

Statement of Purpose and Need

The United States Patent and Trademark Office Technical Adjustments Act of 2010 is a compilation of five rather uncontroversial legislative changes needed to comply with treaty commitments the United States has made over the last decade, improve the abilities of the U.S. Patent and Trademark Office (USPTO) to maximize its ability to train and improve foreign patent and trademark examination practices and ensure that administrative patent and trademark judges are properly compensated. What follows is a brief description of the problems and suggested solutions for each title of the bill.

TITLE I — TECHNICAL AND CONFORMING AMENDMENTS TO TRADEMARK LAW

Background

Trademarks are registered in the United States through an application process, and once registered, must be maintained through periodic renewals and affidavits that the mark continues to be used by the owner. In recent years, the United States has entered into several treaties to streamline and simplify the procedures for protecting and registering trademarks, and to facilitate the protection of trademarks internationally. In the process of entering into these agreements the United States committed to making changes to certain sections of the Lanham Act, which governs U.S. trademark law.

The United States became a party to the Trademark Law Treaty (TLT), a treaty enacted to simplify procedures in the application and registration process and to harmonize trademark procedures in different countries. The Trademark Law Treaty Implementation Act of 1998, Pub. L. No. 105-330, amended certain Lanham Act provisions in order to implement the TLT.

In November 2003, the United States became a party to the Madrid Protocol, an international treaty that allows a trademark owner to seek registration in any of the countries that have joined the treaty by filing a single application. On the same date, the Madrid Protocol Implementation Act of 2002, Pub. L. No. 107-273, went into effect to establish procedures by which owners of U.S. applications or registrations could seek registration internationally through the Madrid Protocol, and to establish procedures by which the owner of a foreign application or registration could seek protection in the United States through the Madrid Protocol. In 2000, Congress passed the Patent and Trademark Office Efficiency Act, Pub. L. No. 106-113, which, among other things, changed the titles of the head of the USPTO and established a Deputy Director position.

Unfortunately, in the passage of the treaty implementation and other legislation mentioned above, certain technical gaps, errors and inconsistencies arose in the Lanham Act. Moreover, other provisions of the Lanham Act remain intact though they are no longer needed. This proposed legislation seeks to address these issues. The changes requested are technical in nature and are designed to further the purposes of the treaties, and update and promote consistency within the Lanham Act.

Discussion

The technical corrections needed encompass:

- (1) allowing trademark registrants the opportunity to correct deficient registration maintenance filings, such as where they were erroneously filed in a name other than the owner;
- (2) language changes for better clarity and organization within the statute;
- (3) language changes, such as replacing the term “registrant” with “owner,” for consistency in requiring that post-registration filings to establish incontestability and post-registration corrections – like post-registration affidavits of continued use -- be made by the current owner of the registration (rather than, perhaps, the original registrant, when the registration has since been assigned to another person);
- (4) a language change to include previously inadvertently omitted reference to the Deputy Director of the USPTO as a member of the Trademark Trial and Appeal Board;
- (5) a language change to delete a reference to a certified copy of a registration certificate that had been lost or destroyed, because the reference is now obsolete;
- (6) correcting a previous inadvertent omission in the implementation of the Madrid Protocol, to provide the same appeal rights for adverse decisions in applications filed pursuant to the Madrid Protocol; and
- (7) correcting a previous inadvertent omission in the implementation of the Madrid Protocol, to provide the same grace periods for maintenance filings for registrations under the Madrid Protocol as for other registrations.

These changes promote flexibility and fairness in the process, and are for the benefit of trademark applicants and registrants. For example, permitting correction of deficiencies in post-registration maintenance filings helps prevent the unfortunate loss of a registration for a mark still in good use, merely because of a filing error, such as filing in a name other than the current owner. In addition, making the above-referenced requirements for Madrid Protocol applicants and registrants consistent with those for other applicants and registrants promotes the spirit of the Madrid Protocol. Absent these changes, technical gaps, errors and inconsistencies in the Lanham Act would remain, to the unnecessary detriment of some trademark applicants and registrants.

TITLE II — PROVISIONS TO IMPLEMENT THE HAGUE AGREEMENT CONCERNING THE INTERNATIONAL REGISTRATION OF INDUSTRIAL DESIGNS.

Background

The Geneva Act of the Hague Agreement Concerning the International Registration of Industrial Designs, done at Geneva, Switzerland, on July 2, 1999, (“Geneva Act”), traces its roots to, and revises, the Hague Agreement Concerning the International Deposit of Industrial Designs done at the Hague, Netherlands, on November 6, 1925, (“Hague Agreement”). The most significant previous revisions of the Hague Agreement were the London Act of 1934 and the Hague Act of 1960. As of September 18, 2006, there are 43

Parties to the Hague Agreement and its revisions, of which 19 are Parties to the Geneva Act. Similarly to the original Hague Agreement and its earlier revisions, the Geneva Act facilitates intellectual property protection for industrial designs in Contracting Parties by streamlining the application process for multinational patent protection through use of a single international application procedure.

The Hague Agreement and its previous revisions, however, did not meet the needs of countries, such as the United States, that require a substantive examination of designs for novelty and non-obviousness. Accordingly, the United States never became a party to the original Hague Agreement or its earlier revisions. Thus, the Geneva Act was negotiated with the needs of examining offices, such as the USPTO, in mind. While maintaining the U.S. substantive examination process for design applications under the Geneva Act, it provides a streamlined design protection system for U.S. owners of industrial designs who, by filing a single standardized application at the USPTO in English, can apply for design protection in each country that is Party to the Act. This system will benefit especially small and medium-sized businesses.

Discussion

The proposed Hague Agreement Implementation Act makes no substantive changes in United States design patent law with the exception of (i) providing limited rights to patent applicants between the date that their international design application is published and the date on which they are granted a U.S. patent based on that application, (ii) extending the patent term for designs from fourteen to fifteen years from grant, and (iii) allowing the USPTO to use a published international design registration as a basis for rejecting a subsequently filed patent application that is directed at the same or similar subject matter. The Act also specifies administrative procedures to be followed by design patent applicants seeking multinational registration under the Act. This legislation will allow the United States to have the benefits of a multinational design protection system, while protecting the U.S. substantive examination system.

The proposed bill would amend the federal patent law, in title 35 of the United States Code, and known as the “Patent Act of 1952,” by adding a new Part V, containing a new Chapter 38 that comprises sections 381-391. These sections set forth the qualifications needed to apply, through the USPTO, for multinational registration of a design under the Act; provide that the USPTO’s substantive examination process will apply to international design applications seeking patent protection in the United States; and provide authority for the USPTO to fulfill its duties under the treaty. The bill provides that the Act will not become effective until the date of entry into force of the treaty with respect to the United States. In addition to a new Part V, the legislation also makes conforming amendments to title 35.

The proposed legislation and implementation of the Agreement will offer significant benefits to U.S. owners of industrial designs. The registration of industrial designs will be much easier for United States applicants throughout the world in Contracting Parties. International registration of a design under the Geneva Act will allow a design owner to

apply for protection in as many Parties to the Geneva Act as desired, through a single filing.

Currently, a United States design applicant would have to file separate applications for design protection in each country. Due to the centralized registration procedure under the Geneva Act, cost savings to United States industrial design owners are expected to be substantial. In addition, the filing of a single application that is accepted by a centralized office should lead to fewer processing mistakes and delays on the part of both the applicant and the relevant foreign patent offices involved. The passage of this legislation will therefore be of great benefit to the United States.

TITLE III — IMPLEMENTING THE PROVISIONS TO IMPLEMENT THE PATENT LAW TREATY.

Background

The Patent Law Treaty was concluded during a Diplomatic Conference held at the World Intellectual Property Organization (WIPO) in Geneva, Switzerland, from May 11 to June 2, 2000. The Patent Law Treaty, Regulations under the Patent Law Treaty and Agreed Statements by the Diplomatic Conference were adopted by the Diplomatic Conference on June 1, 2000.

The Patent Law Treaty traces its roots to substantive patent law reform discussions that began in 1984 to harmonize and/or establish an international grace period. Those discussions continued until June 1991, during which a first part of a Diplomatic Conference to conclude the then-Patent Law Treaty was held. The second part of the Diplomatic Conference was scheduled for July 1993, but was not held. In January 1994, the United States discontinued substantive patent law harmonization discussions due to a lack of domestic support for the effort.

The international community was greatly disappointed by the “loss of momentum” on the subject of substantive patent law harmonization as a result of the position of the United States. Due to the residual interest in international patent law reform, the discussion of harmonization, limited to formal matters, was revived in 1995. Five sessions of the Committee of Experts and three sessions of its successor, the Standing Committee on the Law of Patents, were held to develop the “Basic Proposal” for the Diplomatic Conference, which was held from May 11 to June 2, 2000.

The Final Act of the Treaty, bearing witness to the Diplomatic Conference and its outcome, was signed by 104 countries and three Intergovernmental Organizations; 43 countries actually signed the Patent Law Treaty. The United States signed both the Final Act and the Treaty. The Patent Law Treaty includes 27 articles and 21 rules.

Discussion

The Patent Law Treaty (PLT) does not involve WIPO as there are no centralized functions. The PLT sets forth, with one exception, maximum formal/procedural requirements that Contracting Parties may impose on patent applicants and patentees. Otherwise, Contracting Parties are free to provide requirements that, from the viewpoint of applicants and owners, are more favorable than PLT requirements. The one exception to this freedom is the filing date provision, which is both a maximum and a minimum, i.e., a “filing date standard.”

Upon entry into force, the PLT will simplify the formal obligations and reduce associated costs for patent applicants and owners of patents in obtaining and preserving their rights in inventions in many countries of the world. The PLT complements our existing international obligations and furthers our policy of strong intellectual property protection. The PLT will make it easier for United States patent applicants and patent owners to obtain and maintain patents throughout the world, as well as in the United States, by simplifying and, to a large degree, merging national and international formal requirements associated with patent applications and patents.

The principle features of the PLT offer the following advantages:

- simplifies and minimizes application filing date requirements;
- imposes a maximum on the formal requirements that Contracting Parties may impose;
- eases representation requirements for formal matters;
- provides a basis for means of communications, including the electronic filing of applications;
- provides relief in respect of time limits that may be imposed by the Office of a Contracting Party and re-instatement of rights where an applicant or owner has unintentionally failed to comply with a time limit and that failure has the direct consequence of causing a loss of rights; and
- provides for correction or addition of priority claims and restoration of priority rights.

The proposed Patent Law Treaty Implementation Act makes limited changes to the federal patent law, contained in title 35 of the United States Code and known as the “Patent Act of 1952.” The provisions proposed for amendment are contained in three sections: (a) those provisions of title 35, United States Code, relevant to patent application filing dates, (b) those provisions of title 35, United States Code, relevant to relief in respect of time limits and reinstatement of rights, and (c) those provisions of title 35, United States Code, relevant to the restoration of the priority right. Among other things, the claim requirement for a filing date for a patent application filed under section 111(a) of title 35 is eliminated and reference filing is accommodated in a new section 111(c). Reinstatement of rights is made uniform throughout title 35 and is based on an unintentional standard. Restoration of the priority right is provided by accommodating delayed filings in sections 119(a) and (e)(1), 102(a) and 102(d) of title 35. Additionally, conforming amendments are provided.

In light of the fact that the proposed amendments will simplify and streamline our own patent law and practice, both administratively within the United States Patent and Trademark Office and for all United States patent applicants, the proposed amendments would take effect on the date that is one year after the date of enactment of the Act and would apply to all patents, whenever granted, and to all applications for patent pending on or filed after the date that is one year after the date of enactment of the Act. That is, because the changes required for compliance with the PLT are desirable, in and of themselves, the effective date of the proposed Act is not contingent on entry into force of the PLT.

TITLE IV — AUTHORIZING EXPENDITURE OF FUNDS FOR TRAVEL-RELATED EXPENSES OF NON-FEDERAL EMPLOYEES ATTENDING PROGRAMS REGARDING INTELLECTUAL PROPERTY LAW.

Background

A recent decision of the Office of Legal Counsel (OLC) of the Department of Justice interpreting 31 U.S.C. § 1345 casts serious doubt on whether the U.S. Patent and Trademark Office (USPTO) may fund the travel-related expenses of non-federal participants in the USPTO's Global Intellectual Property Academy (GIPA) training and USPTO's international Intellectual Property (IP) seminars. As discussed more fully below, the OLC has decided that general statutory authority to conduct programs is insufficient to overcome the restrictions in 31 U.S.C. § 1345 prohibiting the use of funds to cover travel-related expenses of non-federal participants in such programs. This will hamper the ability of the United States to help nations develop systems to protect intellectual property and prevent counterfeiting and piracy, especially with respect to the intellectual property of Americans doing business overseas. This problem is not unique to the USPTO; several agencies have to rethink their authorizing language. However, the OLC decision will effectively mean the end of training programs that have trained Supreme and appellate court justices, judges and officials from around the world (critical to reach the hearts and minds of those having the power to influence their respective legal systems); customs and border officials from throughout the world (critical to share our operational expertise on how to stop counterfeiting and piracy at their borders); officials protecting against IP theft in the digital environment (critical to, among others, our copyright industries, which are losing billions to piracy throughout the world); and officials from offices that recognize intellectual property rights throughout the world (critical to ensuring the adoption of best practices for the substantive and administrative aspects of the grant of intellectual property rights, especially for Americans seeking those rights).

Through May 2008, the USPTO's GIPA has offered 18 U.S.-based training programs including 508 participants from 101 countries. Were it not for USPTO funding of travel and lodging expenses for officials from less developed countries, the participation of most of the foreign officials would not have been possible. Recent notable programs

include the November 2007 program captioned Criminal Enforcement of Intellectual Property Violations and Crimes attended by 28 foreign prosecutors from 22 countries (23 participants funded by the USPTO); the January 2008 program captioned Customs Enforcement of Intellectual Property Rights attended by 32 customs officials from 21 countries (24 participants funded by the USPTO); and the March 2008 program captioned Intellectual Property Rights Enforcement for Judges attended by 34 judges from 18 countries (29 participants funded by the USPTO).

Congress has repeatedly directed the USPTO to concentrate resources on international IP development. As the USPTO has indicated to Congress, effective international programs depend on ensuring that the United States can fund the transportation and travel-related expenses of foreign officials to attend educational sessions.

Our enabling legislation says nothing specific about paying for travel expenses for non-federal employees to participate in our international or domestic IP programs, studies and exchanges. The Congress directed the USPTO to spend \$20 million in December 2004 for IP efforts overseas but this provision mentioned nothing about travel expenses for non-federal employees. This budget was increased by Congress in November 2005 to \$25.3 million to further strengthen the USPTO's international IP efforts. However, OLC reads the need for specific statutory authority very narrowly, and the general authorizing language for the USPTO is not sufficient to satisfy OLC's test.

Discussion

31 U.S.C. § 1345 states in relevant part as follows:

"Except as specifically provided by law, an appropriation may not be used for travel, transportation, and subsistence expenses for a meeting. This section does not prohibit (1) an agency from paying for the expenses of an officer or employee of the United States carrying out an official duty. . ."

The Office of Legal Counsel (OLC) for the Department of Justice, whose opinions are binding on the Executive Branch, has opined that the Department of Commerce International Trade Administration's two-week "management training fellowship program[s]" in Washington for representatives from foreign governments constitute *meetings* under 31 U.S.C. §1345 and that, absent specific statutory authority otherwise, appropriated funds cannot be used to cover related travel expenses for the non-federal participants. 28 Op. Office Legal Counsel (2004).¹

¹ The Government Accountability Office (GAO) disagrees with OLC, explaining that 31 U.S.C. § 1345 was originally enacted to prevent numerous requests from various private organizations for appropriated funds to cover "lodging, food and transportation" for conventions or other forms of assemblages or gatherings. GAO believes that legislative history makes it clear that the prohibition was meant to address only those gatherings that private organizations sought to hold at government expense and would not apply to government-sponsored events. 72 Comp. Gen. 229 (May 1993); B-310023, April 17, 2008; B-300826, March 3, 2005. OLC, however, considers legislative history less clear and that the statute's plain, unambiguous language clearly includes more than simply privately sponsored meetings. 28 Op. Office Legal Counsel (2004). Notably, OLC considers its opinions as binding on the Executive Branch and that

Until recently, USPTO maintained that it could use appropriated funds to pay the travel expenses of non-federal GIPA and international IP seminar participants based on its authorization to “conduct programs, studies or exchanges of items or services” regarding international IP law, IP policy and the effectiveness of IP protections in accordance with 35 U.S.C. §§ 2(b)(11) and 2(b)(12).

As mentioned, OLC, however, recently determined that similar general authorizations to conduct training or other programs were insufficient to overcome the restrictions of 31 U.S.C. § 1345 prohibiting the use of funds to cover travel-related expenses of non-federal participants in such programs. 31 Op. Office Legal Counsel (2007) (The Environmental Protection Agency’s (EPA’s) statutes that generally authorize training or conferences of non-federal individuals and several other statutes encouraging it to fund related research were not specific enough to satisfy the requirements of § 1345.) Notwithstanding this conclusion, OLC opined that the restrictions within § 1345 were not part of an appropriation and that failing to follow them did not violate the Antideficiency Act, explaining that Congress could impose penalties by other means. *Id.*

Similar to the USPTO’s authority to hold programs regarding the value of IP protections, EPA has authority under the Clean Air Act to establish national research and development programs and is required to “conduct, and promote the coordination and acceleration of training for individuals relating to the causes, effects, extent, prevention and control of air pollution.” Despite this authority and similar authority found in the Clean Water Act, the Solid Waste Disposal Act and several other statutes, OLC opined that EPA’s authority was not sufficiently specific to overcome the restrictions found in § 1345.

Congress could expressly authorize the agency to cover travel expenses for GIPA and International IP seminar non-federal participants to remove any doubt about whether 31 U.S.C. § 1345 applies to USPTO programs. A simple amendment to section 2(b)(11) of title 35 that reads “funds are authorized to be expended to cover the subsistence expenses and travel-related expenses, including per diem, lodging costs and transportation costs, of non-federal employees attending such programs;” would provide that authorization.

TITLE V — PROVIDING FOR THE EQUITABLE ADJUSTMENT OF PAY FOR ADMINISTRATIVE PATENT JUDGES AND ADMINISTRATIVE TRADEMARK JUDGES.

Background

The proposed amendment would clarify USPTO’s authority to set basic pay for administrative judges. The failure to obtain the technical correction may lead to questions about the authority to pay these key employees of the agency.

GAO’s opinions are simply helpful, nonbinding guidance. 20 Op. Office Legal Counsel 341, 342 n. 3 (1996); 31 Op. Office Legal Counsel, n. 1 (2007).

Discussion

Administrative Patent Judges are essential to the mission of the USPTO and the Department of Commerce. The key components of the USPTO's goals and objectives are to ensure the timely review of adverse decisions of examiners and the priority and patentability of invention in interferences. The Board of Patent Appeals and Interferences (BPAI) currently has a staff of highly competent and uniquely skilled and knowledgeable judges and continues to experience historic growth in workload. Ex parte appeals have grown over 140 percent since the end of FY 2008, surpassing 15,000 docketed appeals in FY 2009. The BPAI receives, on average, 500 applications for appeal each pay period, resulting in an average of over 400 additional ex parte appeals each biweekly period.