patent fees on the ability of small entity inventors to file patent applications. Such study shall examine whether a separate category of reduced patent fees is necessary to ensure adequate development of new technology by small entity inventors.
 2. REPORT- The Director shall, not later than 6 months after the date of the enactment of this Act, submit a report on the results of the study under paragraph (1) to the Committee on the Judiciary and the Committee on Small Business of the House of Representatives and the Committee on the Judiciary and the Committee on Small Business and Entrepreneurship of the Senate.
- g. CONFORMING AMENDMENTS-
1. Section 41 of title 35, United States Code, is amended--
 - A. in subsection (c), by striking `(c)(1)' and inserting `(c) LATE PAYMENT OF FEES- (1)';
 - B. in subsection (e), by striking `(e)' and inserting `(e) WAIVERS OF CERTAIN FEES- ';
 - C. in subsection (f), by striking `(f)' and inserting `(f) ADJUSTMENTS IN FEES- ';

- D. in subsection (g), by striking `(g)' and inserting `(g) EFFECTIVE DATES OF FEES-`;
 - E. in subsection (h), by striking `(h)(1)' and inserting `(h) REDUCTIONS IN FEES FOR CERTAIN ENTITIES- (1)'; and
 - F. in subsection (i), by striking `(i)(1)' and inserting `(i) SEARCH SYSTEMS- (1)'.
2. Section 119(e)(2) of title 35, United States Code, is amended by striking `subparagraph (A) or (C) of'.

SEC. 3. ADJUSTMENT OF TRADEMARK FEES. ➡

- a. FEE FOR FILING APPLICATION- The fee under section 31(a) of the Trademark Act of 1946 (15 U.S.C. 1113(a)) for filing an electronic application for the registration of a trademark shall be \$325. If the trademark application is filed on paper, the fee shall be \$375. The Director may reduce the fee for filing an electronic application for the registration of a trademark to \$275 for any applicant who prosecutes the application through electronic means under such conditions as may be prescribed by the Director. Beginning in fiscal year 2005, the provisions of the second and third sentences of section 31(a) of the Trademark Act of 1946 shall apply to the fees established under this section.
- b. REFERENCE TO TRADEMARK ACT OF 1946- For purposes of this section, the `Trademark Act of 1946' refers to the Act entitled `An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes.', approved July 5, 1946 (15 U.S.C. 1051 et seq.).

SEC. 4. CORRECTION OF ERRONEOUS NAMING OF OFFICER. ➡

- a. CORRECTION- Section 13203(a) of the 21st Century Department of Justice Appropriations Authorization Act (Public Law 107-273; 116 Stat. 1902) is amended--
 - 1. in the subsection heading, by striking `COMMISSIONER' and inserting `DIRECTOR'; and
 - 2. in paragraphs (1) and (2), by striking `Commissioner' each place it appears and inserting `Director'.
- b. EFFECTIVE DATE- The amendments made by subsection (a) shall be effective as of the date of the enactment of Public Law 107-273.

SEC. 5. PATENT AND TRADEMARK FUNDING. ➔

Section 42(c) of title 35, United States Code, is amended--

1. by striking `(c)' and inserting `(c)(1)'; and
2. by adding at the end the following new paragraph:
 2. There is established in the Treasury a Patent and Trademark Fee Reserve Fund. If fee collections by the Patent and Trademark Office for a fiscal year exceed the amount appropriated to the Office for that fiscal year, fees collected in excess of the appropriated amount shall be deposited in the Patent and Trademark Fee Reserve Fund. After the end of each fiscal year, the Director shall make a finding as to whether the fees collected for that fiscal year exceed the amount appropriated to the Patent and Trademark Office for that fiscal year. If the amount collected exceeds the amount appropriated, the Director shall, if the Director determines that there are sufficient funds in the Reserve Fund, make payments from the Reserve Fund to persons who paid patent or trademark fees during that fiscal year. The Director shall by regulation determine which persons receive such payments and the amount of such payments, except that such payments in the aggregate shall equal the amount of funds deposited in the Reserve Fund during that fiscal year, less the cost of administering the provisions of this paragraph.

SEC. 6. EFFECTIVE DATE, APPLICABILITY, AND TRANSITIONAL PROVISION. ➔

- a. EFFECTIVE DATE- Except as otherwise provided in this Act and this section, this Act and the amendments made by this Act shall take effect on October 1, 2004, or on the date of the enactment of this Act, whichever occurs later.
- b. APPLICABILITY-
 1. A. Except as provided in subparagraphs (B) and (C), the amendments made by section 2 shall apply to all patents, whenever granted, and to all patent applications pending on or filed after the effective date set forth in subsection (a) of this section.
 - B.
 - i. Except as provided in clause (ii), sections 41(a)(1), 41(a)(3), and 41(d)(1) of title 35, United States Code, as amended by this Act, shall apply only to--
 1. applications for patents filed under section 111(a) of title 35, United States Code, on or after the effective date set forth in subsection (a) of this section, and

- II. international applications entering the national stage under section 371 of title 35, United States Code, for which the basic national fee specified in section 41 of title 35, United States Code, was not paid before the effective date set forth in subsection (a) of this section.
 - ii. Section 41(a)(1)(D) of title 35, United States Code as amended by this Act, shall apply only to applications for patent filed under section 111(b) of title 35, United States Code, before, on, or after the effective date set forth in subsection (a) of this section in which the filing fee specified in section 41 of title 35, United States Code, was not paid before the effective date set forth in subsection (a) of this section.
 - C. Section 41(a)(2) of title 35, United States Code, as amended by this Act, shall apply only to the extent that the number of excess claims, after giving effect to any cancellation of claims, is in excess of the number of claims for which the excess claims fee specified in section 41 of title 35, United States Code, was paid before the effective date set forth in subsection (a) of this section.
2. The amendments made by section 3 shall apply to all applications for the registration of a trademark filed or amended on or after the effective date set forth in subsection (a) of this section.
- c. TRANSITIONAL PROVISIONS-
- 1. SEARCH FEES- During the period beginning on the effective date set forth in subsection (a) of this section and ending on the date on which the Director establishes search fees under the authority provided in section 41(d)(1) of title 35, United States Code, the Director shall charge--
 - A. for the search of each application for an original patent, except for design, plant, provisional, or international application, \$500;
 - B. for the search of each application for an original design patent, \$100;
 - C. for the search of each application for an original plant patent, \$300;
 - D. for the search of the national stage of each international application, \$500; and
 - E. for the search of each application for the reissue of a patent, \$500.
 - 2. TIMING OF FEES- The provisions of section 111(a)(3) of title 35, United States Code, relating to the payment of the fee for filing the application shall apply to the payment of the fee specified in paragraph (1) with respect to an application filed under section 111(a) of title 35, United States Code. The provisions of section 371(d) of title 35, United States Code, relating to the payment of the national fee shall apply to the payment of the fee specified in paragraph (1) with respect to an international application.

3. REFUNDS- The Director may by regulation provide for a refund of any part of the fee specified in paragraph (1) for any applicant who files a written declaration of express abandonment as prescribed by the Director before an examination has been made of the application under section 131 of title 35, United States Code, and for any applicant who provides a search report that meets the conditions prescribed by the Director.

- d. EXISTING APPROPRIATIONS- The provisions of any appropriation Act that make amounts available pursuant to section 42(c) of title 35, United States Code, and are in effect on the effective date set forth in subsection (a) shall cease to be effective on that effective date.

SEC. 7. DEFINITION. ➔

In this Act, the term `Director' means the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.

SEC. 8. CLERICAL AMENDMENT. ➔

Subsection (c) of section 311 of title 35, United States Code, is amended by aligning the text with the text of subsection (a) of such section.

Passed the House of Representatives March 3, 2004.

Attest:

JEFF TRANDAHL,

Clerk.