American Inventors Protection Act of 1999

American Inventors Protection Act of 1999 is Law

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The new law presents the PTO with a number of challenges as well as opportunities. PTO staff is laboring over the preparation of the rules package to implement the substantive law changes including 18-month publication and patent extension provisions. The initial costs of setting up these new systems are likely to be substantial and may require a request to Congress for supplemental funding. The new law’s recasting of PTO as a performance-based organization gives PTO substantial autonomy in managing its budget, personnel, procurement and other administrative functions, and will permit it to run in a more business-like manner.

Some key provisions of the American Inventors Protection Act of 1999, as signed into law, are as follows:

Subtitle A—The “Inventors’ Rights Act of 1999”

This subtitle, effective 60 days after enactment, helps protect inventors against deceptive practices of certain invention promotion companies. The title requires invention promoters to disclose in writing the number of positive and negative evaluations of inventions they have given over a five-year period and their customers’ success in receiving net financial profit and license agreements as a direct result of the invention promotion services.

Customers injured by failure to disclose the required information or by any material false or fraudulent representation by the invention promoter can bring a civil action to recover statutory damages up to $5,000 or actual damages. Damages of up to three times the amount awarded are available for intentional or willful violations.

The subtitle directs the Comptroller General, in consultation with the Director, to conduct a study and submit a report to Congress, within six months after enactment, on the potential risks to the U.S. biotechnology industry relating to biological deposits in support of biotechnology patents.

The Director is prohibited from entering into an agreement to provide copies of specifications and drawings of U.S. patents and applications to non-NAFTA or non-WTO
member countries without the express authorization of the Secretary of Commerce. The Commissioner (see subtitle G) of Patents is required to make all complaints received by the PTO involving invention promoters publicly available, along with any responses by the invention promoters.

**Subtitle B—The “Patent and Trademark Fee Fairness Act of 1999”**

This subtitle reduces certain patent fees, effective 30 days after enactment. The Section 41(a)(1)(A) original filing fee, the Sec. 41(a)(4)(A) reissue fee and the Sec. 41(a)(10) international application fees are each reduced from $760 to $690. The initial maintenance fee is reduced from $940 to $830.

Effective upon enactment, the Director (see subtitle G) is authorized in fiscal year 2000 to adjust trademark fees without regard to fluctuations in the CPI. The subtitle also includes language to emphasize that trademark fees can only be used for trademark-related activities.

The subtitle also requires the Director to conduct and submit to the House and Senate Judiciary Committees, within one year of enactment, a study of alternative fee structures that could be adopted by PTO to encourage maximum participation by the inventor community.

**Subtitle C—The “First Inventor Defense Act of 1999”**

Subtitle C provides a defense against charges of patent infringement for a party who had, in good faith, actually reduced the subject matter to practice at least one year before the effective filing date of the patent, and commercially used the subject matter before the effective filing date. The defense is limited to methods of “doing or conducting business.”

Establishment of the defense does not invalidate the subject patent.

The subtitle is effective upon enactment but does not apply to any pending infringement action or to any subject matter for which an adjudication of infringement, including a consent judgment, has been made before the date of enactment.

**Subtitle D—The “Patent Term Guarantee Act of 1999”**

This subtitle extends the term of patents, in accordance with regulations prescribed by the Director, to compensate for certain PTO processing delays and for delays in the prosecution of applications pending more than three years. Extensions are available for delays in issuance of a patent due to interference proceedings, secrecy orders, and appellate review. Diligent applicants are guaranteed a minimum 17-year patent term.

Extension authority under this title applies only to applications filed on or after the date six months after enactment.
This subtitle also requires the Director to prescribe regulations to provide for the continued examination of an application, at the request of the applicant. The Director is authorized to establish appropriate fees for continued examination, with a 50% reduction for small entities. The continued examination provisions take effect six months after enactment and apply to all applications filed on or after June 8, 1995.


This subtitle provides for publication of patent applications 18 months after filing unless the applicant requests otherwise upon filing and certifies that the invention has not and will not be the subject of an application filed in a foreign country. Provisional rights are available to patentees to obtain reasonable royalties if others make, use, sell, or import the invention during the period between publication and grant.

If the foreign-filed application is less extensive than that filed with the PTO, the applicant may submit and request publication of a redacted version by the PTO.

This title also provides a prior art effect for published patent applications; requires the GAO to conduct a three-year study of applicants who file only in the United States; and requires the Director to recover the cost of early publication by charging a separate publication fee after notice of allowance is given.

The subtitle’s provisions take effect one year after the date of enactment and apply to patent applications filed on or after that date.

Subtitle F—The “Optional Inter Parties Reexamination Procedure Act of 1999”

This subtitle establishes a reexamination alternative that expands the participation of third-party requesters by permitting those parties to submit a written response each time the patent owner files a response to the PTO. Those third-party requesters who choose to use the optional procedure, however, will not be able to appeal adverse decisions beyond the Board of Patent Appeals and Interferences. Also, they will not be able to challenge, in any later civil action, any fact determined during the process of the optional reexamination procedure.

The Director must submit to Congress within five years a report evaluating whether the optional reexamination proceedings are inequitable to any of the parties in interest and, if so, recommendations for appropriate changes.

Subtitle F takes effect on the date of enactment and its provisions apply to any patent that issues from an application filed on or after that date.

Subtitle G—The “Patent and Trademark Office Efficiency Act”

Subtitle G establishes the PTO as an agency within the Department of Commerce, subject to the policy direction of the Secretary of Commerce. The PTO retains responsibility
for decisions regarding the management and administration of its operations and exercises independent control of its budget allocations and expenditures, personnel decisions and processes, procurements and other administrative and management functions. The subtitle takes effect four months after the date of enactment. The subtitle requires that the patent and trademark operations shall be treated as separate operating units within the Office.

The new PTO is headed by an Under Secretary of Commerce for Intellectual Property and Director of the USPTO, appointed by the President with the advice and consent of the Senate. A Deputy Under Secretary of Commerce for Intellectual Property and Deputy Director of the USPTO is appointed by the Secretary of Commerce upon nomination by the Director.

The Secretary of Commerce appoints a Commissioner for Patents and a Commissioner for Trademarks to serve as chief operating officers for the respective units for a term of five years. The Commissioners will enter into annual performance agreements with the Secretary and will be eligible for up to 50% bonuses based on their performance under those agreements.

The PTO is not subject to any administratively or statutorily imposed limitation on positions or personnel.

Officers and employees of the PTO continue to be subject to the provisions of Title 5 of the United States Code relating to Federal employees.

The Secretary of Commerce appoints, within three months of enactment, nine members each to a Patent Public Advisory Committee and a Trademark Public Advisory Committee. The Committees will review and advise the Director on matters involving policies, goals, performance, budget and user fees, and will prepare annual reports on their efforts within 60 days after the end of each fiscal year. The Federal Advisory Committee Act is not applicable to the Committees.

**Subtitle H—Miscellaneous Patent Provisions**

This subtitle makes a number of technical and clarifying changes to patent law and provides authority for the electronic filing, maintenance and publication of documents.

The Director may not cease to maintain paper or microform collections of patents and trademarks for public use without providing notice and opportunity for public comment and without first submitting a report detailing such plan to the House and Senate Judiciary Committees. That report must include a description of the mechanisms in place to ensure the integrity of such collections and the data contained therein as well as to ensure prompt public access to the most current available information and a certification that the implementation of such plan will not negatively impact the public.

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