

**APPENDIX 2 - INTELLECTUAL PROPERTY SECURITY INTEREST
COORDINATION ACT**

**INTELLECTUAL PROPERTY SECURITY INTEREST
COORDINATION ACT**

106th Congress; 1st Session

In the [House of Representatives/Senate]

[H.R/S.] No. _____

SYNOPSIS:

AN ACT to facilitate the efficient use of federal intellectual property as collateral by linking the current federal tract recording systems covering federal intellectual property title with the existing and developing state filing systems for perfecting security interests in all forms of intangible personal property and to create for that purpose a central notice filing database for state security interest filings that cover federal intellectual property.

DATE OF INTRODUCTION: _____, 2001

SPONSORS: [_____]

TEXT:

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

SECTION 1. SHORT TITLE.

This Act may be cited as the “Intellectual Property Security Interest Coordination Act.”

SECTION 2. FINDINGS AND PURPOSES.**(a) Findings**

Congress finds the following:

(1) Enterprises of all size must be able to finance their business activities by obtaining secured credit. Secured financing is often critical to the research and development that leads to the creation of intellectual property. The more secure and predictable the lender's rights and security are, the better terms the borrower can obtain. Conversely, the risk of loss, subordination, impairment or other uncertainties with respect to collateral inhibit the financing desired by all parties. Predictability and uniformity of treatment with respect to intellectual property collateral further the interests of all parties involved in related commercial transactions whether those parties are intellectual property owners, licensees, or their lenders.

(2) In many cases, a company's intellectual property is among the assets most valuable and useful as collateral in obtaining desired financing. Increasingly, companies' assets and entrepreneurial energies are focused on a combination of various forms of intellectual property, and the same product or process may involve a combination of patents, copyrights, trademarks, trade secrets and other intellectual property. Moreover, these intellectual property assets may be protected under the laws of other nations and prospective financiers of these assets may be located outside the United States.

(3) The law governing security interests in all forms of personal property (including intangible forms) has historically been state law. Article 9 of the Uniform Commercial Code, as recently revised, provides a uniform structure for this law between and among the various states. However, the most important forms of intangible intellectual property are either created or enhanced by federal statutory provisions that provide their own recording systems for tracking title and ownership rights in this property. Courts have struggled with the question of whether and to what extent these somewhat dated federal recording statutes should displace the generally well-conceived state law structure (Article 9) when the rights of secured parties in federal intellectual property are at stake. The federal tract recording statutes embrace security interests only as a form or variant of title to specific items of property recorded under specific property numbers.

Furthermore these federal recording provisions vary depending on whether the intellectual property is patents, copyrights or trademarks.

(4) Some federal lower court decisions have held that the only way to perfect a security interest in a copyright, in material that is copyrightable, or in proceeds of such material is to file the equivalent of a copyright mortgage with the U.S. Copyright Office. These decisions include *In re Peregrine Entertainment Ltd.*, 116 B.R. 194 (C.D. Cal.1990); *In re AEG Acquisition Corp.*, 127 B.R. 34 (Bankr. C.D. Cal. 1991), *amended* 161 B.R. 50 (9th Cir. BAP 1993); and *In re Avalon Software, Inc.*, 209 B.R. 517 (Bankr. D. Ariz. 1997). In something of a retreat from this position, one recent bankruptcy court decision has concluded that federal recording of a security interest in a copyright is necessary only where the copyright is registered. *In re World Auxiliary Power Co.*, 244 B.R. 149 (Bankr. N.D. Calif. 1999).

The cases involving patent collateral have generally upheld secured party lien perfection through state notice filings (Article 9) against the bankruptcy trustee - but have uniformly suggested that the same financing secured party must make a federal assignment filing with the USPTO to be protected against later assignees or mortgagees who take and record patent title instruments. *See In re Cybernetic Services, Inc.*, 239 B.R. 917, 920 at n.8 (9th Cir. B.A.P. 1999). *See also City Bank and Trust Co. v. Otto Fabric, Inc.*, 83 B.R. 780, 782 (D. Kan. 1988), *relying on*, *In re Transportation Design and Technology, Inc.*, 48 B.R. 635, 639, 40 UCC 1393, 1398 (Bankr. S.D. Cal. 1985).

The cases involving trademark collateral have found state law (Article 9) filing sufficient notice. However, this state law notice has not been tested in the cases against an assignee of a mark who relies exclusively on the federal assignment record. *See Roman Cleanser v. National Acceptance Co.*, 43 B.R. 940, 945 (Bankr. E.D. Mich. 1984), *aff'd*, 802 F.2d 207 (6th Cir. 1986); *In re 199Z, Inc.*, 137 B.R. 778, 781-82 (Bankr. C.D. Cal. 1992). *See also In re C.C. & Co.*, 85 B.R. 485, 487 (Bankr. E.D. Va. 1988)("A grant of a security interest is merely a device to secure indebtedness.")

(5) Because they are tract type systems that rely on specific assigned property numbers, the federal systems for registering interests in intellectual property, unlike the Article 9-based state filing systems, do not provide for notice filing under the debtor's name, for generic descriptions of collateral, or for perfection of security interests in

subsequently-acquired property. As a result of the structural rigidity of the current federal recording provisions, companies seeking financing and their lenders have either had to incur the time and expense of additional and frequent recordings and registrations that would not otherwise have been made, or forego financing opportunities.

(6) This Act makes substantive and procedural changes to the law in order to integrate notice filings covering security interests from the various states and the federal intellectual property records in order to facilitate the efficient financing of federal intellectual property, consistent with the rights of owners and assignees of interests in such property.

(b) Purposes

Based upon the powers contained in Article I, Section 8, Clause 3; Article I, Section 8, Clause 8 and other provisions of the Constitution of the United States, the purposes of this Act are:

(1) To promote financing and development of federal intellectual property assets by clarifying the methods for perfecting security interests in such collateral, and by making all forms of intellectual property collateral as accessible, valuable and useful as possible;

(2) To assist businesses (and, through them, consumers and others) in obtaining credit on the best available terms; and

(3) To lessen the burdens on interstate commerce and commerce between the United States and other nations by reducing legal risks associated with the inconsistent treatment of different types of federal intellectual property.

(4) To provide an accessible integrated national filing system built around an integrated database for all security interests that cover this important federal statutory property and to enable future international access to and integration with this system and database.

SECTION 3. SECURITY INTERESTS IN INTELLECTUAL PROPERTY SUBJECT TO FEDERAL LAW

(a) Definitions

The following definitions shall apply for purposes of this Act:

- (1) The term “copyright” means any of the exclusive rights comprised in a copyright under chapter 1 of title 17, United States Code, whether or not registered under chapter 4 of such title.
- (2) The “Federal Intellectual Property Data Center” refers to the office formed within the Department of Commerce under § 3(d) of this Act that is charged with the creation and maintenance of the file and associated records connected with qualified state financing statements posted within the National Integrated Financing Statement Database.
- (3) The term “Federal Intellectual Property Rights” means copyrights, patents, Federal marks, mask works, plant variety protection rights and vessel hull design protection rights.
- (4) The term “Federal mark” means a mark that is registered pursuant to the Lanham Act (15 U.S.C. §1051 et seq.), or for which an application for such registration is pending with the U.S. Patent and Trademark Office.
- (5) An “immediate ownership transferor” means a person who transfers directly to an ownership transferee any right or interest (other than a security interest) in, or ownership of, a Federal Intellectual Property Right.
- (6) The term “mark” has the meaning given in section 45 of the Lanham Act (15 U.S.C. §1127).
- (7) The term “mask work” has the meaning given in section 901 of title 17, United States Code.
- (8) An “ownership transferee” means a person other than a secured party or lien creditor who acquires any right or interest (other than a security interest) in, or ownership of, a Federal Intellectual Property Right.

- (9) A “qualified state financing statement” means a financing statement that: (1) is filed under applicable non-federal law governing security interests in personal property and in compliance with the requirements for filing in the state where filing occurs, (2) contains a description of collateral that would be sufficient to cover the debtor’s Federal Intellectual Property Rights under applicable non-federal law and, (3) is designated as such and made electronically available by the filing state to the National Integrated Financing Statement Database as provided in § 3(f). Unless the context otherwise requires, the term “qualified state financing statement” includes the original federal financing statement and any filed amendments, continuations and assignments.
- (10) The term “patent” means a patent or a pending application for a patent under title 35, United States Code.
- (11) The term "plant variety protection rights" means a certificate of plant variety protection or a pending application for such a certificate under chapter 57 of title 7, United States Code.
- (12) The term “person” means an individual, corporation, partnership, limited liability company, business trust, estate, trust, association, joint venture, government or governmental subdivision or agency, or any other legal or commercial entity.
- (13) The term “posting” with respect to a qualified state financing statement refers to the time when such statement is made accessible [by internet link or other electronic means] within the National Integrated Financing Statement Database provided for in § 3(e).
- (14) The term “state” refers to the states of the United States and to all possessions and territories of the United States.
- (15) The term "vessel hull design protection rights" means a certificate of registration or a pending application for such a certificate under chapter 13 of title 17, United States Code.

- (16) Unless otherwise provided by this Act, the terms "authenticate", "collateral", "debtor", "financing statement", "good faith", "general intangible", "lien creditor", "knowledge", "notice", "proceeds", "representative", "secured party", "security agreement", "security interest", "signed" or "signature" and "value" shall have the meanings given to such terms under applicable non-federal law relating to security interests in personal property.

(b) Security Interests

(1) This section applies to all security interests in Federal Intellectual Property Rights and in the proceeds thereof which interests are created by contract, regardless of form and nomenclature.

(2) (A) The creation, attachment, perfection, effect of perfection, priority and enforcement of a security interest in a Federal Intellectual Property Right or in the proceeds thereof relative to all competing rights, claims, and interests therein and licenses thereof shall be determined by applicable non-federal law governing security interests in personal property, except as provided in subsections (b)(2)(B) and (b)(2)(C). The creation, attachment, perfection, effect of perfection, priority and enforcement of any right or interest (other than a security interest) in, or ownership of, a Federal Intellectual Property Right shall be determined by the applicable federal law governing such Federal Intellectual Property Right.

(B) A security interest in a Federal Intellectual Property Right is subordinate to the rights of an ownership transferee who gives value without knowledge of the security interest, if (i) the document transferring the Federal Intellectual Property Right to the ownership transferee is executed before the posting of a qualified state financing statement that names as a debtor a person that is or was an immediate ownership transferor of such Federal Intellectual Property Right and, (ii) such ownership transferee makes an effective recordation of the transfer document in the manner required under applicable federal law (as amended by Section 4 of this Act) to give priority to such transferee - (a) within 10 days of the execution date of the document of transfer or - (b) before the posting of such qualified state financing statement. [The rule in this subsection does not displace otherwise applicable non-federal law until the effective date provided in § 6(a).]

(C) A security interest in any Federal Intellectual Property Right created by a specific debtor is subordinate to the rights of an ownership transferee of such Right who takes from the same immediate ownership transferor as the debtor whenever such ownership transferee has priority over that specific debtor under the applicable federal law on recording and priority that governs such Federal Intellectual Property Right.

(D) A security interest in a Federal Intellectual Property Right that has not been made subordinate under either of the two preceding subsections has priority over such ownership transferee of such Right if and to the extent that such security interest meets the requirements for priority as provided under applicable non-federal law governing security interests in personal property.

(c) Federal Transfer Statements

(1) With respect to any Federal Intellectual Property Rights that are subject to a security interest (whether or not perfected) as to which the secured party has exercised its post-default rights or remedies, the person that is the transferee of such Federal Intellectual Property Rights as a result of such exercise of rights or remedies may file in the appropriate Federal record a transfer statement that:

(i) states the name of the debtor and the name and mailing address of the secured party;

(ii) identifies the Federal Intellectual Property Rights transferred;

(iii) identifies, by file number the qualified state financing statement previously filed by the secured party covering Federal Intellectual Property Rights that is posted in the National Integrated Financing Statement Database.

(iv) states the name and mailing address of the transferee of the Federal Intellectual Property Rights (which may but need not be the secured party); and

(v) states that: (a) the secured party had a security interest in the Federal Intellectual Property Rights (and, in the case of Federal marks, in the goodwill of the business connected with the use of and symbolized by such Federal marks); (b) the debtor defaulted in connection with an obligation secured by the Federal Intellectual Property Rights and such default has not been cured; (c) the debtor has been given at least 5 days prior written notice of the transfer (which notice shall be deemed given if the secured party shall have complied with the notice requirements of applicable non-federal law in connection with the foreclosure upon, or other disposition of, collateral other than such Federal Intellectual Property Rights); and (d) the identified transferee of the Federal Intellectual Property Rights has complied with all requirements imposed by federal law as a condition to the effectiveness of a transfer of such Federal Intellectual Property Right and is entitled to the transfer of record of the interest of the debtor in the Federal Intellectual Property Rights transferred by reason of the secured party's exercise of its post-default rights or remedies in accordance with applicable non-federal law. A transfer statement that identifies an intent to use application under 15 U.S.C. § 1051(b) among the Federal Intellectual Property Rights transferred may not be filed or recorded under this section unless the transferee is a successor to the business of the applicant debtor within the meaning of 15 U.S.C. § 1060(a). A transfer statement filed or recorded in violation of such prohibition shall have no force or effect on any of the Federal Intellectual Property Rights identified therein.

Recordation by a transferee of such a transfer statement in the appropriate federal record and in the manner required under applicable federal law (as amended by Section 4 of this Act) to give priority to such transferee's interest in the Federal Intellectual Property Right shall, if the transferee has complied with all other requirements imposed by federal law as a condition to the effectiveness of a transfer of such Federal Intellectual Property Right, serve as an effective document of transfer to the identified transferee, of the interest of the debtor and the secured party in the Federal Intellectual Property Rights transferred. Such recordation of the transfer statement shall also be effective for all public record purposes under the appropriate federal recording requirement.

(2) Federal marks shall be transferable to the secured party in accordance with applicable non-federal law and under the preceding subsection even though such party does not engage in or intend to enter the business to which the Federal mark relates, provided that the secured party holds the Federal mark only for the purpose of subsequently transferring it along with the goodwill relating to the Federal mark, and that such subsequent transfer occurs [prior to the dissipation of the goodwill][within a period no longer than ___ months from the initial transfer.]

(3) The Register of Copyrights, subject to the approval of the Librarian of Congress, the Commissioner of Patents and Trademarks, under the direction of the Secretary of Commerce, and the Plant Variety Protection Office shall promulgate final regulations to implement the federal transfer statement established by this subsection not later than ___ days after the date of enactment of this Act, and those regulations shall become effective not later than ___ days after the date of enactment of this Act.

(d) Federal Intellectual Property Data Center

The Secretary of Commerce in consultation with the Commissioner of Patents and Trademarks, the Register of Copyrights and the Plant Variety Protection Office shall establish the Federal Intellectual Property Data Center. The Federal Intellectual Property Data Center shall: (1) create and manage the National Integrated Financing Statement Database provided for under the next section and, (2) serve as a repository for such other information about Federal Intellectual Property Rights as is necessary or useful in carrying out the statutory or treaty obligations of the United States.

(e) National Integrated Financing Statement Database

The Secretary of Commerce shall maintain an Internet accessible information database within the Federal Intellectual Property Data Center that contains or serves as an electronic repository for qualified state financing statements defined under § 3(a)(11) and properly designated and made available as such by state security interest filing offices under § 3(f). The Federal Intellectual Property Data Center shall keep, by electronic means, a record of the date and hour when a qualified state financing statement was posted to the Database. Qualified state financing statements “posted” to the National Integrated Financing Statement Database within the meaning of §

3(a)(15) shall be electronically integrated by the Federal Intellectual Property Data Center with all other similar statements. The database(s) maintained by the Federal Intellectual Property Data Center shall be adequate to search and identify security interests by the name of the debtor. The Center shall develop an electronic system to efficiently integrate the debtor name information in such database(s) with the names of immediate ownership transferors and ownership transferees that appear in the applicable federal intellectual property records.

(f) Designation of Qualified State Financing Statements

(1) In order for a financing statement filed under state law to be properly designated as a “qualified state financing statement”: (1) the financing statement form used by the state must provide a means for the secured party to mark or otherwise indicate that the statement covers all or any of the debtor’s general intangibles and the original financing statement filed must be so indicated or marked, (2) the financing statement must be filed in electronic record form under the applicable non-federal law or transcribed in electronic record form under state filing office guidelines that call for such transcription to occur within no more than 5 business days after the state law filing date for such financing statement and, (3) the financing statement and all subsequent amendments continuations and assignments must be made available in electronic record form so as to enable their integration [by internet link or other electronic means] with similarly designated financing statements from other states within the National Integrated Financing Statement Database.

(2) Financing statements that are properly designated as qualified state financing statements under the preceding subsection, that otherwise satisfy the definition in § 3(a)(11), and that are posted in the National Integrated Financing Statement Database provide notice of the underlying security interest within the meaning of § 3(b).

(g) Financing Statement Certificates

Upon request and tender of the required fee, the Federal Intellectual Property Data Center shall issue a certificate showing whether there is on file in the integrated database referred to in § 3(e) on the date and hour stated therein, any qualified state financing statement naming a particular debtor

and any assignment statement thereof and, if there is, giving the date and hour of the posting of each such statement, the collateral covered, and the name and address of each secured party therein.

(h) Availability of Record Information

(1) If the person filing any qualified state financing statement, or any subsequent amendment, assignment statement, continuation statement, termination statement, release statement or transfer statement furnishes the Federal Intellectual Property Data Center a copy thereof, the Center shall upon request note upon the copy the date and hour when the original was posted in the National Integrated Financing Statement Database and deliver or send the copy to such person. The Center may charge a fee for such record information as specified in subsection (i).

(2) Copies or reproductions of qualified state financing statements that have been posted in the National Integrated Financing Statement Database and other filings related thereto shall be furnished by the end of the fifth business day after request and payment of the fees specified by subsection (i).

(i) Fees

The fees for filings and other recording services in the National Intellectual Property Filing Center under this Act shall be established by the Secretary of Commerce.

(j) Regulatory Authority

The Secretary of Commerce shall promulgate final regulations to implement the functions of the Federal Intellectual Property Data Center and the National Integrated Financing Statement Database established under this Act not later than ___ days after the date of enactment of this Act, and those regulations shall become effective not later than ___ days after the date of enactment of this Act. The Federal Intellectual Property Data Center is authorized to maintain databases utilizing electronic, voice, optical, and other information transmission, storage, processing, maintenance and retrieval technologies. The Federal Intellectual Property Data Center shall also issue such other regulations as they determine to be appropriate to carry out the purposes of this Act, including regulations, if any, necessary and sufficient to permit submission and retrieval of information from the database(s) established pursuant to § 3(e).

**SECTION 4. CONFORMING AMENDMENTS TO STATUTES
DEALING WITH FEDERAL INTELLECTUAL PROPERTY RIGHTS**

(a) Copyright Act and Mask Works.

(1) Replace the existing definition of “transfer of copyright ownership” in 17 U.S.C. §101 with the following:

A “transfer of copyright ownership” is an assignment, exclusive license or any other conveyance or alienation of a copyright or of any of the exclusive rights comprised in a copyright, whether or not it is limited in time or place of effect, but not including a nonexclusive license or the grant of a security interest.

(2) Amend 17 U.S.C. §205(d) to read as follows:

(d) *Priority between conflicting transfers* - As between two conflicting transfers of copyright ownership, the one executed first prevails if it is recorded, in the manner required to give constructive notice under subsection (c), at any time before recordation in such manner of the later transfer. Otherwise the later transfer prevails if recorded first in such manner, and if taken in good faith, for value, and without notice of the earlier transfer. A lien creditor (whether real or provided for in hypothetical form under Title 11 of the United States Code) is not a transferee for value under the preceding sentence.

(3) Add a new 17 U.S.C. §205(f) to read as follows:

(f) Notwithstanding subsections 205(a)-(e), the provisions of section 205 shall not apply to the creation, attachment, perfection, effect of perfection, priority or enforcement of a security interest in a copyright or the proceeds thereof; no document creating, evidencing or otherwise relating to the creation or perfection of a security interest shall be required to be recorded under section 205; and the recordation of a document under section 205 shall not give constructive notice of any fact relating to

the existence or priority of any security interest; provided, however, that transfer statements submitted in accordance with section 3(c)(2)(G) of the Intellectual Property Security Interest Coordination Act shall be recorded and once recorded shall give constructive notice under subsection (a) of the contents thereof.

(4) Amend 17 U.S.C. §903(c) to read as follows:

(c) (1) Any document pertaining to a mask work may be recorded in the Copyright Office if the document filed for recordation bears the actual signature of the person who executed it, or if it is accompanied by a sworn or official certification that it is a true copy of the original, signed document. The Copyright Office shall, upon receipt of the document and the fee specified pursuant to subsection 908(d), record the document and return it with a certificate of recordation. The recordation of any transfer or license under this paragraph gives all persons constructive notice of the facts stated in the recorded document concerning the transfer or license.

(2) Notwithstanding subsections 903(a)-(d), the provisions of section 903 shall not apply to the creation, attachment, perfection, effect of perfection, priority or enforcement of a security interest in a mask work or the proceeds thereof; no document creating, evidencing or otherwise relating to the creation or perfection of a security interest shall be required to be recorded under section 903; and the recordation of a document under section 903 shall not give constructive notice of any fact relating to the existence or priority of any security interest; provided, however, that transfer statements submitted in accordance with subsection 3(c)(2)(G) of the Intellectual Property Security Interest Coordination Act shall be recorded and shall give

constructive notice under subsection (a) of the contents thereof.

(b) Lanham Act

Replace 15 U.S.C. §1060 with the following:

§ 1060. Assignment of mark; execution; recording; purchaser without notice

A registered mark or a mark for which an application to register has been filed shall be assignable with the goodwill of the business connected with the use of and symbolized by the mark. However, no application to register a mark under section 1051(b) of this title shall be assignable prior to the filing of the amendment under section 1051(a) or the verified statement of use under section 1051(d) of this title, except to a successor to the business of the applicant, or portion thereof, to which the mark pertains, if that business is ongoing and existing. In any assignment authorized by this section or by section 3(c) of the Intellectual Property Security Interest Coordination Act, it shall not be necessary to include the goodwill of the business connected with the use of and symbolized by any other mark used in the business or by the name or style under which the business is conducted. Assignments shall be by instruments in writing duly executed. Acknowledgment shall be prima facie evidence of the execution of an assignment and when recorded in the Patent and Trademark Office the record shall be prima facie evidence of execution. An assignment (but not of a security interest in a registered trademark or an application to register) shall be void as against any subsequent purchaser for a valuable consideration without notice, unless it is recorded in the Patent and Trademark Office prior to such subsequent purchase. A separate record of assignments submitted for recording hereunder shall be maintained in the Patent and Trademark Office. An assignee not domiciled in the United States shall be subject to and comply with the provisions of section 1051(e) of this title. Except as provided in sections 3(b) and 3(c) of the Intellectual Property Security Interest Coordination Act, the

rights and obligations of all persons with respect to a security interest in a registered trademark, an application to register, or the proceeds of either, including matters of creation, attachment, perfection, effect of perfection, priority, and enforcement, shall be governed by non-federal law relating to security interests in personal property.

(c) Patent Act

Amend the last paragraph of 35 U.S.C. §261 to read as follows:

An assignment, grant or conveyance of a patent application or a patent (but not of a security interest in a patent application or a patent) shall be void as against any subsequent purchaser for value, without notice, unless it is recorded in the Patent and Trademark Office within ten days from its date or prior to the date of such subsequent purchase. Except as provided in section 3(b) and 3(c) of the Intellectual Property Security Interest Coordination Act, the rights and obligations of all persons with respect to a security interest in a patent, a patent application, or the proceeds of either, including matters of creation, attachment, perfection, effect of perfection, priority, and enforcement, shall be governed by non-federal law relating to security interests in personal property.

(d)-(f) RESERVED FOR CONFORMING AMENDMENTS TO THE PLANT VARIETY PROTECTION ACT, 7 U.S.C. §2321 et seq, THE VESSEL HULL DESIGN PROTECTION ACT, 17 U.S.C. §501 et seq. AND CHAPTER 180 OF TITLE 28, U.S. CODE (ASSUMPTION OF CONTRACTUAL OBLIGATIONS RELATED TO TRANSFERS OF RIGHTS IN MOTION PICTURES)

(g) Accommodation of New Filing Technologies

All references in this Act and in the Lanham Act, the Patent Act and the Copyright Act to filings relating to security interests shall not be limited to paper documents but shall include electronic, voice, optical, and such other information transmission, storage, processing, maintenance, and retrieval technologies as shall be approved for such purposes by the Federal Intellectual Property Data Center, the Register of Copyrights, the Commissioner of Patents and Trademarks and the Plant Variety Protection Office from time to time.

SECTION 5. REPORT TO CONGRESS

The Secretary of Commerce shall report to the _____ Committee of the _____ not later than _____ days after the enactment of this Act regarding their plans to comply with the requirements of this Act.

SECTION 6. EFFECTIVE DATES

(a) This Act shall become effective on the date of enactment, except that the provisions of section 3(c) shall not become effective until the effective date of the regulations described in subsection 3(c)(3) and the provisions of sections 3(b)(2)(B) and 3(d) – 3(i) shall not become effective until the effective date of the regulations described in subsection 3(j).

(b) Section 3(b)(2)(A), (C) & (D) shall apply to all security interests in effect under applicable non-federal law on the date of enactment.