TERMS AND CONDITIONS APPLICABLE TO PURCHASE ORDER

Note: If a contract number is shown, Terms and Conditions of the applicable contract shall apply to this Delivery Order which is issued pursuant thereto.

1. INSPECTION AND ACCEPTANCE - Inspection and acceptance will be at destination, unless otherwise provided. Until delivery and acceptance, and after any rejection, risk of loss will be on the Contractor unless loss results from negligence of the Government.

2. VARIATION IN QUANTITY - No variation in the quantity of any item called for by this contract will be accepted unless such variation has been caused by conditions of loading, shipping, or packing, or allowances in manufacturing processes, and then only to the extent, if any, specified elsewhere in this contract.

3. DISCOUNTS - (a) Time discounts will be computed from: (1) date of delivery of the supplies to carrier when delivery and acceptance are at the point of origin, (2) date of delivery at destination or port of embarkation, when delivery and acceptance are at either of those points, or (3) date a proper invoice or voucher is received in the office specified by the Government, if the latter date is later than the date of delivery. (b) Payment will be deemed to have been made on the date which appears on payment checks.

4. DISPUTES - (This contract is governed by the Contract Disputes Act of 1978 (Public Law 95-563 "the Act")). The Act provides administrative procedures for the submittal, analysis, negotiation, and if necessary, litigation of claims relating to this contract. The parties to this contract must comply with certain time restrictions on rendering of contracting officer decisions on claims, and on the appeal of those decisions. Further details on the rights and remedies under the Act may be found in the Federal Procurement Regulations at 1-1.318.4.

5. FOREIGN SUPPLIES - This contract is subject to the Buy American Act (41 U.S.C. 10 a-d) as implemented by Executive Order 10582 of December 17, 1954, and any restrictions in appropriation acts on the procurement of foreign supplies.

6. CONVICT LABOR - In connection with the performance of work under this contract, the Contractor agrees not to employ any person undergoing sentence or imprisonment except as provided by Public Law 89-176, September 10, 1965 (18 U.S.C. 4082(c) (2)) and Executive Order 11775, December 29, 1973.

7. OFFICIALS NOT TO BENEFIT - No member of or Delegate to Congress or resident commissioner, shall be admitted to any share or part of this contract, or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

8. COVENANT AGAINST CONTINGENT FEES - The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon any agreement or understanding for a commission, percentage, brokerage, or contingent fees, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty the Government shall have the right to annul this contract without liability or in its discretion to deduct from the contract price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

9. FEDERAL, STATE, AND LOCAL TAXES - Except as may be otherwise provided in this contract, the contract price includes all applicable Federal, State, and local taxes and duties in effect on the date of this contract but does not include any taxes from which the Government, the contractor or this transaction is exempt. Upon request of the Contractor, the Government shall furnish a tax exemption certificate or similar evidence of exemption with respect to any such tax not included in the contract price pursuant to this clause. For the purpose of this clause, the term "date of this contract" means the date of the contractor's quotation or, if no quotation, the date of this Purchase Order.

10. SERVICE CONTRACT ACT OF 1965, As Amended (Service contracts not exceeding $2,500) - Except to the extent that an exemption, variation, or tolerance would apply pursuant to 29 CFR 4.6 if this were a contract in excess of $2,500, the Contractor and any sub-contractor hereunder shall pay all of his employees engaged in performing work on the contract not less than the minimum wage specified under section 6(a) (1) of the Fair Labor Standards Act of 1938, as amended. All regulations and interpretations of the Service Contract Act of 1965 expressed by 29 CFR Part 4 are hereby incorporated by reference in this contract.

11. The following terms and conditions are applicable to purchases in excess of $2,500: (a) Employment of the Handicapped - Federal Procurement Regulation, Temporary Regulation 38, dated May 26, 1976. (b) Contract Work Hours and Safety Standards Act - Overtime Compensation Section - Federal Procurement Regulation 1-12.303. (c) Service Contract Act of 1965 - (Services contracts in excess of $2,500) Federal Procurement Regulation 1-12.904-1.

MARKING INSTRUCTIONS

CONTAINERS OR PACKAGES shall be plainly marked to show the order number, brief description of contents, including form number, if any, quantity and vendor's name. Receiving clerk may reject any deliveries which do not bear such identification.

SHIPPING DOCUMENTS AND CORRESPONDENCE

All shipping documents and correspondence pertaining to this order (except invoices as stated below) shall be referred or forwarded to the person and organization who signed the order. Such documents MUST refer to the departments order number.

[FR Doc. 87-11584 Filed 5-27-87; 8:45 am]

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federal register

Thursday
May 28, 1987

Part IV

Department of Transportation

Federal Aviation Administration

14 CFR Parts 43, 91, 121, 125, 129 and 135

Foreign Air Carriers and Operators of Certain Large U.S.-Registered Airplanes; Final Rule

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Parts 43, 91, 121, 125, 129, and 135

[Docket No. 24856; Amdts. No. 43-28, 91-201, 121-192, 125-9, 129-14 and 135-24]

Foreign Air Carriers and Operators of Certain Large U.S.-Registered Airplanes

AGENCY: Federal Aviation Administration (FAA), (DOT).

ACTION: Final rule.

SUMMARY: These amendments require that U.S.-registered aircraft leased by foreign persons be maintained in accordance with acceptable maintenance standards and clarify certain rules to preclude the commingling of noncommon (private) and common-carriage operations. These amendments are necessary to upgrade certain regulations regarding the leasing of U.S.-registered aircraft by foreign persons and to clarify the inspection and maintenance requirements applicable to foreign persons conducting private and common-carriage operations with U.S.-registered airplanes.

EFFECTIVE DATE: August 25, 1987.

FOR FURTHER INFORMATION CONTACT: Messrs. David L. Catey, Manager, Project Development Branch (AFS-240), Air Transportation Division, telephone (202) 267-3747, or Bob Baker, Manager, Project Development Branch (AFS-360), Aircraft Maintenance Division, telephone (202) 267-3788, Office of Flight Standards, Federal Aviation Administration, 800 Independence Avenue, SW., Washington, DC 20591.

SUPPLEMENTARY INFORMATION:

Background

On October 9, 1980, Part 125 of the Federal Aviation Regulations (FAR) was published in the **Federal Register** (45 FR 67214). With certain exceptions, not germane to the current discussion, Part 125 up to now has applied to the operation of all U.S.-registered airplanes having a passenger seating configuration of 20 or more, or a maximum payload capacity of 6,000 pounds or more, unless they are required to be operated under the rules of Part 121, 135, or 137 of the regulations.

Although Part 125 was not intended to provide acceptable safety levels for common-carriage operations, the inspection programs and maintenance requirements of § 125.247 currently apply to U.S.-registered airplanes operated outside the United States by foreign persons. This results because Part 125 governs operation of a U.S.-registered airplane of the prescribed size unless that operation is required to be conducted under the rules of Parts 121, 135, or 137. Accordingly, up to now there has been no exclusion from Part 125 for operators under Part 129—Operations of Foreign Air Carriers.

At the time Part 125 was published, the FAA was considering rulemaking to revise Part 129 to cover inspection and maintenance requirements for U.S.-registered aircraft. Requiring foreign air carriers to comply with Part 125 immediately was deemed inappropriate in light of the possibility of change to Part 129. Consequently, in adopting Part 125, the agency established a deferred compliance date of January 1, 1983, for foreign air carriers. By Amendments 125-4 (47 FR 44718; October 12, 1982), 125-5 (49 FR 34815; September 4, 1984), 125-6 (51 FR 873; January 8, 1986), and 125-7 (52 FR 6956; March 6, 1987), the agency extended the January 1, 1983, compliance date to September 1, 1984, February 28, 1986, February 28, 1987, and February 29, 1988, respectively, to provide sufficient time for completion of this rulemaking.

Subsequent to the adoption of Part 125, the agency has carefully monitored the operating experience of large U.S.-registered airplanes operated under Part 125. The operating experience can be divided into two main areas of interest. First, the frequency with which foreign air carreirs operate U.S.-registered airplanes under lease has shown a marked increase. These lease agreements are desirable since they provide a means for U.S. air carriers to arrange for use of these airplanes during periods of reduced traffic levels. The second area concerns the distinction between common carriage and noncommon carriage operations.

Most foreign air carriers and foreign persons engaged in common-carriage operations have aircraft maintenance program requirements adopted by their domestic governments which are consistent with the international standards in Part I of Annex 6 to the Convention on International Civil Aviation Organization (ICAO). ICAO, Annex 6, requires each operator to comply with the terms of the aircraft's certificate of airworthiness and to maintain the aircraft in an airworthy condition. To meet these requirements, each foreign operator of a U.S.-registered aircraft used in common carriage must ensure that the aircraft is maintained by a qualified organization with a well-trained staff and adequate workshops, equipment, and facilities. That organization must also have appropriate maintenance manuals, records, and procedures regarding training, inspection, and release of the aircraft. However, some countries may not have requirements completely consistent with the ICAO aircraft maintanence program requirements. This means that U.S.-registered airplanes operated by foreign air carriers or persons from those countries might not meet those international standards. To allow operation of these aircraft would be inconsistent with U.S. international obligations for aircraft of its registry. These amendments will therefore require compliance with the United States' international airworthiness obligations.

Concerning the second main aspect of the operating experience of large U.S.-registered airplanes of the size covered by Part 125, that part was designed to provide a regulatory scheme for an appropriate level of safety for airplanes not used in common carriage. This regulatory intent is stated explicitly in § 125.11. That section prohibits common carriage by a Part 125 certificate holder and declares that any person holding an air carrier operating certificate is ineligible for a certificate under Part 125. The sole exception to the principle that Part 125 is intended to apply only to noncommon carriage to date has been the case of a foreign person common carrier compelled to operate under the rules of Part 125 by operating a U.S.-registered airplane of the size covered by that part. These amendments eliminate that exception by expanding Part 129 to apply to each foreign operator of a U.S.-registered aircraft engaged in common carriage operating either into and out of or wholly outside the United States.

On December 10, 1985, the FAA published Notice No. 85-24 (50 FR 50588, December 10, 1985) to resolve the issues discussed above. The public comment period closed on April 10, 1986.

Analysis of Comments

Seven public commenters responded to Notice No. 85-24. Two commenters supported the proposals to preclude the commingling of noncommon (private) and common-carriage operations. No comments were received with respect to the operational as opposed to the airworthiness and maintenance proposals of Notice No. 85-24. This, to preclude the commingling of noncommon (private) and common-carriage operations, new §§ 121.3(i), 125.11(c), 129.1(b), 129.11(a)(4) and (c), 135.11(c), and a new paragraph 5 of Section V. A., of paragraph (b) of Appendix A of Part 129 are adopted as proposed. Also, the proposals to revise

§§ 125.1(a) and (b)(1), (3), and (4), 129.1(a) and 129.11(a) are adopted as proposed.

Section 125.1(d) is removed because the cutoff date of January 1, 1983, is obsolete, and the reference to paragraph (d) is also removed from § 125.1(a).

Proposed § 125.11(a) is revised by replacing the words "is authorized to operate aircraft under an operating certificate or operations specifications" with the words "holds the appropriate operating certificate and/or operations specifications necessary to conduct operations." This revision is consistent with terminology used in SFAR 38-2. Proposed § 125.11(a) is adopted with this modification.

Several commenters recommended that proposed § 129.14(b) be revised to require a maintenance program that would be equivalent to the continuous maintenance program required for Part 121 air carriers. It was suggested that a more specific reference is needed to address the significant maintenance aspects of Part 121 which would clearly exclude an obligation for the foreign air carrier to follow other certification requirements of Part 121 or 135. To the same general effect is the suggestion of another commenter who proposes a change to language in proposed § 129.14(b) to require that the program selected meet the requirements consistent with § 121.367 or § 135.425 as appropriate. The FAA does not agree with these suggestions. A primary objective of the amendment is to require that a U.S.-registered aircraft leased by a foreign person be maintained in accordance with maintenance standards that are consistent with the requirement of the country which is a member of the International Civil Aviation Organization. The FAA considers it would be inappropriate to specify all the applicable FAR sections or to limit an operator's maintenance program requirements to those two sections because an acceptable maintenance program must be in compliance with numerous other sections of Parts 121 and 135, as appropriate.

Another commenter questions who would be responsible for airworthiness control when a foreign operator under Part 129 operates a U.S.-registered aircraft. Proposed § 129.14(a) and (b) would require each foreign person who operates a U.S.-registered aircraft in common carriage to meet prescribed maintenance requirements. Aircraft maintenance programs which are consistent with the international standards in Part I of ICAO Annex 6 require each operator to comply with the terms of the aircraft's certificate of airworthiness and to maintain the aircraft in an airworthly condition. The Federal Aviation Regulations prescribed airworthiness standards for all U.S.-registered aircraft operating within or outside the United States, irrespective of the person operating the aircraft. This includes U.S.-registered aircraft operated by a foreign air carrier or foreign person.

The FAA has further reviewed the maintenance requirements proposed in § 129.14(b) and the comments received concerning the proposed wording of that paragraph. As written, the proposal creates a misunderstanding as to what would constitute an acceptable maintenance program as required by proposed § 129.14(a). In addition, proposed § 129.14(b) would have provided that U.S.-registered aircraft operated by foreign persons would be adequately maintained in accordance with either Part 121 or Part 135, without regard to or consideration of the maintenance standards that are consistent with the requirement of the country which is a member of the ICAO. Further, specific requirements of a maintenance program would best be identified in an Advisory Circular which could address specific requirements for a particular type of operation. Based on the foregoing, § 129.14 has been revised to impose a general requirement that U.S.-registered aircraft operated in common carriage by any foreign air carrier or any foreign person be maintained in accordance with a maintenance program which has been approved by the FAA Administrator. The specific requirements of the program will be addressed in an Advisory Circular that will provide guidance as to what would constitute an approved maintenance program. The Advisory Circular will be disseminated to FAA International Field Offices and Flight Standards District Offices.

Two commenters recommend that the maintenance rules of Part 43 be revised to include reference to Part 129. The FAA agrees and has adopted this recommendation by amending § 43.13(C).

Regulatory Evaluation

These amendments clarify the maintenance and minimum equipment list requirements applicable to U.S.-registered aircraft operated by foreign persons. Section 129.11(a)(4) will impose only a minimal cost by requiring that the registration markings of each U.S.-registered aircraft be listed on the foreign air carrier's Part 129 operations specifications.

Two commenters support the proposed sections that would preclude the comingling of noncommon (private) and common-carriage operations, and no opposing comments were received. A minimal cost may result from the adoption of these amendments. A remote possibility exists that one or several transport category aircraft may be currently listed on both a Part 125 (private-carriage) operations specifications and either a Part 121, Part 129 or Part 135 (common carriage) operations specifications. Although such simultaneous listing of an aircraft and both private- and common-carriage operations specifications is contrary to current FAA administrative practies, a minimal cost may be incurred by the FAA and a few aircraft operators to delist and aircraft from either the private-carriage operations specifications or the common-carriage operations specifications. In addition, the few operators who may be using the same aircraft in private- and common-carriage operations under a simultaneous listing may lose some utilization of their aircraft as a result of this rule. Any costs that would be incurred are expected to be very minor, however, because of the very limited extent of this practice.

New § 129.14(b) provides for the use of a minimum equipment list by a foreign air carrier of foreign person using any U.S.-registered aircraft in common-carriage operations. The provisions of § 129.14(b) are more explicit and appropriate to common-carriage operations than the minimum equipment list requirements provided in § 91.30, which were reinstated effective March 13, 1986 (50 FR 51188, December 13, 1985), in Amendment 91-192. Both Amendment 91-192 and these amendments preclude the necessity for exemptions, thereby reducing the administrative burden of both foreign air carriers and the FAA.

Conclusion

These amendments will facilitate the agency's maintaining distinctions among Parts 91,121,125,129, and 135 of the regulations so that all U.S.-registered aircraft meet appropriate standards applicable to the type of operations (air transportation versus other air commerce) being conducted. They also provide for minimum equipment list use by foreign air carriers and other foreign persons using any U.S.-registered aircraft in common carriage operations without the necessity of obtaining an exemption. These amendments will have either no impact or a small positive impact on trade opportunities of U.S. and foreign persons who may wish to enter into aircraft lease agreements. Accordingly, for these reasons and those discussed under the heading entitled "Regulatory Evaluation," the FAA has determined that these amendments are not considered to be significant under DOT Regulatory Policies and Procedures (44 CFR Part 11034; February 26, 1979) and are not major as defined in Executive Order 12291. For these reasons and because these amendments will result in negligible costs, I certify that, under the criteria of the Regulatory Flexibility Act, the amendments will not have a significant economic impact on a substantial number of small entities. The overall economic impact of this rulemaking is so minimal that it does not require a full regulatory evaluation. In addition, benefits to this agency and some foreign operators are expected to accrue from the elimination of the need for certain exemptions.

List of Subjects

14 CFR Part 43

Air carriers, Air transportation, Aircraft, Aviation safety, Safety.

14 CFR Part 91

Air carriers, aviation safety, Safety, Aircraft, Air transportation.

14 CFR Part 121

Aviation safety, Safety, Air carriers, Air transportation, Aircraft, Airplanes, Airspace, Foreign air carriers, Transportation, Common carriers.

14 CFR Part 125

Aircraft, Airplanes, Airworthiness, Air transportation.

14 CFR Part 129

Aircraft, Air carrier, Airworthiness.

14 CFR Part 135

Air carriers, Aviation safety, Safety, Air transportation, Aircraft, Transportation, Airspace, Airplanes.

Adoption of the Amendments

In consideration of the foregoing, Parts 43, 91, 121, 125, 129, and 135 of the FAR (14 CFR Parts 43, 91, 121, 125, 129, and 135) are amended as follows:

PART 43—MAINTENANCE, PREVENTIVE MAINTENANCE, REBUILDING, AND ALTERATION

1. The authority citation for Part 43, continues to read as follows:

Authority: 49 U.S.C. 1354, 1421 through 1430; 49 U.S.C. 106(g) (Revised Pub. L. 97–449, January 12, 1983).

§ 43.13 [Amended]

2. Section 43.13(c) is amended by inserting "and Part 129 operators holding operations specifications" after "135" wherever it appears.

PART 91—GENERAL OPERATING AND FLIGHT RULES

3. The authority citation for Part 91 continues to read as follows:

Authority: 49 U.S.C. 1301(7), 1303, 1344, 1348, 1352 through 1355, 1401, 1421 through 1431, 1471, 1472, 1502, 1510, 1522, and 2121 through 2125; Articles 12, 29, 31, and 32(a) of the Convention on ICAO (61 Stat. 1180); 42 U.S.C. 4321 et seq.; E.O. 11514; 49 U.S.C. 106(g) (Revised Pub. L. 97–449, January 12, 1983).

4. By revising § 91.161(b) to read as follows:

§ 91.161 Applicability.

* * * * *

(b) Sections 91.165, 91.169, 91.171, 91.173, and 91.174 of this subpart do not apply to an aircraft maintained in accordance with a continuous airworthiness maintenance program as provided in Part 121, 127, 129, or § 135.411(a)(2) of this chapter.

* * * * *

PART 121—CERTIFICATION AND OPERATIONS: DOMESTIC, FLAG, AND SUPPLEMENTAL AIR CARRIERS AND COMMERCIAL OPERATORS OF LARGE AIRCRAFT

5. The authority citation for Part 121 continues to read as follows:

Authority: 49 U.S.C. 1354 (a), 1355, 1356, 1357, 1401, 1421 through 1430, 1472, 1485, and 1502; 49 U.S.C. 106(g) (Revised, Pub. L. 97–449, January 12, 1983).

6. By amending § 121.3 by adding a new paragraph (i) to read as follows:

§ 121.3 Certification requirements: General

* * * * *

(i) No holder of an air carrier operating certificate may operate or list on any required listing of its aircraft any aircraft listed on any operations specifications issued under Part 125 of this chapter.

PART 125—CERTIFICATION AND OPERATIONS: AIRPLANES HAVING A SEATING CAPACITY OF 20 OR MORE PASSENGERS OR A MAXIMUM PAYLOAD CAPACITY OF 6,000 POUNDS OR MORE

7. The authority citation for Part 125 continues to read as follows:

Authority: 49 U.S.C. 1354, 1421 through 1430, and 1502; 49 U.S.C. 106(g) (Revised, Pub. L. 97–449, January 12, 1983).

8. By amending § 125.1 by removing paragraphs (d) and (e) and by revising paragraphs (a) and (b)(1), (3), and (4) to read as follows:

§ 125.1 Applicability

(a) Except as provided in paragraphs (b) and (c) of this section, this part prescribes rules governing the operations of U.S.-registered civil airplanes which have a seating configuration of 20 or more passengers, or a maximum payload capacity of 6,000 pounds or more when common carriage is not involved.

(b) * * *

(1) They are required to be operated under Part 121, 129, 135, or 137 of this chapter;

* * * * *

(3) They are being operated by a Part 125 certificate holder without carrying passengers or cargo under Part 91 for training, ferrying, positioning, or maintenance purposes;

(4) They are being operated under Part 91 by an operator certificated to operate those airplanes under Part 121, 135, or 137 of this chapter or are being operated by a foreign air carrier or a foreign person in common carriage solely outside the United States under Part 91 of this chapter; or

* * * * *

9. By amending § 125.11 by revising paragraph (a) and by adding a new paragraph (c) to read as follows:

§ 125.11 Certificate eligibility and prohibited operations.

(a) No person is eligible for a certificate or operations specifications under this part if the person holds the appropriate operating certificate and/or operations specifications necessary to conduct operations under Part 121, 129 or 135 of this chapter.

* * * * *

(c) No person holding operations specifications under this part may operate or list on its operations specifications any aircraft listed on any operations specifications or other required aircraft listing under Part 121, 129, or 135 of this chapter.

PART 129—OPERATIONS OF FOREIGN AIR CARRIERS

10. The authority citation for Part 129 continues to read as follows:

Authority: 49 U.S.C. 1346, 1354(a), 1356, 1357, 1421, 1502, and 1511; 49 U.S.C. 106(g) (Revised, Pub. L. 97–449, January 12, 1983).

11. By revising the title of Part 129 to read as follows:

PART 129—OPERATIONS: FOREIGN AIR CARRIERS AND FOREIGN OPERATORS OF U.S.-REGISTERED AIRCRAFT ENGAGED IN COMMON CARRIAGE

12. By revising § 129.1 to read as follows:

§ 129.1 Applicability.

(a) Except as provided in paragraph (b) of this section, this part prescribes rules governing the operation within the United States of each foreign air carrier holding a permit issued by the Civil Aeronautics Board or the Department of Transportation under section 402 of the Federal Aviation Act of 1958 (49 U.S.C. 1372) or other appropriate economic or exemption authority issued by the Civil Aeronautics Board or the Department of Transportation.

(b) Section 129.14 also applies to U.S.-registered aircraft operated in common carriage by a foreign person or foreign air carrier solely outside the United States. For the purpose of this part, a foreign person is any person, not a citizen for the United States, who operates a U.S.-registered aircraft in common carriage solely outside the United States.

13. By amending § 129.11 by revising the introductory text of paragraph (a) and by adding a new paragraph (a)(4) and a new paragraph (c) to read as follows:

§ 129.11 Operations specifications.

(a) Each foreign air carrier shall conduct its operations within the United States in accordance with operations specifications issued by the Administrator under this part and in accordance with the Standards and Recommended Practices contained in Part I (International Commercial Air Transport) of Annex 6 (Operation of Aircraft) to the Convention on International Civil Aviation Organization. Operations specifications shall include:

* * * * *

(4) Registration marketings of each U.S.-registered aircraft.

* * * * *

(c) No person operating under this part may operate or list on its operations specifications any airplane listed on operations specifications issued under Part 125.

14. by adding a new § 129.14, following § 129.13, to read as follows:

§ 129.14 Maintenance program and minimum equipment list requirements for U.S.-registered aircraft.

(a) Each foreign air carrier and each foreign person operating a U.S.-registered aircraft within or outside the United States in common carriage shall ensure that each aircraft is maintained in accordance with a program approved by the Administrator.

(b) No foreign air carrier or foreign person may operate a U.S.-registered aircraft with inoperable instruments or equipment unless the following conditions are met:

(1) A master minimum equipment list exists for the aircraft type.

(2) The foreign operator submits for review and approval its aircraft minimum equipment list based on the master minimum equipment list, to the FAA Flight Standards District Office having geographic responsibility for the operator. The foreign operator must show, before minimum equipment list approval can be obtained, that the maintenance procedures used under its maintenance program are adequate to support the use of its minimum equipment list.

(3) For leased aircraft maintained and operated under a U.S. operator's continuous airworthiness maintenance program and FAA-approved minimum equipment list, the foreign operator submits the U.S. operator's approved continuous airworthiness maintenance program and approved aircraft minimum equipment list to the FAA office prescribed in paragraph (b)(2) of this section for review and evaluation. The foreign operator must show that it is capable of operating under the lessor's approved maintenance program and that it is also capable of meeting the maintenance and operational requirements specified in the lessor's approved minimum equipment list.

(4) The FAA letter of authorization permitting the operator to use an approved minimum equipment list is carried aboard the aircraft. The minimum equipment list and the letter of authorization constitute a supplemental type certificate for the aircraft.

(5) The approved minimum equipment list provides for the operation of the aircraft with certain instruments and equipment in an inoperable condition.

(6) The aircraft records available to the pilot must include an entry describing the inoperable instruments and equipment.

(7) The aircraft is operated under all applicable conditions and limitations contained in the minimum equipment list and the letter authorizing the use of the list.

15. By amending paragraph (b) of Appendix A of Part 129, by amending Section V. A., by adding a new paragraph 5 to read as follows:

Appendix A—Application for Operations Specifications by Foreign Air Carriers

(b) * * *

Section V. Aircraft. * * *

A. *Aircraft.*

5. Registration markings of each U.S.-registered aircraft.

* * * * *

PART 135—AIR TAXI OPERATORS AND COMMERCIAL OPERATORS

16. The authority citation for Part 135 continues to read as follows:

Authority: 49 U.S.C. 1354(a), 1355(a), 1421 through 1431, and 1502; 49 U.S.C. 106(g) (Revised Pub. L. 97-449, January 12, 1983).

17. By amending § 135.11, by adding a new paragraph (c) to read as follows:

§ 135.11 Application and issue of certificate and operations specifications.

* * * * *

(c) No person holding operations specifications issued under this part may list on its operations specifications or on the current list of aircraft required by § 135.63(a)(3) any airplane listed on operations specifications issued under Part 125.

Issued in Washington, DC, on May 19, 1987.

Donald D. Engen,

Administrator.

[FR Doc. 87-12044 Filed 5-27-87; 8:45 am]

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federal register

Thursday
May 28, 1987

Part V

Department of the Interior

Office of Surface Mining Reclamation and Enforcement

30 CFR Parts 773 and 778
Requirements for Surface Coal Mining and Reclamation Permit Approval; Ownership and Control Information; Proposed Rule

DEPARTMENT OF THE INTERIOR

Office of Surface Mining Reclamation and Enforcement

30 CFR Parts 773 and 778

Requirements for Surface Coal Mining and Reclamation Permit Approval; Ownership and Control Information

AGENCY: Office of Surface Mining Reclamation and Enforcement, Interior.

ACTION: Proposed rule.

SUMMARY: The Office of Surface Mining Reclamation and Enforcement (OSMRE) of the U.S. Department of the Interior (DOI) proposes to revise its regulations which specify what information must be included in a surface coal mining permit application. The revision is needed to conform the information reporting requirements for a permit with changes in the permitting process recently proposed by OSMRE. The revision will require the submission of additional information concerning persons who own or control a permit applicant.

DATES:

Written Comments: OSMRE will accept written comments on the proposed rule until 5 p.m. Eastern time on August 6, 1987.

Public Hearings: Upon request, OSMRE will hold public hearings on the proposed rule in Washington, D.C.; Denver, Colorado; and Pittsburgh, Pennsylvania at 9:30 a.m. local time on July 30, 1987. Upon request, OSMRE will also hold public hearings in the States of Georgia, Idaho, Massachusetts, Michigan, North Carolina, Oregon, Rhode Island, South Dakota, Tennessee and Washington, where Federal regulatory programs are in effect, at times and on dates to be announced prior to the hearings. OSMRE will accept requests for public hearings until 5:00 p.m. Eastern time on June 29, 1987. Individuals wishing to attend but not testify at any hearing should contact the person identified under "**FOR FURTHER INFORMATION CONTACT**" beforehand to verify that the hearing will be held.

ADDRESSES:

Written Comments: Hand-deliver to the Office of Surface Mining, Administrative Record, Room 5131, 1100 L Street, NW., Washington, D.C.; or mail to the Office of Surface Mining, Administrative Record, Room 5131–L, 1951 Constitution Avenue, Washington, D.C. 20240.

Public Hearings: Department of the Interior Auditorium, 18th and C Streets, NW., Washington, DC.; Brooks Towers, 2nd Floor Conference Room, 1020 15th Street, Denver, Colorado; and 2nd flooor Conference Room, 10 Parkway Center, Pittsburg, Pennsylvania. The addresses for any hearings scheduled in the States of Georgia, Idaho, Massachusetts, Michigan, North Carolina, Oregon, Rhode Island, South Dakota, Tennessee and Washington will be announced prior to the hearings.

Request for public hearings: Submit orally or in writting to the person and address specified under "**FOR FURTHER INFORMATION CONTACT.**"

FOR FURTHER INFORMATION CONTACT: Andrew F. DeVito, Office of Surface Mining Reclamation and Enforcement, U.S. Department of the Interior, 1951 Constitution Avenue, NW., Washington, DC 20240; Telephone: (202) 343–5241 (Commercial or FTS).

SUPPLEMENTARY INFORMATION:

I. Public Comment Procedures

Written Comments

Written comments submitted on the proposed rule should be specific, should be confined to issues pertinent to the proposed rule, and should explain the reason for any recommended change. Where practical, commenters should submit three copies of their comments (see "**ADDRESSES**"). Comments received after the close of the comment period (see "**DATES**") may not be considered or included in the Administrative Record for the final rule.

Public Hearings

OSMRE will hold public hearings on the proposed rule upon request only. The times, dates and addresses scheduled for hearings at three locations are specified previously in this notice (see "**DATES**" and "**ADDRESSES**"). The times, dates and addresses for the hearings at the remaining locations have not yet been scheduled, but will be announced in the **Federal Register** at least 21 days prior to any hearings which are held at these locations.

Any person interested in participating at a hearing at a particular location should inform Mr. DeVito (See "**FOR FURTHER INFORMATION CONTACT**") either orally or in writing of the desired hearing location by 5:00 Eastern Time on June 29, 1987. If no one has contacted Mr. DeVito to express an interest in participating in a hearing at a given location by that date, the hearing will not be held. If only one person expresses an interest, a public meeting rather than a hearing may be held and the results included in the Administrative Record.

If a hearing is held, it will continue until all persons wishing to testify have been heard. To assist the transcriber and ensure an accurate record, OSMRE requests that persons who testify at a hearing give the transcriber a written copy of their testimony. To assist OSMRE in preparing appropriate questions, OSMRE also requests that persons who plan to testify submit to OSMRE at the address previously specified for the submission of written comments (see "**ADDRESSES**") an advance copy of their testimony.

II. Background

The purpose of this proposed rule is to conform the information reporting requirements for permit applications with changes in the permitting process recently proposed by OSMRE. On April 5, 1985, OSMRE published a proposed rule (50 FR 13724) which would amend its regulations dealing with the permitting process by: (1) Adding definitions for the terms "ownership" and "control" as those concepts are used in the Surface Mining Control and Reclamation Act of 1977 (the Act), 30 U.S.C. 1201 *et seq.*, and (2) expanding the scope of the compliance findings which regulatory authorities are required to make prior to permit approval. On April 16, 1986 (51 FR 12879) a notice was published which reopened and extended the public comment period for the proposed rule. On May 4, 1987 (52 FR 16275) another notice was published which again reopened and extended the public comment period. The April 16th notice and the May 4th notice each contained a detailed explanation of an option which OSMRE is considering for adoption as the final "Ownership and Control" rule.

The option discussed in the April 16, 1986 notice includes the following provisions:

(1) A definition for "ownership" which includes multiple levels of a corporate family tree. Ownership would be defined as holding the proprietary interest in a sole proprietorship, being a general partner in a partnership, or having a 10% or greater interest in an entity, either directly or *indirectly* through one or more intermediary companies. Under this definition, a 10 percent or greater interest in an entity would constitute ownership regardless of the number of levels "up" or "down" the corporate structure that separated the parent and subsidiary.

(2) A definition for "control" which would include any relationship which gives one person authority to determine the manner in which an applicant, or an operator if other than an applicant,

conducts surface coal mining and reclamation operations. Being an operator would constitute control. Being a chief executive officer or chief operating officer of a corporation would constitute control of that corporation. Being any other officer or a director would create a rebuttable presumption of control of that corporation. Being a director or officer of a corporation would also create a rebuttable presumption of control over other entities owned by that corporation. The rebuttable presumption of control could be overcome by clear and convincing evidence that such director or officer had no authority to determine the manner in which the surface coal mining operation was conducted.

(3) A requirement for a finding by the regulatory authority that any surface coal mining and reclamation operation owned by either the applicant or by anyone who owns or controls the applicant has been conducted in accordance with the requirements of the Act and certain other applicable environmental laws, and that there are no outstanding violations.

(4) A presumption that in the absence of a failure-to-abate cessation order a notice of violation (NOV) would be presumed to be in the process of being corrected to the satisfaction of the agency that has jurisdiction over the violation.

These provisions, or those contained in the May 4th option, if adopted by OSMRE in the final "Ownership and Control" rule, would necessitate certain conforming changes to the information reporting requirements presently found in §§ 778.13 and 778.14.

Because of the time required to propose and adopt a rule it is necessary for OSMRE to propose at this time conforming changes which will be needed when OSMRE adopts the final "Ownership and Control" rule. The proposal of this rule which conforms the information reporting requirements to the April 16th option should not be construed as an indication that OSMRE has decided which option to adopt for the final "Ownership and Control" rule. The proposed information reporting requirements conform to the April 16th option because it is the most expensive. Should OSMRE adopt the provisions of the May 4th option, or some other option which requires the submission of less information than is required by this proposed rule, then the final information reporting requirements in §§ 778.13 and 778.14 will be conformed as necessary to the selected option.

Should the May 4th option be selected rather than the April 16th option, the information reporting requirements may be changed from reporting entities with *indirect* ownership of the applicant of greater than 10 percent to reporting indirect owners of the applicant who own at least 20 percent of the next immediate subsidiary. Under either option, entities directly owning 10 percent or more of the applicant would be listed. For business entities other than the permit applicant, only the names and titles of those officers who by virtue of their positions have authority to control or influence the actions of a subsidiary entity would be required. Comments are requested on these alternative reporting requirements.

It is important to note that the final "Ownership and Control" rule and the proposed information collection requirements in this proposed rule will serve as a basis by which searches in the computer based Applicant Violator System (AVS) will be made for the purposes of permit blocking and the revocation of erroneously issued permits.

III. Discussion of the Proposed Rule

Existing §§ 778.13 and 778.14 specify the legal, financial and compliance information that must be submitted in a permit application. OSMRE is proposing to modify these sections to require the submission of additional information and the use of a standard form for reporting the information. Also, OSMRE is proposing a new § 773.17(i) as a permit condition which would require that the ownership and control information required by § 778.13 be updated on an annual basis.

Section 773.17(i)—Permit condition

Proposed § 773.17(i) would require a permittee to update and submit to the regulatory authority on an annual basis any changes in the information required by proposed §§ 778.13 (b) and (c). These latter sections would require the submission of the identities of persons owning or controlling the permit applicant, as well as the identity of all current and prior (within the past 5 years) surface coal mining and reclamation operations operated by either the applicant or anyone who owns the applicant. The updated information, which would be submitted to the regulatory authority issuing the permit would allow the regulatory authority to keep current the ownership and control data in the AVS. The requirement to update the information would apply to all permittees. A permittee's failure to update the data could result in permit rescission.

Section 778.13—Identification of Interests

The proposed rule would modify § 778.13 as follows: Section 778.13(b) would require the submission of the name, address, telephone number, and social security or taxpayer identification number of the applicant, the operator (if different from the applicant), the applicant's resident agent who will accept service of process, the person who will pay the abandoned mine land reclamation fee, and any contractor who will conduct the surface coal mining and reclamation operations.

Section 778.13(c)(1) would require the submission of the name, title, address and social security or taxpayer identification number of every person who controls the applicant, including every officer, partner and director of the applicant and the operator, and the name of any other person who performs a function similar to a director of the applicant or the operator, the date of assuming that position, and when appropriate in the annual report required by § 773.17(i) of this chapter the date of leaving that position.

Section 778.13(c)(2) would require the submission of the name, address, social security or taxpayer identification number, and percent of ownership of each person who owns a 10 percent or greater interest in the permit applicant, either directly or indirectly through one or more intermediary companies. If ownership is indirect, the relationship between intermediary companies must be furnished.

Section 778.13(c)(3) would require the submission of the name, title, address and social security or taxpayer identification number of each officer and director of any entity owning a 10 percent or greater interest in the permit applicant, either directly or indirectly through one or more intermediary companies, the date of assuming that position, and when appropriate in the annual report required by § 773.17(i) the date of leaving that position.

Section 778.13(c)(4) would require the submission of the name, address, social security or taxpayer identification number and percentage of ownership of each subsidiary in which the applicant directly or indirectly owns a 10 percent or greater interest. If ownership is indirect, the relationship between intermediary companies must be furnished.

Section 778.13(c)(5) would require the submission of any name, including that of any subsidiary, and social security or taxpayer identification number under which the applicant, partner or anyone who owns a 10 percent or greater interest in the applicant, either directly or indirectly through one or more intermediary companies, now operates or previously operated a surface coal mining and reclamation operation in the United States within the 5 years preceding the date of the application.

Section 778.13(d) would require a statement of any pending surface coal mining and reclamation operation permit applications in the United States, and of all current and previous coal mining permits in the United States held during the 5 years preceding the date of the application by any person identified in paragraph (c)(5) above, the permit or application numbers or other identifiers, and the identity of the regulatory authority for each operation listed.

The requirement in proposed § 778.13(b) to supply the name of the person (including his social security or taxpayer identification number) who will pay the abandoned mine land reclamation fee is in addition to the requirement to list the operator. Section 402(a) of the Act requires that an operator of a surface coal mining and reclamation operation pay the reclamation fee required by the Act. Experience has shown that often the reclamation fee is paid for the operator by individuals such as accountants, attorneys, trustees or by institutions such as banks. Furnishing the name of the person paying the reclamation fee will assist OSMRE in collecting the money and arranging for audits when necessary. Supplying the name of the person who would actually pay the reclamation fee would in no way alter the legal obligation of other persons ultimately responsible for its payment.

Under proposed § 778.13(j), the information required by §§ 778.13 and 778.14 would have to be submitted on any prescribed form that is issued by OSMRE. In order to facilitate the input of legal, financial and compliance data into the AVS and in order to reduce errors when that data is transferred from a permit application to the computer, OSMRE intends to issue a form that is compatible with the software program being developed for the AVS. Use of the form would be required by all permit applicants when submitting the information required by §§ 778.13 and 778.14 regardless of whether the permit application is filed with OSMRE or a state regulatory authority. OSMRE will obtain approval from the Office of Management and Budget prior to issuing the form.

Section 778.14—Violation Information

In addition to the identification of interests as required by proposed § 778.13, proposed § 778.14(c) requires each application to contain a list of all violation notices received by the applicant or any surface coal mining operation owned or controlled by either the applicant or by any person who currently owns or controls the applicant, or who did so during the 3-year period preceding the application date, for a violation of any provision of the Act, or of any law, rule or regulation of the United States, or of any State law, rule or regulation enacted pursuant to Federal law, rule or regulation pertaining to air or water environmental protection, except that *NOV's* under the Act received by any surface coal mining operation owned or controlled by either the applicant or by persons who own or control the applicant may be excluded. The application also would be required to contain the date of issuance of the notice, the name of the person to whom the notice was issued, and the issuing regulatory authority, department or agency. The purpose of this information is to provide the data necessary to make the compliance finding required by section 510(c) of the Act prior to a decision on the issuance of a surface coal mining permit.

The current § 778.14(c) requires a listing of all violation notices including NOV's. Proposed § 778.14(c) would still require pursuant to section 510(c) of the Act that NOV's received by the applicant be listed. However, proposed § 778.14(c) no longer would require that an NOV received by a surface coal mining operation owned or controlled by the applicant or by persons who own or control the applicant be listed. This requirement would be deleted because of the presumption discussed above. That presumption holds that in the absence of a failure-to-abate cessation order an NOV would be presumed to be in the process of being corrected to the satisfaction of the agency that has jurisdiction over the violation. OSMRE has proposed a rule governing the rescission of a permit in situations where an NOV existed at the time of the issuance of the permit and the NOV later ripens into a CO after the permit is issued. See 51 FR 25826.

Proposed § 778.14(c) also clarifies the reporting requirements by specifying that violations must be listed for the applicant or any surface coal mining operation owned or controlled by either the applicant, or by any person who owns or controls the applicant. The current regulations require that violations be listed for the applicant or any subsidiary, affiliate, or persons controlled by or under control with the applicant.

Effect in Federal Program States

The proposed rule would apply through cross-referencing to the following Federal program States: Georgia, Idaho, Massachusetts, Michigan, North Carolina, Oregon, Rhode Island, South Dakota, Tennessee, and Washington. The Federal programs for these States appear at 30 CFR Parts 910, 912, 921, 922, 933, 937, 939, 941, 942, and 947, respectively. Comments are specifically solicited as to whether unique conditions exist in any of these States relating to this proposal which should be reflected either as changes to the national rules or as State-specific amendments to any or all of the Federal programs.

IV. Procedural Matters

Federal Paperwork Reduction Act

The information collection requirements in the proposed rule have been submitted to the Office of Management and Budget for approval as required by 44 U.S.C. 3501 *et seq.* The information is needed to meet the requirements of sections 201, 507, and 510 of Pub. L. 95–87, and will be used by OSMRE in reviewing a permit application and rescinding improvidently issued permits. The obligation to respond is mandatory.

Executive Order 12291

The Department of the Interior has examined the proposed rule according to the criteria of Executive Order 12291 (February 17, 1981) and has determined that it is not major and does not require a regulatory impact analysis. This determination is based on the findings that the regulatory revisions and additions proposed by this rule would cause very little increase in the costs of operating a mine in a manner that meets the requirements of the Act. Further, there would be no significant impacts on competition, employment, productivity, innovation or on the ability of U.S.-based enterprises to compete with foreign-based enterprises.

Regulatory Flexibility Act

The Department of the Interior has also determined, pursuant to the Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.*, that the proposed rule will not have a significant economic impact on a substantial number of small entities because although the rule would impose new regulatory burdens on small entities, the time and effort required to fulfill the additional data collection requirements would be minimal.

National Environmental Policy Act

The proposed rule has been reviewed by OSMRE and it has been determined to be categorically excluded from the National Environmental Policy Act (NEPA) process in accordance with DOI Departmental Manual (516 DM 2, Appendix 1.10) and the Council on Environmental Quality Regulations for Implementing the Procedural Provisions of NEPA (40 CFR 1507.3).

List of Subjects

30 CFR Part 773

Administrative practice and procedure, Reporting and recordkeeping requirements, Surface mining, Underground mining.

30 CFR Part 778

Reporting and recordkeeping requirements, Surface mining, Underground mining.

Accordingly, it is proposed to amend 30 CFR Parts 773 and 778 as follows:

Dated: May 12, 1987.

J. Steven Griles,

Assistant Secretary for Land and Minerals Management.

PART 773—REQUIREMENTS FOR PERMITS AND PERMIT PROCESSING

1. The authority citation for Part 773 continues to read as follows:

Authority: 30 U.S.C. 1201 *et seq.*, 16 U.S.C. 470 *et seq.*, 16 U.S.C. 1531 *et seq.*, 16 U.S.C. 661 *et seq.*, 16 U.S.C. 703 *et seq.*, 16 U.S.C. 668a *et seq.*, 16 U.S.C. 469 *et seq.*, and 16 U.S.C. 470aa *et seq.*

2. Section 773.17 is amended by adding a new paragraph (i) to read as follows:

§ 773.17 Permit conditions.

* * * * *

(i) The permittee shall update and furnish to the regulatory authority on an annual basis the information required by §§ 778.13 (b) and (c) of this chapter.

PART 778—PERMIT APPLICATIONS—MINIMUM REQUIREMENTS FOR LEGAL, FINANCIAL, COMPLIANCE AND RELATED INFORMATION

3. The authority citation for Part 778 continues to read as follows:

Authority: Pub. L. 95–87, 30 U.S.C. 1201 *et seq.*

4. In § 778.13, the introductory text and paragraphs (b), (c), and (d) are revised, and paragraphs (i) and (j) are added to read as follows:

§ 778.13 Identification of interests.

Except as provided in paragraph (i), each application shall contain the following information:

* * * * *

(b) Name, address, telephone number, and social security or taxpayer identification number of the applicant, the operator (if different from the applicant), the applicant's resident agent who will accept service of process, the person who will pay the abandoned mine land reclamation fees, and any contractor who will conduct the surface coal mining and reclamation operations.

(c) Where applicable—

(1) name, title, address and social security or taxpayer identification number of every person who controls the applicant, including every officer, partner and director of the applicant and the operator, and the name of any other person who performs a function similar to a director of the applicant or the operator, the date of assuming that position, and when appropriate in the annual report required by § 773.17(i) of this chapter the date of leaving that position.

(2) Name, address, social security or taxpayer identification number, and percent of ownership of each person who owns a 10 percent or greater interest in the permit applicant either directly or indirectly through one or more intermediary companies. If ownership is indirect, the relationship between intermediary companies must be furnished.

(3) Name, title, address and social security or taxpayer identification number of each officer and director of any entity owning a 10 percent or greater interest in the permit applicant, either directly or indirectly through one or more intermediary companies, the date of assuming that position, and when appropriate in the annual report required by § 773.17(i) the date of leaving that position.

(4) Name, address, social security or taxpayer identification number and percentage of ownership of each subsidiary in which the applicant directly or indirectly owns a 10 percent or greater interest. If ownership is indirect, the relationship between intermediary companies must be furnished.

(5) Any name, including that of any subsidiary, and social security or taxpayer identification number under which the applicant, partner or anyone who owns a 10 percent or greater interest in the applicant, either directly or indirectly through one or more intermediary companies, now operates or previously operated a surface coal mining and reclamation operation in the United States within the 5 years preceding the date of application.

(d) A statement of any pending surface coal mining and reclamation operation permit applications in the United States, and of all current and previous coal mining permits in the United States held during the 5 years preceding the date of the application by any person identified in paragraph (c)(5) of this section. Such statement shall provide permit or application numbers or other identifiers and the identity of the regulatory authority for each operation listed.

* * * * *

(i) When the taxpayer identification number required by paragraphs (b) and (c)(1)–(5) is a social security number, the submission is not mandatory.

(j) The information required by this section and § 778.14 of this part shall be submitted on any prescribed form that is issued by OSMRE.

5. In § 778.14 paragraph (c) introductory text, and paragraph (c)(1) are revised to read as follows:

§ 778.14 Violation information.

An application shall contain the following:

* * * * *

(c) A list of all violation notices received by the applicant or any surface coal mining operation owned or controlled by either the applicant, or by person who owns or controls the applicant during the 3-year period preceding the application date, for a violation of any provision of the Act, or of any law, rule or regulation of the United States, or of any State law, rule or regulation enacted pursuant to Federal law, rule or regulation pertaining to air or water environmental protection, except that notices of violations under the Act received by surface coal mining operations owned or controlled by either the applicant or by persons who own or control the applicant may be excluded. The application shall also contain the following information about each violation notice:

(1) The date of issuance, the name of the person to who the violation notice was issued, and the issuing regulatory authority, department or agency;

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federal register

Thursday
May 28, 1987

Part VI

Department of Commerce

Patent and Trademark Office

37 CFR Part 1

Unity of Invention and Patent Cooperation Treaty (Chapter II); Notice of Final Rulemaking

DEPARTMENT OF COMMERCE

Patent and Trademark Office

37 CFR Part 1

[Docket No. 61231-7086]

Unity of Invention and Patent Cooperation Treaty [Chapter II]

AGENCY: Patent and Trademark Office, Commerce.

ACTION: Notice of Final Rulemaking.

SUMMARY: The Patent and Trademark Office hereby amends its regulations (1) to change the practice in handling unity of invention issues in international applications under the Patent Cooperation Treaty (PCT) and those entering the national stage under 35 U.S.C. 371 and (2) to establish procedures necessary for patent applicants to proceed under Chapter II of the Patent Cooperation Treaty. This rule change is being made because (1) the current rules for handling unity of invention issues in international applications are not consistent with the court decision in *Caterpillar Tractor Co. v. Commissioner of Patents and Trademarks*, 231 USPQ 590 (E.D. Va. 1986), and (2) legislation implementing Chapter II of the Patent Cooperation Treaty has recently been enacted. The promulgated rules will result in (1) the treatment of unity of invention issues in international applications consistently with the court decision while retaining the current practice for national applications filed under 35 U.S.C. 111, and (2) procedures adequate for applicants to proceed under Chapter II of the Patent Cooperation Treaty.

EFFECTIVE DATE: July 1, 1987.

FOR FURTHER INFORMATION CONTACT: Louis O. Maassel by telephone at (703) 557-3070 or by mail marked to his attention and addressed to the Commissioner of Patents and Trademarks, Washington, DC 20231.

SUPPLEMENTARY INFORMATION: This final rule change relates to (1) questions of unity of invention which may arise in international applications when searched as an International Searching Authority and when examined as an International Preliminary Examining Authority by the United States Patent and Trademark Office (USPTO) and during the national stage in the United States as a Designated Office after entry under 35 U.S.C. 371 pursuant to the Patent Cooperation Treaty (PCT) and (2) procedures to be followed and fees to be paid under Chapter II of the Patent Cooperation Treaty. The rule change will also increase the amount of the international search fees and national fees in international applications in view of increased average effort required by the USPTO because of changes in the rules relating to unity of invention. No fees are being established under 35 U.S.C. 41.

Background Information

Unity of Invention

The May 28, 1986, decision in *Caterpillar Tractor Company* v. *Commissioner of Patents and Trademarks*, 231 USPQ 590 (E.D. Va., 1986) held that the Patent and Trademark Office interpretation of 37 CFR 1.141(b)(2) as applied to unity of invention determinations in international applications was not in accordance with the Patent Cooperation Treaty and its implementing rules. In the Caterpillar international application, the USPTO, acting as an International Searching Authority, had held lack of unity of invention between a set of claims directed to a process for forming a sprocket and a set of claims drawn to an apparatus (die) for forging a sprocket. The court stated that it was an unreasonable interpretation to say that the expression "specifically designed" as found in PCT Rule 13.2(ii) means that the process and apparatus have unity of invention if they can only be used with each other, as set forth in the Manual of Patent Examining Procedure (MPEP) § 806.05(e).

Therefore, when the Patent and Trademark Office considers international applications as an International Searching Authority, as an International Preliminary Examining Authority, and during the national stage as a Designated or Elected Office under 35 U.S.C. 371, PCT Rule 13.1 and 13.2 will be followed when considering unity of invention of claims of different categories without regard to the practice in national applications filed under 35 U.S.C. 111. No change is being made in the current restriction practice in United States national applications filed under 35 U.S.C. 111 outside the PCT. No change in practice is being made in regard to claims of the same category of invention either in PCT international applications or in U.S. national applications. Any such change in U.S. national restriction practice would require a statutory change in the fee levels in order to cover the additional examining effort required in individual patent applications.

The unity of invention procedures set forth in the rules are already being substantially followed by the examiners in the USPTO as a result of the notice signed on August 15, 1986, and published in the Official Gazette on September 9, 1986 at 1070 O.G. 11. The notice of September 9, 1986 and any prior notices or policies relating to unity of invention which are inconsistent with the rules and procedures in this final rules notice are superseded to the extent that they are inconsistent.

The unity of invention practice set forth in PCT Rule 13 will be applied in national stage applications entered under 35 U.S.C. 371 because 35 U.S.C. 372(b)(2) provides that "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". However, continuing applications filed under 35 U.S.C. 111 of international applications under the provisions of 35 U.S.C. 365(c) will be subject to the same restriction practice as other United States national applications filed under 35 U.S.C. 111. However, it is noted that where several inventions have been searched in the parent international application, the examination of such inventions in a continuing national application may not be burdensome and the examiner may consider all the inventions in such an application without making a restriction requirement.

Implementation of Unity of Invention Practice in International Applications and National Stage Applications Entered Under 35 U.S.C. 371

(1) The practice established by these rules for international and national stage applications will *not* be applied to national applications filed under 35 U.S.C. 111.

(2) The practice established by these rules will *not* affect the treatment of the claims of any applications (national or international) where the question of lack of unity of invention relates to other than different categories of invention issues.

Therefore, restriction and unity of invention practice involving, for example, Markush type claims, genus-species, intermediate-final product or combination-subcombination situations is *not* affected for any applications by this rule change.

(3) The criteria of § 1.141 would continue to be applicable to U.S. national applications filed under 35 U.S.C. 111 in a manner similar to that in effect prior to the Caterpillar decision and essentially the same as the practice which was in effect for many years prior to the PCT implementation. That is, national restriction practice will continue as set forth in MPEP Chapter 800, as modified in 1046 O.G. 2 for the

practice relating to product, process of making and process of using. The practice in this latter situation is that a three way requirement for restriction can only be made where the process of making is distinct from the product (i.e., the requirements of MPEP 806.05(f) are met). Otherwise, claims to the process of using must be joined with the claims directed to the product and the process of making the product even though a showing of distinctness between the product and process of using the product (MPEP 806.05(h)) could be made. This concept is included in paragraph 1.141(b).

(4) Under the rules, the criteria of PCT Rule 13.2 will be applied when considering unity of invention of claims drawn to different categories of invention in international applications as an International Searching Authority, International Preliminary Examining Authority, and as a Designated or Elected Office in international applications which enter the national stage under 35 U.S.C. 371.

(5) Under the rules, in applying PCT Rule 13.2 to international applications as an International Searching Authority, an International Preliminary Examining Authority and to national stage applications under 35 U.S.C. 371, examiners will consider for unity of invention all of the claims to different categories of invention in the application and will permit retention in the same application for searching and/or examination, claims to the categories which meet the requirements of any one of PCT Rule 13.2(i) to (iii).

Under the rules, the USPTO will also permit in the same international or national stage application the following two combinations:

(1) An independent claim for a given product and an independent claim for a process specially adapted for the manufacture of said product.

(2) An independent claim for a given product and an independent claim for a process of using the said product.

Under the rules, if an application contains a combination of categories of claims which do not fall within any *one* of the combinations of PCT Rule 13.2(i) to (iii) or additional combinations (1) or (2) above, i.e., they claim more or less categories of invention than permitted in any one of PCT Rule 13.2(i) to (iii) or combination (1) or (2) above, unity of invention may not be present.

Further, an independent claim for a use in PCT Rule 13.2(i) and combination (2) above will be construed as being limited to a claim directed to a process of using. In determining unity of invention under PCT Rule 13.2 (i) and (iii) and combination (1) above, under the rules, the examiner will consider the word "specially" which appears before "adapted" to be an emphasis word rather than a limitation. In determining unity of invention under PCT Rule 13.2(ii), the examiner will consider the word "specifically" which appears before "designed" to be an emphasis word rather than a limitation.

Under the rules, if an application includes claims to all the categories of invention set forth in any one of PCT Rule 13.2 (i), (ii), (iii), combinations (1) or (2) above, and no additional categories of invention are present, unity of invention will exist and no additional fees will be required or restriction requirement made.

For example, if an application contained claims to only a process for the manufacture of a product and claims to a use of a product and no product claim is present, there will be lack of unity of invention since the provisions of Rule 13.2(i) do not apply because claims to all categories of invention set forth in PCT Rule 13.2(i) are not included in the application and the process for manufacture of a product is independent of the use of the product since neither is dependent on the other. Also if claims to all three categories of PCT Rule 13.2(i) were present at the time of the first Office action in a national stage application and all the product claims are rejected in the first Office action, a requirement for restriction could also be made, if appropriate, in view of independent inventions being in the application without an allowable linking (product) claim.

Under the rules, where claims to a category of invention in addition to those listed in any one of PCT Rule 13.2 (i), (ii), (iii) or combinations (1) or (2) above are included in an application, unity of invention may be lacking between the claims drawn to the combination of the categories of invention set forth in any *one* of PCT Rule 13.2 (i), (ii) or (iii) or combinations (1) or (2) above, and the claims to the additional category of invention. For example, if an application contains claims to a process for manufacture, claims to an apparatus or means for carrying out the process and claims to a process of using the product manufactured, there could be lack of unity of invention. In such a situation the examiner should group the claims to the process for manufacture and the claims for an apparatus or means for carrying out the process because unity of these two categories exists under PCT Rule 13.2(ii). The claims to the use of the product can be separately grouped if the "use" is shown to be "independent and distinct" of both the "process for manufacture" and the "apparatus or means for carrying out the process" as provided in Chapter 800 of the Manual of Patent Examining Procedure (MPEP).

When the claims presented in an application are directed to several categories of invention under the rules so that more than one paragraph of PCT Rule 13.2 and combinations (1) or (2) above applies, the examiner would inspect the claims to see if the categories of invention set forth in PCT Rule 13.2, paragraphs (i), (ii) and (iii), and then combinations (1) or (2) above are present in the application in that order. For example, if the categories of PCT Rule 13.2(i) are found in the application, the claims to those categories stated in PCT Rule 13.2(i) will be considered as one invention and any claims to different categories of invention will be reviewed to determine if they are "independent and distinct" of *all* the claims covered in PCT Rule 13.2(i) in accordance with the provisions of Chapter 800 of the MPEP.

(6) Under PCT Rule 13.2 and combinations (1) and (2) above, unity will exist where the claims are limited to one invention in each category of invention recited. For example, under PCT Rule 13.2(i), claims are permitted to one product, one process of manufacturing the product and one use of the product. If multiple products, processes of manufacture or uses are claimed, the first invention in the category first mentioned in the claims would be considered as the elected invention under the rules. The first recited invention of each additional category which is related to the first invention as indicated in the previous sentence will be considered elected. Accordingly, for example, if multiple products are claimed, the first recited product will be considered to be constructively elected and if multiple processes adapted for making and/or using the product are claimed, the first recited process will also be constructively elected. Any additional inventions of the same category will be subject to payment of additional fees during the international stage. In a national stage application submitted under 35 U.S.C. 371 any such holding by the examiner will be made in the form of a restriction requirement. Such a restriction requirement will be made on the basis of criteria set forth in MPEP Chapter 800. Applicant will have the right to traverse such a restriction requirement in the response to the Office action.

(7) Inventions of different categories, to have unity of invention, must be related rather than independent

inventions. For example, the product as claimed in PCT Rule 13.2(i) and combinations (1) and (2) above must be capable of being made by the claimed process for manufacture or being used in the claimed process of use. Likewise in PCT Rule 13.2(ii), the apparatus as claimed must be capable of carrying out the claimed process. In PCT Rule 13.2(iii), the claimed process of manufacture must be capable of preparing the claimed product and the claimed apparatus or means must be able to perform the claimed process of manufacture.

(8) Under §§ 1.494 and 1.495, applicants must indicate on all application papers filed for entry under 35 U.S.C. 371 that the filing is being made under 35 U.S.C. 371. Otherwise, the application papers will be treated as having been filed under 35 U.S.C. 111.

Patent Cooperation Treaty, Chapter II

The Patent Cooperation Treaty became effective for the United States on January 24, 1978. The United States, however, was one of six countries (out of the 40 countries who have ratified or acceded to the Treaty) which had reservations not to be bound by Chapter II. The document removing the reservation as to Chapter II was deposited with the Director General of the World Intellectual Property Organization on April 1, 1987. Accordingly, Chapter II of the Treaty for the United States of America, Pub. L. 99-616 and these final regulations become effective 3 months later on July 1, 1987.

Chapter I of the Patent Cooperation Treaty provides a standardized application format and a centralized filing procedure for international patent applications. Pursuant to Chapter I, an applicant may submit an international application, designating those member countries in which the applicant desires patent protection. Filing an international application has the same effect as filing a separate application in all designated member states with respect to the filing date. In addition, by filing an international application, the applicant does not have to incur the expenses associated with national patent prosecution in the designated countries until 20 months from the priority date of the international application. During this period, the applicant obtains an international search report citing prior art deemed to be relevant to the claims of the invention contained in the international application. This helps the applicant decide whether to proceed with patent prosecution in the various countries originally designated.

Chapter II of the Patent Cooperation Treaty provides two further benefits for the applicant. First, an additional 10 months is allowed, for a total of 30 months from the priority date of the international application, before the applicant must decide whether to proceed with national patent prosecution in the elected countries. Second, the applicant is provided with an international preliminary examination report. In contrast to the international search report, which provides citations of prior art pertinent to the invention, the international preliminary examination report is a non-binding opinion from an International Preliminary Examining Authority as to whether the invention is novel, involves an inventive step (is non-obvious), and is industrially applicable. A preliminary examination report will be established within 28 months from the priority date. This preliminary examination report, together with the additional 10 months before the decision to proceed with national prosecution is required, places the applicant in a better position to consider commercial factors associated with the invention and to decide whether to pursue patent protection in the various elected countries.

To take advantage of these benefits provided by Chapter II, an applicant must file a "Demand" for a preliminary examination in an appropriate International Preliminary Examining Authority prior to the expiration of the 19th month from the priority date and pay certain fees. The final rules establish the amounts of some of the necessary fees and procedures under Chapter II and also group all the rules unique to international applications in a separate area of the regulations. The rules fall into three groups: (1) those directed to procedures under Chapter I, (2) those directed to procedures under Chapter II, and (3) those directed to entering the national stage under 35 U.S.C. 371.

Changes From the Proposed Rules

In § 1.475, a new paragraph (f) has been added which sets forth in the rules the exact wording of PCT Rule 13. PCT Rule 13 was included in the proposed rules as a footnote. The incorporation of the wording of PCT Rule 13 into § 1.475(f) will make it easier to refer to and easier to locate. Sections 1.475, 1.476, 1.487 and 1.499 are also changed to refer to § 1.475(f) rather than footnote 1.

In § 1.480(c), the wording has been clarified by adding a reference to the election of the United States.

Section 1.484(f) has been modified from the proposal to permit more than one interview in those situations where the examiner considers that an additional interview would be helpful.

In § 1.485, paragraph (b) has not been included since the substance thereof is set forth in § 1.484(d).

In § 1.492(a) (2) and (3), "i" has been deleted in order to refer to both § 1.445(a)(2) (i) and (ii).

An additional paragraph (a)(4) has been added to § 1.492 and an additional paragraph (b) has been added to § 1.496 which provide for a substantially reduced national fee and special procedure, respectively, where the application has satisfied the requirements of novelty, inventive step (non-obviousness) and industrial applicability before the United States International Preliminary Examining Authority as to the identical claims which are in the application at the national stage in the Patent and Trademark Office. Amendments during subsequent prosecution will only be permitted in response to an examiner's rejections or objections. Thus, no new claims are permitted. Therefore, most of such cases will require little or no prosecution to satisfy the requirements for patentability. The title of § 1.496 has been broadened in view of the new paragraph (b) and proposed § 1.496 has been redesignated as paragraph (a).

In §§ 1.494 and 1.495, an additional paragraph has been added to indicate the date of abandonment of an international application as to the United States if the requirements of 35 U.S.C. 371(c) are not timely fulfilled.

Response to Comments Received

Specific comments were received on several of the proposed rules, particularly those relating to unity of invention and fees. Sixteen letters submitting written comments were received. Oral testimony was presented by five persons at the public hearing conducted on April 6, 1987 resulting in 46 pages of testimony. All of the written and oral comments were considered in adopting the changes set forth herein. Comments suggesting modifications to the proposed rules or requesting clarification thereto appear below with responses thereto.

Comment. A question was raised as to whether the deadline for filing a continuing application under 35 U.S.C. 365(c) and 120 was 20 or 22 months under Chapter I and 30 or 32 months under Chapter II.

Reply. The Patent and Trademark Office considers the international application to be pending until the 22nd month from the priority date if the United States has been designated and no Demand for International Preliminary

Examination has been filed prior to the expiration of the 19th month from the priority date and until the 32nd month from the priority date if a Demand for International Preliminary Examination which elected the United States of America has been filed prior to the expiration of the 19th month from the priority date, provided that a copy of the international application has been communicated to the Patent and Trademark Office within the 20 or 30 month period, respectively. If a copy of the international application has not been communicated to the Patent and Trademark Office within the 20 or 30 month period respectively, the international application becomes abandoned as to the United States 20 or 30 months from the priority date respectively. These periods have been placed in the rules as paragraph (h) of § 1.494 and paragraph (i) of § 1.495. A continuing application under 35 U.S.C. 365(c) and 120 may be filed anytime during the pendency of the international application.

Comment. A comment was received concerning the situation where a continuing application is filed under 35 U.S.C. 365(c) of an international application which claims priority of an earlier filed foreign application as to (1) whether the applicant must specifically claim priority in the continuing application and (2) whether the certified copy of the priority application which may have been communicated to the Patent and Trademark Office by the International Bureau may be relied upon without any need to file a certified copy of the priority application in the continuing application.

Reply. As to item (1), it is necessary under the statute for the applicant to claim priority in the continuing application. Otherwise there is no indication that such benefit is desired in the continuation and the information may not be present for printing of any subsequent patent.

As to item (2), the certified copy of the priority application communicated by the International Bureau is placed in a folder and is not assigned a U.S. serial number unless the national stage is entered. Such folders are disposed of if the national stage is not entered. Therefore such certified copies may not be available if needed later in the prosecution of a continuing application. An alternative would be to physically remove the priority documents from the folders and transfer them to the continuing application. The resources required to request transfer, retrieve the folders, make suitable record notations, transfer the certified copies, enter and make of record such copies in the continuing applications is substantial. Accordingly, the priority documents in folders of international applications which have not entered the national stage may not be relied on.

Comment. One comment raised the question whether a continuing application filed under 35 U.S.C. 111 and entitled to the benefit of a prior international application designating the United States under 35 U.S.C. 365(c) and 120 would be subject to the PCT unity practice of § 1.499 or the national restriction practice under § 1.141.

Reply. A continuing application filed under 35 U.S.C. 111 would be subject to the national restriction practice as set forth in § 1.141 and Chapter 800 of the Manual of Patent Examining Procedure. Only those international applications entering the national stage under 35 U.S.C. 371 and § 1.494 or § 1.495 would be subject to the unity of invention practice set forth in § 1.499.

Comment. Five comments were made to the effect that the unity practice set forth in the rules was not consistent with the unity of invention criteria currently under discussion in the WIPO "harmonization" treaty meetings.

Response. At the present time there appears to be no agreed upon unity practice in the harmonization meetings. Only a discussion document has been prepared by WIPO. The Patent and Trademark Office is currently making a very intensive study of unity of invention in the United States, Japan and the European Patent Office. The practice which may result from this study and subsequent discussions is also not clear at this time. For these reasons as well as the fee implications of such a change, it is considered preferable to proceed with a clarification of the unity of invention practice which is to be used as part of the regulations for use by patent applicants and examiners at this time and, if modification of the practice is required in the future, appropriate changes in the law and the rules will be made at that time.

Comment. Two comments argued that the difference in treatment of unity of invention is contrary to 35 U.S.C. 372(a).

Reply. 35 U.S.C. 372(a) states:

> 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 and Trademark Office.

This section is interpreted as relating only to substantive questions of patentability which includes matters such as the definition of prior art. See PCT Article 27(5). If section 372(a) were interpreted to include items other than those relating to substantive questions of patentability, items such as requirements to obtain a filing date would be included. Clearly, an international application must only meet the filing date requirements of PCT Article 11(1) even though a U.S. national application must meet the requirements of 35 U.S.C. 111.

Comment. One comment was received stating that the U.S. rules should define prior art for PCT purposes and also the manner of issuing International Preliminary Examination Reports.

Reply. Prior art for PCT purposes is already defined in PCT Rule 64 and the procedures are set forth in PCT Rules 66 and 70. To repeat the substance of these PCT rules in the U.S. rules would be duplicative and possibly lead to different interpretations if different wording was used.

Comment. One comment inquired whether the International Preliminary Examining Report was binding on a USPTO examiner in the national stage.

Reply. An International Preliminary Examination Report is not binding on a USPTO examiner. PCT Article 33(1) clearly states that the "objective of the international preliminary examination is to formulate a preliminary and non-binding opinion." Since the USPTO has had no experience with International Preliminary Examination Reports prepared by foreign offices, as well as foreign offices having no experience with Reports prepared by the USPTO, the degree of reliance on such Reports in the national stage cannot be determined at the present time. Studies underway with the European Patent Office and the Japanese Patent Office regarding inventive step and other matters and experience with Reports from other International Preliminary Examining Authorities may be helpful in further addressing this question in the future.

Comment. Two comments were received asking why § 1.141(b) was being changed since there was no change in U.S. restriction practice.

Reply. No change is being made in U.S. restriction practice in applications filed under 35 U.S.C. 111. The amendments to § 1.141 basically delete expressions used in the Patent Cooperation Treaty which are not used in U.S. national practice. The criteria deleted from § 1.141(b) still remain in Chapter 800 of the Manual of Patent Examining Procedure.

Comment. One comment was made that any interpretation by the PTO of the PCT Unity language will carry over to the Harmonization Treaty.

Reply. The U.S. delegation to the WIPO harmonization meetings has several times requested that guidelines be prepared for consideration with the Unity of Invention Article and Rules. Any interpretation of future treaty wording would be controlled by the guidelines.

Comment. Three comments were received that the PTO is attempting to promulgate a variation of PCT Rule 13 which is contrary to the Caterpillar decision because the U.S. rules are not identical in scope with PCT Rule 13.

Reply. The U.S. rules relating to Unity of Invention are considered to be in accordance with PCT Rule 13 and the Caterpillar decision. Rules 1.475, 1.487 and 1.499 are not identical with PCT Rule 13.2 because the U.S. rules are somewhat broader because additional combinations are included. The U.S. rules are also consistent with the Caterpillar decision because this decision related only to the interpretation of the expressions in PCT Rule 13.2.

Comment. One comment inquired as to the amount of the handling fee.

Reply. The amount of the handling fee is set forth in the SCHEDULE OF FEES appearing at the end of the PCT Rules. These fees are stated in Swiss Francs. The current amount for the Handling Fee is 200 Swiss Francs. The amount in U.S. dollars will be established by the Director General based on the current exchange rates as provided in PCT Rule 57.2(c).

Comment. One comment proposed that a rule be implemented under which an examiner must complete the first written opinion within two months of the filing of the Demand.

Reply. Although the Office will expect an examiner to begin the International Preliminary Examination as early as possible after receipt, delays in issuing the written opinion may occur because the International Preliminary Examination fee was paid later than the filing of the Demand under PCT Rule 58.2, the application contains defects in form or contents or the application lacks unity of invention. Thus, such a rule would not be appropriate.

Comment. One comment questioned the need to re-impose restriction (holding of lack of unity of invention) if a linking claim is not allowable.

Reply. There is no mandatory requirement that the examiner impose a holding of lack of unity if the linking claim is shown to lack novelty and inventive step. However, if such a possibility did not exist, applicants could present broad generic claims to entire classes of inventions and thereby prevent any subsequent holding of lack of unity by the examiner.

Comment. One comment suggested that applicants in national patent applications be allowed to take advantage of the PCT unity criteria by paying a surcharge.

Reply. Such a fee is not provided for under 35 U.S.C. 41 and would appear to require legislative action.

Comment. Three comments suggested that the increases in the search fees were either unlawful or inconsistent with the spirit of the Patent and Trademark Office Authorization Act passed by Congress in 1986 in view of the freeze imposed thereby.

Reply. The Patent and Trademark Office Appropriations Act (Public Law 99–607) at Sec. 3(b) states.

(b) PATENT FEES.—The Commissioner of Patents and Trademarks may not, during fiscal years 1986, 1987, and 1988, increase fees established under section 41(d) of title 35, United States Code, except for purposes of making adjustments which in the aggregate do not exceed fluctuations during the previous 3 years in the Consumer Price Index, as determined by the Secretary of Labor. The Commissioner also may not establish additional fees under such section during such fiscal years.

The legislative history also makes clear that the prohibition against fee increases relates only to those fees established under section 41(d) and indicates that fees for new types of processing, services, or materials are not prohibited. The prohibition in the appropriation authorization is strictly limited to fees established under 35 U.S.C. 41(d) and does not affect the authority of the Commissioner to set fees under the Patent Cooperation Treaty. Note 35 U.S.C. 376 which authorizes the Commissioner to set fees for both the international and national stages. The new services relating to unity of invention are clearly not within the scope of the appropriation authorization restriction.

Comment. Three comments stated that the $100 fee increase for an international search is clearly excessive.

Reply. The increase in the search fee is to recover the average estimated additional cost of processing international applications with claims to more inventions than were permitted when the current search fees were established. The increase is established also to provide for an expected higher percentage of international applications containing claims to more than one category of invention. If experience shows these expectations were in error, fees will be adjusted in the future.

Comment. One comment stated that the increase in the international search fee was not justified by *Caterpillar Tractor Co. v. Commissioner of Patents and Trademarks*, 231 USPQ 590 (E. D. Va. 1986) which merely clarified an aspect of existing law and did not change it.

Reply. The decision in the Caterpillar case indicated that the Office's criteria for unity of invention on which the amount of the search fee was determined were too strict in construing the language of the Treaty and that broader criteria were permitted under the terms of the Treaty. Fees under the Patent Cooperation Treaty were set based on pre-Caterpillar interpretations of PCT Rule 13.2 by the Patent and Trademark Office. Since such broader criteria require a more extensive search than that on which the search fee was previously calculated, an increase in the search fee is necessary to cover the cost of the additional search required under the broader criteria in accordance with the Caterpillar decision.

Comment. One comment stated that the increase in the international search fee penalizes an applicant presenting clearly a single invention.

Reply. A broadening of the interpretation of unity of invention and the increase in the average amount of work required in searching an international application results in a higher fee being required. A more narrow interpretation of unity of invention permits a lower average fee and would tend to benefit applicants with a clearly single invention. The Caterpillar decision and majority of comments received supported a more liberal interpretation of unity of invention. Testimony at the hearing indicated a preference for spreading any additional costs among all applicants.

Comment. One comment was received which suggested that § 1.484(d) be amended by adding a further sentence.

If, after receipt of any response to the written opinion, the Examiner is of the opinion that some or all of the claims are not patentable, the Examiner shall issue a second written opinion which identifies any patentable subject matter, including any suggestions for claim modification to properly define the invention.

Reply. The wording of the proposed sentence is clearly inappropriate since the International Preliminary Examination Report does not make any determination of "patentability." Note PCT Article 35(2). Furthermore, the time limits for issuing an International Preliminary Examination Report are such that there may not be sufficient time in most cases to issue a second opinion and receive a response thereto. Modifications in the interview practice are a more practical way of assuring a more complete and thorough international preliminary examination.

Comment. One comment suggested that § 1.484(f) be amended to read:

An applicant will be permitted *at least* [no more than] one personal [or telephone] interview, which must be conducted *prior to 27 months from the priority date* [during the non-extendable time limit for response by the applicant to the written opinion].

Reply. A less restrictive interview policy has been incorporated into § 1.484(f). The period for an interview cannot be delayed until the 27th month from the priority date since this is the time at which the examiners will be required to complete their Reports in order to allow time for review and mailing.

Comment. One comment proposed that § 1.485 be amended as follows:

The time limit for response in a written opinion of the International Preliminary Examining Authority may not be extended *to expire beyond 27 months from the priority date, without the permission of the Group Director.*

Reply. No need is seen to limit the end of the response period to the end of the 27th month since the period will be set by the examiner when a written opinion is mailed. The time limit cannot be extended (§ 1.484(d)) due to tight time frames for establishing the International Preliminary Examination Report within 28 months from the priority date. The time limits for response to a written opinion are set forth in PCT Rule 66.2(d).

Comment. Two written comments and the oral testimony indicated that the fees for entering the national stage should be considerably less after an international search and preliminary examination. The small $40.00 reduction in national stage fees is criticized as too small and a token fee of $40–$50 is stated as being more reasonable.

Reply. The fees are based on an adjustment of the U.S. filing fee based on estimated additional work or savings. However, in view of the comments, an additional basic national fee level has been added as § 1.492(a)(4) for those situations where the Patent and Trademark Office has established an International Preliminary Examination Report which indicates that all the claims entering the national stage have satisfied the criteria of PCT Articles 31(1) to (4). Current studies of the benefit of having PCT search reports from the searching authorities indicate an improvement in quality but no overall reduction in search or examining time. The search report from other than international searching authorities, with rare exceptions, does not allow the USPTO examiner to eliminate any part of the national search.

Comment. One comment argued that reciprocal treatment should be given to foreign applicants for benefits given U.S. applicants.

Reply. Although the European Patent Office offers a 20% reduction of only the search fee portion of its national stage entry fees, the resulting fee of a little under $1000 at current exchange rates is still more than twice the amount of the highest U.S. national fee. In Japan the national fee for requesting examination is currently 26,000 yen (a little under $200 at current exchange rates) where the search report was not prepared by the Japanese Patent Office and 6,000 yen if the search report was prepared by the Japanese Patent Office.

Comment. One comment urged that the U.S. rules match the less restrictive EPO rules with regard to the issuance of more than one written opinion and providing additional opportunity for the applicant to communicate with the examiner.

Reply. The proposed rules (§ 1.484) have been modified to provide for a less restrictive interview practice. The examiner should permit interview(s) during the time limit for response to the written opinion where such interviews would be useful and time is available to permit issuance of the International Preliminary Examination Report prior to the deadline of 28 months after the priority date.

Although nothing in the rules limit the proceedings to one written opinion, most demands are expected to be filed near the end of the 19th month deadline. Preparation of the first written opinion may be delayed because the fees were not paid at the time of filing the Demand, formal errors are found in the documents or unity of invention is lacking. The time limits for a reply to the first written opinion will normally be set at 2 months, although 3 months may be given where the time limit for reply ends prior to 25 months from the priority date. Response by the 25th month will allow the examiner 2 months to prepare the International Preliminary Examination Report.

However, a Demand may be filed much earlier than 19 months from the priority date and International Preliminary Examination may begin early as provided for in PCT Rule 69.1(b). Where time and other circumstances permit, a second written opinion may be provided, possibly with a one month time limit for reply.

Comment. One comment stated that proposed § 1.485(b) is a duplication of § 1.484(d).

Reply. Proposed paragraph (b) has been deleted in final rule 1.485.

Comment. One comment stated that procedures for the manner of issuing International Preliminary Examination Reports should be set forth in the U.S. rules.

Reply. Items already specifically covered in the PCT articles and rules are not needed in U.S. rules. The agreement with WIPO also regulates these matters as do the PCT search and preliminary examination guidelines.

Comment. One comment stated that the treatment of the International Preliminary Examination Report (IPER) by the USPTO at the national stage is not clear.

Reply. The IPER will be considered along with other relevant information when conducting a national examination for patentability. PCT Article 33(1) indicates that the objective of the International Preliminary Examination Report is to formulate a preliminary and non-binding opinion; it is not binding on any office. Any new questions relating to patentability may be raised.

Comment. One comment stated that a dual standard of unity defies logic.

Reply. The dual standard is necessary since the fees for patent applications filed under 35 U.S.C. 111 were set based upon an application being limited to one invention as defined at the time the fees were set which differs from the interpretation of unity under PCT required in view of the Caterpillar decision.

Comment. One comment stated that if additional PCT international search fees are required they should be made by statutory change.

Reply. The Commissioner is authorized by statute (35 U.S.C. 376) to set the national fee for PCT origin applications. Any change in national restriction practice for applications filed under 35 U.S.C. 111 would be made only after statutory change.

Comment. One comment indicated that in view of the Caterpillar decision holding the Office interpretation of "specifically designed" to be an unreasonable interpretation, the Office is proposing a double standard.

Reply. U.S. national law under 35 U.S.C. 121 does not require a consideration or interpretation of "specifically designed" to be made. This must only be made in PCT cases and those entering the national stage under 35 U.S.C. 371.

Discussion of Specific Rules

Section 1.8 is amended to indicate clearly that the certificate of mailing procedures thereunder may not be used for the filing of papers and fees relating to international applications. It should be noted that the provisions of § 1.10 regarding the filing of papers or fees by "Express Mail" apply to all papers and fees to be filed in the Patent and Trademark Office, including those relating to international applications.

Section 1.61 "Filing of applications in the United States of America as a Designated Office" is removed and the substance thereof moved to new § 1.494. Section 1.70 "Oath or declaration under 35 U.S.C. 371(c)(4)" is removed and the substance thereof moved to new § 1.497. These moves result in the rules relating to the international applications entering the national stage being located in a single area of the rules.

Section 1.101 is amended to remove the discussion of the order of examination for international applications entering the national stage, which is covered by new § 1.496.

Section 1.141 is amended to basically return the rule to its wording prior to the 1978 rule change implementing the Patent Cooperation Treaty and will be directed solely to national applications. This will avoid confusion with PCT Rule 13.2 which was interpreted by the court in *Caterpillar Tractor Company* v. *Commissioner of Patents and Trademarks*, supra, to have a different meaning than intended in present § 1.141. It does, however, retain for applicants the ability to claim a "reasonable number" of species rather than only 5, which limit existed prior to the 1978 rule change. Paragraph (b) continues the practice stated in the *Official Gazette* notice of August 1, 1984 published at 1046 O.G. 2. Unity of invention in international applications before the USPTO as an International Searching Authority under Chapter I of the Patent Cooperation Treaty is covered by § 1.475. Unity of Invention before the USPTO as an International Preliminary Examining Authority under Chapter II of the Patent Cooperation Treaty is covered by § 1.487. Unity of invention in international applications entering the national stage under 35 U.S.C. 371 is covered by § 1.499.

Section 1.401 is amended to include the definition of some terms used for Chapter II of the Patent Cooperation Treaty.

Section 1.414 is amended to include reference to the United States Patent and Trademark Office functioning as an Elected Office under Chapter II of the Patent Cooperation Treaty as well as a Designated Office under Chapter I.

Section 1.416 is added to indicate and describe the functioning of the United States Patent and Trademark Office as an International Preliminary Examining Authority under Chapter II of the Patent Cooperation Treaty.

Sections 1.431 and 1.432 are amended, in accordance with PCT Rule 15.4(b)(ii) and amended 35 U.S.C. 361, to indicate that the time limit for payment of the designation fee is one year from the priority date or one month from the date of receipt of the international application if that one month time limit expires after the expiration of one year from the priority date.

Section 1.445 is amended to increase the amount of the international search fees to provide for recovery of the average additional cost of processing applications with claims to more inventions than were permitted under the unity of invention criteria used when the previous international search fee amounts were established. The amounts for national stage fees are removed from § 1.445 and are now set forth in § 1.492.

The international search fee and national fees were previously established based on the effort and cost to the Office of searching and examining a single invention as defined by the United States Patent and Trademark Office prior to the decision in the Caterpillar case. Since additional effort will be required to search and examine an average application under the new rules defining unity of invention, the average international search and national fee must also be increased to cover the additional cost to the Office.

Section 1.475 "Changes in person, name, or address of applicants," is redesignated as § 1.472 to allow the grouping of rules into PCT Chapter I, PCT Chapter II and national stage related rules. No change other than redesignation is made.

A new § 1.475 is added to relate to unity of invention before the International Searching Authority. Paragraph (a) clearly indicates that PCT Rule 13 is to be followed in all such cases and paragraph (b) adds combinations acceptable under unity of invention in addition to those set forth in PCT Rule 13.2. Paragraph (c) relates to the handling of claims to categories in addition to the combinations specified in paragraph (b). Paragraph (d) relates to situations in which more than one invention of the same category of invention is recited in an international application. Paragraph (e) makes clear that inventions of different categories must be related, rather than independent, for unity of invention to exist. Paragraph (f) sets forth PCT Rule 13 for the convenience of patent applicants.

Section 1.481, regarding determination of unity of invention before the International Searching Authority, is redesignated as § 1.476 and amended to delete reference to § 1.141 from paragraph (a).

Section 1.482 is redesignated as § 1.477 and amended to make clear in the title that it deals with protests to findings of lack of unity of invention before the International Searching Authority. The amendment to paragraph (b) corrects an error in referring to another paragraph of the section.

A new § 1.480 is added to deal with the Demand for an international preliminary examination. Paragraph (a) indicates that a Demand is required to be filed to obtain an international preliminary examination and that the preliminary examination fee of § 1.482(a)(1) and the handling fee of § 1.482(b) are due at the time of filing of the Demand. If the fees are not paid at the time of filing of the Demand, the United States Patent and Trademark Office acting as an International Preliminary Examining Authority will provide an opportunity to pay the fees in accordance with PCT Rules 57.4 and 58.2.

Paragraph (b) of § 1.480 specifies that the Demand must be made on a standardized form as required by PCT Rule 53.1 and that such forms are available from the United States Patent and Trademark Office.

Paragraph (c) of § 1.480 specifies that, if the Demand is made prior to the expiration of the 19th month from the priority date, the provisions of PCT Article 39 and § 1.495 shall apply to allow entry into the national stage prior to the expiration of 30 months after the priority date. The final rule has been changed to add reference to the election of the United States. If the Demand is not filed prior to the expiration of the 19th month from the priority date, the provisions of PCT Article 22 and § 1.494 shall apply to allow entry into the national stage prior to the expiration of 20 months after the priority date.

Paragraph (d) of § 1.480 indicates that withdrawal of a proper Demand will not entitle applicant to a refund of the preliminary examination fee even if no claims are found that can or will be searched (PCT Article 34(4)(a)). A Demand that is so informal that it would be considered under the PCT Rules as if it had not been submitted will not be considered a proper Demand under the rule. A change in purpose after the filing of a Demand will not entitle an applicant to a refund of the preliminary examination fee. PCT Rule 57.6 states that in no case shall the handling fee, or any supplement to the handling fee, be refunded.

A new § 1.482 is added to specify the international preliminary examination fees. Paragraph (a) sets a lower fee for the international preliminary examination where an international search fee has been paid on the international application to the United States Patent and Trademark Office as an International Searching Authority. Paragraph (a) also sets a lower additional preliminary examination fee for the preliminary examination of additional inventions found in the international application where a supplemental search fee has been paid on the international application to the United States Patent and Trademark Office as an International Searching Authority. Paragraph (b) indicates that the handling fee is prescribed in PCT Rule 57 and any necessary supplement to the handling fee shall be paid directly to the International Bureau in accordance with PCT Rule 57.1(b).

A new § 1.484 is added to describe the conduct of international preliminary examination. The rule describes that, if necessary, a written opinion will be established after consideration of any defects in accordance with PCT Rule 66.2 and after an examination to determine if the claimed invention has novelty, involves an inventive step (is non-obvious) and is industrially applicable. A written opinion prior to the international preliminary examination report would not be necessary if the international application does not contain any defects as mentioned in PCT Rule 66.2 and if all claims are found to be novel, involve an inventive step (non-obvious) and are industrially applicable. The written opinion will set a time limit for applicant to respond in accordance with PCT Rule 66.2(d). The time limit for reply will normally be two months but will be three months where the time limit will expire prior to 25 months from the priority date. The time limit may not be extended due to the tight time constraints under Chapter II of the Patent Cooperation Treaty. An international preliminary examination report will be established and one copy will be submitted to the International Bureau and one copy to applicant. The rule specifies that no international preliminary examination report will be established prior to issuance of an international search report and that no international preliminary examination will be conducted on inventions not previously searched by an International Searching Authority. Paragraph (f) specifies that at least one personal or telephone interview with the examiner will be permitted during the international preliminary examination. Additional interviews are permissible if the examiner determines that it would be helpful. Additional interviews will be governed, in part, by the time remaining before the time for issuance of the international preliminary examination report. The period during which the interview(s) can be held is limited by the non-extendable time limit for response by the applicant to a written opinion. Although nothing in this or any other rule limits the number of written opinions which may be established prior to the International Preliminary Examination Report, in most cases time will limit the number of written opinions to one.

A new § 1.485 is added to deal with amendments by applicant during international preliminary examination. An applicant is permitted by the rule to make amendments at the time of filing of the Demand and within the period set in any written opinion on the application as defined in § 1.484. Amendments under the rule would be required to be made by submitting replacement sheets and a description of how the replacement sheet differs from the replaced sheet. If an amendment cancels an entire sheet, that amendment should be communicated by letter without a replacement sheet. Proposed paragraph (b) is not promulgated because the substance thereof is set forth in § 1.484(d).

New § 1.487 defines what constitutes unity of invention before the International Preliminary Examining Authority. The standards for unity of invention generally parallel those set in § 1.475 regarding proceedings before the International Searching Authority.

New § 1.488 is added to set forth how the International Preliminary Examining Authority will proceed in handling determinations regarding the unity of invention criteria of § 1.487.

New § 1.489 sets forth the procedures to be followed by an applicant who wishes to protest a holding of lack of unity of invention by the International Preliminary Examining Authority. The additional fees would be required to be paid if more than one invention is to be examined, but could be accompanied by a request for refund and a statement setting forth reasons for disagreement with the holding of lack of unity of invention or why the required additional fees are excessive. This rule is in accordance with PCT Rule 68.3(c).

New § 1.491 is added to define the start of the national stage. Section 1.491 is the first rule in a new group of rules relating to applications entering the national stage pursuant to 35 U.S.C. 371.

New § 1.492 is added to set forth the fees and charges for international applications entering the national stage under 35 U.S.C. 371. The basic national fee is set forth in paragraph (a) at four levels to reflect the benefit that the United States Patent and Trademark Office will derive from having previously conducted an international preliminary examination or an international search. In § 1.492(a) (2) and (3), "(i)" has been deleted in order to refer to both § 1.445(a)(2) (i) and (ii). Paragraph (a)(4) which makes reference to § 1.496(b) has been added in view of comments received that indicated that in some instances substantial reliance may be placed upon the International Preliminary Examination Reports by the Patent and Trademark Office. The rule also sets the fee for an independent claim in excess of 3 (paragraph (b)), for presentation of each claim in excess of 20 (paragraph (c)) and for an application containing a multiple dependent claim (paragraph (d)). Paragraphs (e) and (f) include the fees previously contained in § 1.445 and include the alternative times for entering the national stage pursuant to § 1.494 or § 1.495.

New § 1.494 is added to contain substantially the provisions of former § 1.61 in amended form. This section relating to filing application documents in the United States Patent and Trademark Office to enter the national stage has been grouped with other sections relating to the national stage for the convenience of applicants and examiners involved in the prosecution of international applications entering the national stage. The rule applies where no Demand for international preliminary examination has been filed prior to the expiration of the 19th month from the priority date. If such a Demand were filed, § 1.495 would apply.

Section 1.494(f) requires that a specific indication be given by the applicant when entering the national stage that the documents being submitted are being submitted under 35 U.S.C. 371. If no clear indication is found, the documents will be considered to be for a regular national application under 35 U.S.C. 111. Paragraph (g) makes clear that the various time limits set out in the rule, some of which are set by the PCT, may not be extended pursuant to § 1.136 or otherwise. The extension of time provisions, including petition and payment of a fee, set out in § 1.136(a) do not apply to the time limits of the rule or time limits set by the International Searching Authority or the International Preliminary Examining Authority. New paragraph (h) clarifies when an international application designating the United States becomes abandoned as to the United States.

New § 1.495 is added to deal with filing application documents in the United States Patent and Trademark Office to enter the national stage where a Demand for international preliminary examination has been filed with an International Preliminary Examining Authority prior to the expiration of the 19th month from the priority date. In such a case, an applicant will have 30 months from the priority date to enter the national stage. The rule parallels in many respects § 1.494. New paragraph (i) clarifies when an international application electing the United States becomes abandoned as to the United States.

New § 1.496 is added to specify in paragraph (a) that international applications in the national stage will be taken up for action based on the date when the requirements of 35 U.S.C. 371(c) are met. Paragraph (b) indicates that applications entering the U.S. national stage only with claims which have been found in an International Preliminary Examination Report to have satisfied the criteria for novelty, inventive step (non-obviousness) and industrial applicability as defined in PCT Article 33 (1) to (4) will be taken up for action before other applications. Preliminary amendments may accompany the filing of the national stage application to cancel claims which do not satisfy the criteria. These applications will have paid the lower filing fee set in § 1.492(a)(4) and most will not require extensive prosecution, i.e., objection or rejection before resolving the issue of patentability. Amendments will not be permitted to be made in such applications other than in response to objections as to form or to cancel claims in response to a rejection made by the examiner in the national stage application. Such a rejection could be necessary, for example, where applicant submits information in accordance with the duty of disclosure under 37 CFR 1.56(a).

New § 1.497 is added to contain substantially the wording of removed $1.70. This rule relates to the oath or declaration required to enter the national stage and is grouped with other national stage entry requirements.

New § 1.499 is added to cover unity of invention during the national stage. The provisions of the section are basically parallel to those of §§ 1.475 and 1.487. Paragraph (f) indicates the manner of handling a finding of lack of unity of invention on grounds other than those involving different categories of invention.

Environmental, Energy, and Other Considerations

The rule change does not have a significant impact on the quality of the human environment or conservation of energy resources.

The rule change is in conformity with the requirements of the Regulatory Flexibility Act (Pub. L. 96-354), Executive Order 12291, and the Paperwork Reduction Act of 1980, 44 U.S.C. 3501 et seq.

The General Counsel of the Department of Commerce has certified to the Small Business Administration that the rule change will not have a significant adverse economic impact on a substantial number of small entities (Regulatory Flexibility Act, Pub. L. 96-354) because considerable savings can potentially be achieved under Chapter II of the Patent Cooperation Treaty because additional time is provided for applicants to decide whether to proceed with the cost of foreign prosecution and savings will in fact be achieved under the unity of invention practice and the provision for reduced fees for small entities entering the national stage in making an application for a United States patent.

The Patent and Trademark Office has determined that this rule change is not a major rule under Executive Order 12291. The annual effect on the economy will be less than $100 million. There will be no major increase in costs or prices for consumers, individual industries, federal, state or local government agencies, or geographic regions. There will be no significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic or export markets.

The information collection requirement contained in these rules was submitted to the Office of Management and Budget (OMB) at the time of the proposed rulemaking for review under Section 3504(h) of the Paperwork Reduction Act. OMB has approved the information collection requirement and has assigned OMB control number 0651-0021 thereto.

List of Subjects in 37 CFR Part 1

Administrative practice and procedure, Authority delegations (government agencies), Courts, Inventions and patents, Lawyers.

Notice is hereby given that pursuant to the authority granted to the Commissioner of Patents and Trademarks by 35 U.S.C. 6 and 376(b) and Pub. L. 99-616, the Patent and Trademark Office is amending Title 37 of the Code of Federal Regulations as set forth below.

PART 1—RULES OF PRACTICE IN PATENT CASES

1. The authority citation for 37 CFR Part 1 would continue to read as follows:

Authority: 35 U.S.C. 6 unless otherwise noted.

2. Section 1.8 is amended by revising paragraph (a)(2)(xi) to read as follows:

§ 1.8 Certificate of mailing.

(a) * * *

(2) * * *

(xi) The filing of international applications for patent and all papers and fees relating thereto.

* * * * *

§ 1.61 [Removed]

3. Section 1.61 is removed.

§ 1.70 [Removed]

4. Section 1.70 is removed.

5. Section 1.101 is amended by revising paragraph (a) to read as follows:

§ 1.101 Order of examination.

(a) Applications filed in the Patent and Trademark Office and accepted as complete applications are assigned for examination to the respective examining groups having the classes of inventions to which the applications relate. Applications shall be taken up for examination by the examiner to whom they have been assigned in the order in which they have been filed except for those applications in which examination has been advanced pursuant to § 1.102. See § 1.496 for order of examination of international applications in the national stage.

* * * * *

6. Section 1.141 is revised to read as follows:

§ 1.141 Different inventions in one national application.

(a) Two or more independent and distinct inventions may not be claimed in one national application, except that more than one species of an invention, not to exceed a reasonable number, may be specifically claimed in different claims in one national application, provided the application also includes an allowable claim generic to all the claimed species and all the claims to species in excess of one are written in dependent form (§ 1.75) or otherwise include all the limitations of the generic claim.

(b) Where claims to all three categories, product, process of making, and process of use, are included in a national application, a three way requirement for restriction can only be made where the process of making is distinct from the product. If the process of making and the product are not distinct, the process of using may be joined with the claims directed to the product and the process of making the product even though a showing of distinctness between the product and process of using the product can be made.

Subpart C—International Processing Provisions

7. The authority for Subpart C is revised to read as follows:

Authority: Pub. L. 94–131, 89 Stat. 685 ; Pub. L. 99–616, 35 U.S.C. 351 through 376.

8. Section 1.401 is amended to redesignate paragraph (g) as paragraph (i) and add new paragraphs (g) and (h) as follows:

§ 1.401 Definitions of terms under the Patent Cooperation Treaty.

* * * * *

(g) "Demand," when capitalized, means that document filed with the International Preliminary Examining Authority which requests an international preliminary examination.

(h) "Annexes" means amendments made to the claims, description or the drawings before the International Preliminary Examining Authority.

* * * * *

9. Section 1.414 is revised to read as follows:

§ 1.414 The United States Patent and Trademark Office as a Designated Office or Elected Office.

(a) The United States Patent and Trademark Office will act as a Designated Office or Elected Office for international applications in which the United States of America has been designated or elected as a State in which patent protection is desired.

(b) The United States Patent and Trademark Office, when acting as a Designated Office or Elected Office during international processing will be identified by the full title "United States Designated Office" or by the abbreviation "DO/US" or by the full title "United States Elected Office" or by the abbreviation "EO/US".

(c) The major functions of the United States Designated Office or Elected Office in respect to international applications in which the United States of America has been designated or elected, include:

(1) Receiving various notifications throughout the international stage and

(2) Accepting for national stage examination international applications which satisfy the requirements of 35 U.S.C. 371.

10. Under "General Information," a new § 1.416 is added to read as follows:

§ 1.416 The United States International Preliminary Examining Authority.

(a) Pursuant to appointment by the Assembly, the United States Patent and Trademark Office will act as an International Preliminary Examining Authority for international applications filed in the United States Receiving Office and in other Receiving Offices as may be agreed upon by the Commissioner, in accordance with agreement between the Patent and Trademark Office and the International Bureau.

(b) The United States Patent and Trademark Office, when acting as an International Preliminary Examining Authority, will be identified by the full title "United States International Preliminary Examining Authority" or by the abbreviation "IPEA/US."

(c) The major functions of the International Preliminary Examining Authority include:

(1) Receiving and checking for defects in the Demand;

(2) Collecting the handling fee for the International Bureau and the preliminary examination fee for the United States International Preliminary Examining Authority;

(3) Informing applicant of receipt of the Demand;

(4) Considering the matter of unity of invention;

(5) Providing an international preliminary examination report which is a non-binding opinion on the questions whether the claimed invention appears to be novel, to involve an inventive step (to be non-obvious), and to be industrially applicable; and

(6) Transmitting the international preliminary examination report to applicant and the International Bureau.

11. Section 1.431 is amended by revising paragraph (d)(2) to read as follows:

§ 1.431 International application requirements.

* * * * *

(d) * * *

(2) The designation fee, or the amount necessary to cover all the designations made in the request if not paid by the applicant within one year from the priority date or within one month from the date of receipt of the international application if that month expires after the expiration of one year from the priority date.

* * * * *

12. Section 1.432 is amended by revising paragraph (b) to read as follows:

§ 1.432 Designation of States and payment of designation fees.

* * * * *

(b) The designation fees may be paid upon filing of the international application, but must be paid before the expiration of one year from the priority date or within one month from the date of receipt of the international application if that month expires after the expiration of one year from the priority date. Failure to timely pay the designation fee for a particular Designated State will result in the withdrawal of that designation. Failure to timely pay at least one designation fee will result in the withdrawal of the international application.

13. Section 1.445 is amended by revising the title and paragraph (a) to read as follows:

§ 1.445 International application filing, processing and search fees.

(a) The following fees and charges for international applications are established by the Commissioner under the authority of 35 U.S.C. 376:

(1) A transmittal fee (see 35 U.S.C. 361(d) and PCT Rule 14), $170.00.

(2) A search fee (see 35 U.S.C. 361(d) and PCT Rule 16) where:

(i) No corresponding prior United States national application with basic filing fee has been filed, $520.00.

(ii) A corresponding prior United States national application with basic filing fee has been filed, $350.00.

(3) A supplemental search fee when required, per additional invention, $140.00.

§ 1.475 [Redesignated as § 1.472]

14. Section 1.475 is redesignated as § 1.472.

15. A new § 1.475 is added following the heading, "Unity of Invention," to read as follows:

§ 1.475 Unity of invention before the International Searching Authority.

(a) An international application before the International Searching Authority will be considered to have unity of invention if the claims are in accordance with PCT Rule 13 (see paragraph (f) of this section).

(b) An international application containing claims to different categories of invention will be considered to have unity of invention if the claims are drawn only to one of the combinations of categories as set forth in PCT Rule 13.2 (see paragraph (f) of this section) or to the combination of—

(1) A product and a process for the manufacture of said product, or

(2) A product and a process of use of said product.

If an application contains claims to more or less than one of the combinations of categories set forth in PCT Rule 13.2 (see paragraph (f) of this section) or a combination set forth in paragraphs (b) (1) or (2) of this section, unity of invention may not be present.

(c) If an international application contains claims to a category of invention in addition to those categories included in any one of the combinations specified in paragraph (b) of this section, lack of unity of invention may be held between the categories included in the combination and the claims to the additional category of invention.

(d) Unity of invention will exist where the claims are limited to one of the combinations of categories set forth in PCT Rule 13.2 (see paragraph (f) of this section) or in a combination set forth in paragraphs (b) (1) or (2) of this section. If multiple products, processes of manufacture or uses are claimed, the first invention of the category first mentioned in the claims of the application and the first recited invention of each of the other categories related thereto will be considered as the inventions to be searched. Any such holding by the examiner will be made of record as a holding of lack of unity of invention.

(e) The inventions recited by the claims of different categories must be related rather than independent inventions.

(f) The wording of PCT Rule 13 is as follows:

PCT Rule 13—Unity of Invention

13.1 Requirement

The international application shall relate to one invention only or to a group of inventions so linked as to form a single general inventive concept ("requirement of unity of invention").

13.2 Claims of Different Categories

Rule 13.1 shall be construed as permitting, in particular, one of the following three possibilities:

(i) in addition to an independent claim for a given product, the inclusion in the same international application of an independent claim for a process specially adapted for the manufacture of the said product, and the inclusion in the same international application of an independent claim for a use of the said product, or

(ii) in addition to an independent claim for a given process, the inclusion in the same international application of an independent claim for an apparatus or means specifically designed for carrying out the said process, or

(iii) in addition to an independent claim for a given product, the inclusion in the same international application of an independent claim for a process specially adapted for the manufacture of the product, and the inclusion in the same international application of an independent claim for an apparatus or means specifically designed for carrying out the process.

13.3 Claims of One and the Same Category

Subject to Rule 13.1, it shall be permitted to include in the same international application two or more independent claims of the same category (i.e., product, process, apparatus, or use) which cannot readily be covered by a single generic claim.

13.4 Dependent Claims

Subject to Rule 13.1, it shall be permitted to include in the same international application a reasonable number of dependent claims, claiming specific forms of the invention claimed in an independent claim, even where the features of any dependent claim could be considered as constituting in themselves an invention.

13.5 Utility Models

Any designated State in which the grant of a utility model is sought on the basis of an international application may, instead of Rules 13.1 to 13.4, apply in respect of the matters regulated in those Rules the provisions of its national law concerning utility models once the processing of the international application has started in that State, provided that the applicant shall be allowed at least two months from the expiration of the time limit applicable under Article 22 to adapt his application to the requirements of the said provisions of the national law.

16. Section 1.481 is redesignated as § 1.476 and is amended by revising paragraph (a) to read as follows:

§ 1.476 Determination of unity of invention before the International Searching Authority.

(a) Before establishing the international search report, the International Searching Authority will determine whether the international application complies with the requirement of unity of invention as set forth in PCT Rule 13 (see § 1.475(f)) and § 1.475.

* * * * *

17. Section 1.482 is redesignated as § 1.477 and is amended by revising the title and paragraph (b) to read as follows:

§ 1.477 Protest to lack of unity of invention before the International Searching Authority.

* * * * *

(b) Protest under paragraph (a) of this section will be examined by the Commissioner or the Commissioner's designee. In the event that the applicant's protest is determined to be justified, the additional fees or a portion thereof will be refunded.

* * * * *

18. A new Section 1.480 is added preceded by a heading to read as follows:

International Preliminary Examination

§ 1.480 Demand for international preliminary examination.

(a) On the filing of a Demand and payment of the fees for international preliminary examination (§ 1.482), the international application shall be the subject of an international preliminary examination. The preliminary examination fee (§ 1.482(a)(1)) and the handling fee (§ 1.482(b)) shall be due at the time of filing of the Demand.

(b) The Demand shall be made on a standardized printed form. Copies of the printed Demand forms are available from the Patent and Trademark Office. Letters requesting printed forms should be marked "Box PCT".

(c) If the Demand is made prior to the expiration of the 19th month from the priority date and the United States of America is elected, the provisions of § 1.495 shall apply rather than § 1.494.

(d) Withdrawal of a proper Demand will not entitle applicant to a refund of the preliminary examination fee or handling fee.

19. A new Section 1.482 is added to read as follows:

§ 1.482 International preliminary examination fees.

(a) The following fees and charges for international preliminary examination are established by the Commissioner under the authority of 35 U.S.C. 376:

(1) A preliminary examination fee is due on filing the Demand:

(i) Where an international search fee as set forth in § 1.445(a)(2) has been paid on the international application to the United States Patent and Trademark Office as an International Searching Authority, a preliminary examination fee of, $370.00.

(ii) Where the International Searching Authority for the international application was an authority other than the United States Patent and Trademark Office, a preliminary examination fee of, $570.00.

(2) An additional preliminary examination fee when required, per additional invention:

(i) Where a supplemental search fee as set forth in § 1.445(a)(3) has been paid on the international application to the United States Patent and Trademark Office as an International Searching Authority, $125.00.

(ii) Where the International Searching Authority for the international application was an authority other than the United States Patent and Trademark Office, $190.00.

(b) The handling fee is due on filing the Demand. Any necessary supplement to the handling fee shall be paid directly to the International Bureau.

(35 U.S.C. 6, 376)

20. A new § 1.484 is added to read as follows:

§ 1.484 Conduct of international preliminary examination.

(a) An international preliminary examination will be conducted to formulate a non-binding opinion as to whether the claimed invention has novelty, involves an inventive step (is non-obvious) and is industrially applicable.

(b) No international preliminary examination report will be established prior to issuance of an international search report.

(c) No international preliminary examination will be conducted on inventions not previously searched by an International Searching Authority.

(d) The International Preliminary Examining Authority will establish a written opinion if any defect exists or if the claimed invention lacks novelty, inventive step or industrial applicability and will set a non-extendable time limit in the written opinion for the applicant to respond.

(e) If no written opinion under paragraph (d) of this section is necessary, or after any written opinion and the response thereto or the expiration of the time limit for response to such written opinion, an international preliminary examination report will be established by the International Preliminary Examining Authority. One copy will be submitted to the International Bureau and one copy will be submitted to the applicant.

(f) An applicant will be permitted a personal or telephone interview with the examiner, which must be conducted during the non-extendable time limit for response by the applicant to a written opinion. Additional interviews may be conducted where the examiner determines that such additional interviews may be helpful to advancing the international preliminary examination procedure. A summary of any such personal or telephone interview must be filed by the applicant as a part of the response to the written opinion or, if applicant files no response, be made of record in the file by the examiner.

21. A new § 1.485 is added to read as follows:

§ 1.485 Amendments by applicant during international preliminary examination.

The applicant may make amendments at the time of filing of the Demand and within the time limit set by the International Preliminary Examining Authority for response to any written opinion. Any such amendments must—

(1) Be made by submitting a replacement sheet for every sheet of the application which differs from the sheet it replaces unless an entire sheet is cancelled and

(2) Include a description of how the replacement sheet differs from the replaced sheet.

If an amendment cancels an entire sheet of the international application, that amendment shall be communicated in a letter.

22. A new § 1.487 is added to read as follows:

§ 1.487 Unity of invention before the International Preliminary Examining Authority.

(a) An international application before the International Preliminary Examining Authority will be considered to have unity of invention if the claims are in accordance with PCT Rule 13 (see § 1.475(f)).

(b) An international application containing claims to different categories of invention will be considered to have unity of invention if the claims are drawn only to one of the combinations of categories as set forth in PCT Rule 13.2 (see § 1.475(f)) or to the combination of—

(1) A product and a process for the manufacture of said product or

(2) A product and a process of use of said product.

If an application contains claims to more or less than one of the combinations of categories of invention set forth in PCT Rule 13.2 (see § 1.475(f)) or a combination set forth in paragraphs (b) (1) or (2) of this section, unity of invention may not be present.

(c) If an international application contains claims to a category of invention in addition to those categories included in any one of the combinations specified in paragraph (b) of this section, lack of unity of invention may be held between the categories included in the combination and the claims to the additional category of invention.

(d) Unity of invention will exist where the claims are limited to one of the combinations of categories set forth in PCT Rule 13.2 (see § 1.475(f)) or a combination set forth in paragraphs (b) (1) or (2) of this section. If multiple products, processes of manufacture or uses are claimed, the first invention of the category first mentioned in the claims of the application and the first recited invention of each of the other categories related thereto will be considered as the inventions to be examined. Any such holding by the examiner will be made of record as a holding of lack of unity of invention.

(e) The inventions recited by the claims of different categories must be related rather than independent inventions.

23. A new § 1.488 is added to read as follows:

§ 1.488 Determination of unity of invention before the International Preliminary Examining Authority.

(a) Before establishing any written opinion or the international preliminary examination report, the International Preliminary Examining Authority will determine whether the international application complies with the requirement of unity of invention as set forth in § 1.487.

(b) If the International Preliminary Examining Authority considers that the international application does not comply with the requirement of unity of invention, it may:

(1) Issue a written opinion and/or an international preliminary examination report, in respect of the entire international application and indicate that unity of invention is lacking and specify the reasons therefor without extending an invitation to restrict or pay additional fees. No international preliminary examination will be conducted on inventions not previously searched by an International Searching Authority.

(2) Invite the applicant to restrict the claims or pay additional fees, pointing out the categories of invention found, within a set time limit which will not be extended. No international preliminary examination will be conducted on inventions not previously searched by an International Searching Authority, or

(3) If applicant fails to restrict the claims or pay additional fees within the time limit set for response, the International Preliminary Examining Authority will issue a written opinion and/or establish an international preliminary examination report on the

main invention and shall indicate the relevant facts in the said report. In case of any doubt as to which invention is the main invention, the invention first mentioned in the claims and previously searched by an International Searching Authority shall be considered the main invention.

(c) Lack of unity of invention may be directly evident before considering the claims in relation to any prior art, or after taking the prior art into consideration, as where a document discovered during the search shows the invention claimed in a generic or linking claim lacks novelty or is clearly obvious, leaving two or more claims joined thereby without a common inventive concept. In such a case the International Preliminary Examining Authority may raise the objection of lack of unity of invention.

24. A new § 1.489 is added to read as follows:

§ 1.489 Protest to lack of unity of invention before the International Preliminary Examining Authority.

(a) If the applicant disagrees with the holding of lack of unity of invention by the International Preliminary Examining Authority, additional fees may be paid under protest, accompanied by a request for refund and a statement setting forth reasons for disagreement or why the required additional fees are considered excessive, or both.

(b) Protest under paragraph (a) of this section will be examined by the Commissioner or the Commissioner's designee. In the event that the applicant's protest is determined to be justified, the additional fees or a portion thereof will be refunded.

(c) An applicant who desires that a copy of the protest and the decision thereon accompany the international preliminary examination report when forwarded to the Elected Offices, may notify the International Preliminary Examining Authority to that effect any time prior to the issuance of the international preliminary examination report. Thereafter, such notification should be directed to the International Bureau.

25. A new § 1.491 is added preceded by a new heading to read as follows:

National Stage

§ 1.491 Entry into the national stage.

An international application enters the national stage when the applicant has filed the documents and fees required by 35 U.S.C. 371(c) within the periods set forth in § 1.494 or § 1.495.

26. A new § 1.492 is added to read as follows:

§ 1.492 National stage fees.

The following fees and charges for international applications entering the national stage under 35 U.S.C. 371 are established by the Commissioner under 35 U.S.C. 376:

(a) The basic national fee:

(1) Where an international preliminary examination fee as set forth in § 1.482 has been paid on the international application to the United States Patent and Trademark Office:

By a small entity (§ 1.9(f))	$150
By other than a small entity	$300

(2) Where no international preliminary examination fee as set forth in § 1.482 has been paid to the United States Patent and Trademark Office, but an international search fee as set forth in § 1.445(a)(2) has been paid on the international application to the United States Patent and Trademark Office as an International Searching Authority:

By small entity (§ 1.9(f))	$170
By other than small entity	$340

(3) Where no international preliminary examination fee as set forth in § 1.482 has been paid and no international search fee as set forth in § 1.445(a)(2) has been paid on the international application to the United States Patent and Trademark Office:

By a small entity (§ 1.9(f))	$225
By other than a small entity	$450

(4) Where the international preliminary examination fee as set forth in § 1.482 has been paid to the United States Patent and Trademark Office and the international preliminary examination report states that the criteria of novelty, inventive step (non-obviousness), and industrial applicability, as defined in PCT Article 33 (1) to (4) have been satisfied for all the claims presented in the application entering the national stage (see § 1.496(b)):

By a small entity (§ 1.9(f))	$25
By other than a small entity	$50

(b) In addition to the basic national fee, for filing or later presentation of each independent claim in excess of 3:

By a small entity (§ 1.9(f))	$17
By other than a small entity	$34

(c) In addition to the basic national fee, for filing or later presentation of each claim (whether independent or dependent) in excess of 20 (Note that § 1.75(c) indicates how multiple dependent claims are considered for fee calculation purposes.):

By a small entity (§ 1.9(f))	$6
By other than a small entity	$12

(d) In addition to the basic national fee, if the application contains, or is amended to contain, a multiple dependent claim(s), per application:

By a small entity (§ 1.9(f))	$55
By other than a small entity	$110

(If the additional fees required by paragraphs (b), (c) and (d) are not paid on presentation of the claims for which the additional fees are due, they must be paid or the claims cancelled by amendment, prior to the expiration of the time period set for response by the Office in any notice of fee deficiency.)

(e) Surcharge for filing the basic national fee or oath or declaration later than 20 months from the priority date pursuant to § 1.494(c) or later than 30 months from the priority date pursuant to § 1.495(c):

By a small entity (§ 1.9(f))	$55
By other than a small entity	$110

(f) For filing an English translation of an international application later than 20 months after the priority date (§ 1.494(c)) or for filing an English translation of the international application or of any annexes to the international preliminary examination report later than 30 months after the priority date (§ 1.495 (c) and (e)), $26.00.

(35 U.S.C. 6, 376)

27. A new § 1.494 is added to read as follows:

§ 1.494 Entering the national stage in the United States of America as a Designated Office.

(a) Where no Demand has been filed with an appropriate International Preliminary Examining Authority by the expiration of 19 months from the priority date (see § 1.495), the applicant must fulfill the requirements of PCT Article 22 and 35 U.S.C. 371 within the time periods set forth in paragraphs (b) or (c) of this section in order to prevent the abandonment of the international application as to the United States of America. International applications for which those requirements are timely fulfilled will enter the national stage and obtain an examination as to the patentability of the invention in the United States of America.

(b) The applicant shall furnish to the United States Patent and Trademark Office not later than the expiration of 20 months from the priority date—

(1) A copy of the international application, unless it has been previously communicated by the International Bureau or unless it was originally filed in the United States Patent and Trademark Office;

(2) A translation of the international application into the English language, if

it was originally filed in another language;

(3) The basic national fee (see § 1.492(a)); and

(4) An oath or declaration of the inventor (see § 1.497).

(c) The applicant may furnish any required English translation of the international application, the basic national fee and the oath or declaration of the inventor after 20 months but not later than the expiration of 22 months from the priority date. The payment of the processing fee set forth in § 1.492(f) is required for acceptance of an English translation later than the expiration of 20 months after the priority date. The payment of the surcharge set forth in § 1.492(e) is required for acceptance of the basic national fee or the oath or declaration of the inventor later than the expiration of 20 months after the priority date.

(d) A copy of any amendments to the claims made under PCT Article 19, and a translation of those amendments into English, if they were made in another language, must be furnished not later than the expiration of 20 months from the priority date. Amendments under PCT Article 19 which are not received by the expiration of 20 months from the priority date will be considered to be cancelled.

(e) Verification of the translation of the international application or any other document pertaining to an international application may be required where it is considered necessary, if the international application or other document was filed in a language other than English.

(f) The documents and fees submitted under paragraphs (b) and (c) of this section must be clearly identified as a submission to enter the national stage under 35 U.S.C. 371, otherwise the submission will be considered as being made under 35 U.S.C. 111.

(g) The time limits set out in paragraphs (b), (c) and (d) of this section may not be extended pursuant to § 1.136 or otherwise.

(h) An international application becomes abandoned as to the United States 20 months from the priority date if a copy of the international application is not communicated to the Patent and Trademark Office prior to 20 months from the priority date where the United States has been designated but not elected prior to 19 months from the priority date. If a copy of the international application is communicated within 20 months to the Patent and Trademark Office, an international application will become abandoned as to the United States 22 months from the priority date if the required English translation(s), fees and oath or declaration under 35 U.S.C. 371(c) are not filed within 22 months from the priority date.

28. A new § 1.495 is added to read as follows:

1.495 Entering the national stage in the United States of America as an Elected Office.

(a) Where a Demand has been filed with an appropriate International Preliminary Examining Authority and not withdrawn by the expiration of 19 months from the priority date, the applicant must fulfill the requirements of 35 U.S.C. 371 within the time periods set forth in paragraph (b) or (c) of this section in order to prevent the abandonment of the international application as to the United States of America. International applications for which those requirements are timely fulfilled will enter the national stage and obtain an examination as to the patentability of the invention in the United States of America.

(b) The applicant shall furnish to the United States Patent and Trademark Office not later than the expiration of 30 months from the priority date—

(1) A copy of the international application, unless it has been previously communicated by the International Bureau or unless it was originally filed in the United States Patent and Trademark Office;

(2) A translation of the international application into the English language, if it was originally filed in another language;

(3) The basic national fee (see § 1.492(a)); and

(4) An oath or declaration of the inventor (see § 1.497).

(c) The applicant may furnish any required English translation of the international application, the basic national fee and the oath or declaration of the inventor after 30 months but not later than the expiration of 32 months from the priority date. The payment of the processing fee set forth in § 1.492(f) is required for acceptance of an English translation later than the expiration of 30 months after the priority date. The payment of the surcharge set forth in § 1.492(e) is required for acceptance of the basic national fee or the oath or declaration of the inventor later than the expiration of 30 months after the priority date.

(d) A copy of any amendments to the claims made under PCT Article 19, and a translation of those amendments into English, if they were made in another language, must be furnished not later than the expiration of 30 months from the priority date. Amendments under PCT Article 19 which are not received by the expiration of 30 months from the priority date will be considered to be cancelled.

(e) A translation into English of any annexes to the international preliminary examination report, if the annexes were made in another language, must be furnished not later than the expiration of 30 months from the priority date. Translations of the annexes which are not received by the expiration of 30 months from the priority date may be submitted within 32 months from the priority date accompanied by the processing fee set forth in § 1.492(f). Translations of the annexes which are not timely received will be considered to be cancelled.

(f) Verification of the translation of the international application or any other document pertaining to an international application may be required where it is considered necessary, if the international application or other document was filed in a language other than English.

(g) The documents submitted under paragraphs (b) and (c) of this section must be clearly identified as a submission to enter the national stage under 35 U.S.C. 371, otherwise the submission will be considered as being made under 35 U.S.C. 111.

(h) The time limits set out in paragraphs (b), (c), (d) and (e) of this section may not be extended pursuant to § 1.136 or otherwise.

(i) An international application becomes abandoned as to the United States 30 months from the priority date if a copy of the international application is not communicated to the Patent and Trademark Office prior to 30 months from the priority date and a Demand for International Preliminary Examination which elected the United States of America has been filed prior to the expiration of 19 months from the priority date. If a copy of the international application is communicated within 30 months to the Patent and Trademark Office, an international application will become abandoned as to the United States 32 months from the priority date if the required English translation(s), fees and oath or declaration under 35 U.S.C. 371(c) are not filed within 32 months from the priority date.

29. A new § 1.496 is added to read as follows:

§ 1.496 Examination of international applications in the national stage.

(a) International applications which have complied with the requirements of 35 U.S.C. 371(c) will be taken up for action based on the date on which such requirements were met. However, unless an express request for early processing has been filed under 35 U.S.C. 371(f), no action may be taken prior to one month after entry into the national stage.

(b) A national stage application filed under 35 U.S.C. 371 may have paid therein the basic national fee as set forth in § 1.492(a)(4) if it contains, or is amended to contain, at the time of entry into the national stage, only claims which have been indicated in an international preliminary examination report prepared by the United States Patent and Trademark Office as satisfying the criteria of PCT Article 33(1)–(4) as to novelty, inventive step and industrial applicability. Such national stage applications in which the basic national fee as set forth in § 1.492(a)(4) has been paid may be amended subsequent to the date of entry into the national stage only to the extent necessary to eliminate objections as to form or to cancel rejected claims. Such national stage applications in which the basic national fee as set forth in § 1.492(a)(4) has been paid will be taken up out of order.

30. A new § 1.497 is added to read as follows:

§ 1.497 Oath or declaration under 35 U.S.C. 371(c)(4).

(a) When an applicant of an international application, if the inventor, desires to enter the national stage under 35 U.S.C. 371 pursuant to § 1.494 or § 1.495, he or she must file an oath or declaration in accordance with § 1.63.

(b) If the international application was made as provided in § 1.422, 1.423 or 1.425, the applicant shall state his or her relationship to the inventor and, upon information and belief, the facts which the inventor is required by § 1.63 to state.

31. A new § 1.499 is added to read as follows:

§ 1.499 Unity of invention during the national stage.

(a) An international application which has entered the national stage by meeting the requirements of 35 U.S.C. 371 will be considered to have unity of invention if the claims are in accordance with PCT Rule 13 (see § 1.475(f)).

(b) An application in the national stage containing claims to different categories of invention will be considered to have unity of invention if the claims are drawn only to one of the combinations of categories as set forth in PCT Rule 13.2 (see § 1.475(f)) or to the combination of—

(1) A product and a process for the manufacture of said product or

(2) A product and a process of use of said product.

If an application contains claims to more or less than one of the combinations of categories of invention set forth in PCT Rule 13.2 (see § 1.475(f)) or a combination set forth in paragraphs (b)(1) and (2) of this section, unity of invention may not be present.

(c) If an application in the national stage contains claims to a category of invention in addition to those categories included in any one of the combinations specified in paragraph (b) of this section, lack of unity of invention may be held between the categories included in the combination and the claims to the additional category of invention.

(d) Unity of invention will exist in an application in the national stage where the claims are limited to one of the combinations of categories set forth in PCT Rule 13.2 (see § 1.475(f)) or a combination set forth in paragraph (b) (1) or (2) of this section. If multiple products, processes of manufacture or uses are claimed, the first invention of the category first mentioned in the claims of the application and the first recited invention of each of the other categories related thereto will be considered as the elected invention to be examined. Any such holding of an election by the examiner will be made in the form of a restriction requirement which confirms the election made by the presentation of the claims. Such a restriction requirement would be made on the basis of whether the inventions are independent and distinct. Applicant has the right to traverse such a restriction requirement in the response to the Office action in which the election is indicated.

(e) The inventions recited by the claims of different categories must be related rather than independent inventions.

(f) If the examiner finds that a national stage application lacks unity of invention, the examiner may in an Office action require the applicant in the response to that Office action to elect the invention to which the claims shall be restricted, this official action being called a requirement for restriction. Such requirement may be made before any action on the merits but may be made at any time before the final action at the discretion of the examiner. Review of any such requirement is provided under §§ 1.143 and 1.144.

Dated: April 28, 1987.

Donald J. Quigg,

Assistant Secretary and Commissioner of Patents and Trademarks.

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