

110TH CONGRESS
1ST SESSION

H. R. 1908

AN ACT

To amend title 35, United States Code, to provide for patent reform.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) SHORT TITLE.—This Act may be cited as the
3 “Patent Reform Act of 2007”.

4 (b) TABLE OF CONTENTS.—The table of contents of
5 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Reference to title 35, United States Code.
- Sec. 3. Right of the first inventor to file.
- Sec. 4. Inventor’s oath or declaration.
- Sec. 5. Right of the inventor to obtain damages.
- Sec. 6. Post-grant procedures and other quality enhancements.
- Sec. 7. Definitions; patent trial and appeal board.
- Sec. 8. Study and report on reexamination proceedings.
- Sec. 9. Submissions by third parties and other quality enhancements.
- Sec. 10. Tax planning methods not patentable.
- Sec. 11. Venue and jurisdiction.
- Sec. 12. Additional information; inequitable conduct as defense to infringement.
- Sec. 13. Best mode requirement.
- Sec. 14. Regulatory authority.
- Sec. 15. Technical amendments.
- Sec. 16. Study of special masters in patent cases.
- Sec. 17. Study on workplace conditions.
- Sec. 18. Rule of construction.
- Sec. 19. Study on patent damages.
- Sec. 20. Severability.

6 **SEC. 2. REFERENCE TO TITLE 35, UNITED STATES CODE.**

7 Whenever in this Act a section or other provision is
8 amended or repealed, that amendment or repeal shall be
9 considered to be made to that section or other provision
10 of title 35, United States Code.

11 **SEC. 3. RIGHT OF THE FIRST INVENTOR TO FILE.**

12 (a) DEFINITIONS.—Section 100 is amended by add-
13 ing at the end the following:

14 “(f) The term ‘inventor’ means the individual or, if
15 a joint invention, the individuals collectively who invented
16 or discovered the subject matter of an invention.

1 “(g) The terms ‘joint inventor’ and ‘coinventor’ mean
2 any one of the individuals who invented or discovered the
3 subject matter of a joint invention.

4 “(h) The ‘effective filing date of a claimed invention’
5 is—

6 “(1) the filing date of the patent or the applica-
7 tion for patent containing the claim to the invention;
8 or

9 “(2) if the patent or application for patent is
10 entitled to a right of priority of any other applica-
11 tion under section 119, 365(a), or 365(b) or to the
12 benefit of an earlier filing date in the United States
13 under section 120, 121, or 365(c), the filing date of
14 the earliest such application in which the claimed in-
15 vention is disclosed in the manner provided by sec-
16 tion 112(a).

17 “(i) The term ‘claimed invention’ means the subject
18 matter defined by a claim in a patent or an application
19 for a patent.”.

20 (b) CONDITIONS FOR PATENTABILITY.—

21 (1) IN GENERAL.—Section 102 is amended to
22 read as follows:

23 **“§ 102. Conditions for patentability; novelty**

24 “(a) NOVELTY; PRIOR ART.—A patent for a claimed
25 invention may not be obtained if—

1 “(1) the claimed invention was patented, de-
2 scribed in a printed publication, in public use, or on
3 sale—

4 “(A) more than one year before the effec-
5 tive filing date of the claimed invention; or

6 “(B) one year or less before the effective
7 filing date of the claimed invention, other than
8 through disclosures made by the inventor or a
9 joint inventor or by others who obtained the
10 subject matter disclosed directly or indirectly
11 from the inventor or a joint inventor; or

12 “(2) the claimed invention was described in a
13 patent issued under section 151, or in an application
14 for patent published or deemed published under sec-
15 tion 122(b), in which the patent or application, as
16 the case may be, names another inventor and was
17 effectively filed before the effective filing date of the
18 claimed invention.

19 “(b) EXCEPTIONS.—

20 “(1) PRIOR INVENTOR DISCLOSURE EXCEP-
21 TION.—Subject matter that would otherwise qualify
22 as prior art based upon a disclosure under subpara-
23 graph (B) of subsection (a)(1) shall not be prior art
24 to a claimed invention under that subparagraph if
25 the subject matter had, before such disclosure, been

1 publicly disclosed by the inventor or a joint inventor
2 or others who obtained the subject matter disclosed
3 directly or indirectly from the inventor or a joint in-
4 ventor.

5 “(2) DERIVATION, PRIOR DISCLOSURE, AND
6 COMMON ASSIGNMENT EXCEPTIONS.—Subject mat-
7 ter that would otherwise qualify as prior art only
8 under subsection (a)(2) shall not be prior art to a
9 claimed invention if—

10 “(A) the subject matter was obtained di-
11 rectly or indirectly from the inventor or a joint
12 inventor;

13 “(B) the subject matter had been publicly
14 disclosed by the inventor or a joint inventor or
15 others who obtained the subject matter dis-
16 closed directly or indirectly from the inventor or
17 a joint inventor before the date on which the
18 application or patent referred to in subsection
19 (a)(2) was effectively filed; or

20 “(C) the subject matter and the claimed
21 invention, not later than the effective filing date
22 of the claimed invention, were owned by the
23 same person or subject to an obligation of as-
24 signment to the same person.

1 “(3) JOINT RESEARCH AGREEMENT EXCEP-
2 TION.—

3 “(A) IN GENERAL.—Subject matter and a
4 claimed invention shall be deemed to have been
5 owned by the same person or subject to an obli-
6 gation of assignment to the same person in ap-
7 plying the provisions of paragraph (2) if—

8 “(i) the claimed invention was made
9 by or on behalf of parties to a joint re-
10 search agreement that was in effect on or
11 before the effective filing date of the
12 claimed invention;

13 “(ii) the claimed invention was made
14 as a result of activities undertaken within
15 the scope of the joint research agreement;
16 and

17 “(iii) the application for patent for
18 the claimed invention discloses or is
19 amended to disclose the names of the par-
20 ties to the joint research agreement.

21 “(B) For purposes of subparagraph (A),
22 the term ‘joint research agreement’ means a
23 written contract, grant, or cooperative agree-
24 ment entered into by two or more persons or
25 entities for the performance of experimental,

1 developmental, or research work in the field of
2 the claimed invention.

3 “(4) PATENTS AND PUBLISHED APPLICATIONS
4 EFFECTIVELY FILED.—A patent or application for
5 patent is effectively filed under subsection (a)(2)
6 with respect to any subject matter described in the
7 patent or application—

8 “(A) as of the filing date of the patent or
9 the application for patent; or

10 “(B) if the patent or application for patent
11 is entitled to claim a right of priority under sec-
12 tion 119, 365(a), or 365(b) or to claim the ben-
13 efit of an earlier filing date under section 120,
14 121, or 365(c), based upon one or more prior
15 filed applications for patent, as of the filing
16 date of the earliest such application that de-
17 scribes the subject matter.”.

18 (2) CONFORMING AMENDMENT.—The item re-
19 lating to section 102 in the table of sections for
20 chapter 10 is amended to read as follows:

“102. Conditions for patentability; novelty.”.

21 (c) CONDITIONS FOR PATENTABILITY; NON-OBVIOUS
22 SUBJECT MATTER.—Section 103 is amended to read as
23 follows:

1 **“§ 103. Conditions for patentability; nonobvious sub-**
2 **ject matter**

3 “A patent for a claimed invention may not be ob-
4 tained though the claimed invention is not identically dis-
5 closed as set forth in section 102, if the differences be-
6 tween the claimed invention and the prior art are such
7 that the claimed invention as a whole would have been ob-
8 vious before the effective filing date of the claimed inven-
9 tion to a person having ordinary skill in the art to which
10 the claimed invention pertains. Patentability shall not be
11 negated by the manner in which the invention was made.”.

12 (d) REPEAL OF REQUIREMENTS FOR INVENTIONS
13 MADE ABROAD.—Section 104, and the item relating to
14 that section in the table of sections for chapter 10, are
15 repealed.

16 (e) REPEAL OF STATUTORY INVENTION REGISTRA-
17 TION.—

18 (1) IN GENERAL.—Section 157, and the item
19 relating to that section in the table of sections for
20 chapter 14, are repealed.

21 (2) REMOVAL OF CROSS REFERENCES.—Section
22 111(b)(8) is amended by striking “sections 115,
23 131, 135, and 157” and inserting “sections 131 and
24 135”.

25 (f) EARLIER FILING DATE FOR INVENTOR AND
26 JOINT INVENTOR.—Section 120 is amended by striking

1 “which is filed by an inventor or inventors named” and
2 inserting “which names an inventor or joint inventor”.

3 (g) CONFORMING AMENDMENTS.—

4 (1) RIGHT OF PRIORITY.—Section 172 is
5 amended by striking “and the time specified in sec-
6 tion 102(d)”.

7 (2) LIMITATION ON REMEDIES.—Section
8 287(c)(4) is amended by striking “the earliest effec-
9 tive filing date of which is prior to” and inserting
10 “which has an effective filing date before”.

11 (3) INTERNATIONAL APPLICATION DESIG-
12 NATING THE UNITED STATES: EFFECT.—Section
13 363 is amended by striking “except as otherwise
14 provided in section 102(e) of this title”.

15 (4) PUBLICATION OF INTERNATIONAL APPLICA-
16 TION: EFFECT.—Section 374 is amended by striking
17 “sections 102(e) and 154(d)” and inserting “section
18 154(d)”.

19 (5) PATENT ISSUED ON INTERNATIONAL APPLI-
20 CATION: EFFECT.—The second sentence of section
21 375(a) is amended by striking “Subject to section
22 102(e) of this title, such” and inserting “Such”.

23 (6) LIMIT ON RIGHT OF PRIORITY.—Section
24 119(a) is amended by striking “; but no patent shall

1 be granted” and all that follows through “one year
2 prior to such filing”.

3 (7) INVENTIONS MADE WITH FEDERAL ASSIST-
4 ANCE.—Section 202(c) is amended—

5 (A) in paragraph (2)—

6 (i) by striking “publication, on sale,
7 or public use,” and all that follows through
8 “obtained in the United States” and in-
9 sserting “the 1-year period referred to in
10 section 102(a) would end before the end of
11 that 2-year period”; and

12 (ii) by striking “the statutory” and
13 inserting “that 1-year”; and

14 (B) in paragraph (3), by striking “any
15 statutory bar date that may occur under this
16 title due to publication, on sale, or public use”
17 and inserting “the expiration of the 1-year pe-
18 riod referred to in section 102(a)”.

19 (h) REPEAL OF INTERFERING PATENT REMEDIES.—
20 Section 291, and the item relating to that section in the
21 table of sections for chapter 29, are repealed.

22 (i) ACTION FOR CLAIM TO PATENT ON DERIVED IN-
23 VENTION.—Section 135 is amended to read as follows:

24 “§ 135. Derivation proceedings

25 “(a) DISPUTE OVER RIGHT TO PATENT.—

1 “(1) INSTITUTION OF DERIVATION PRO-
2 CEEDING.—

3 “(A) REQUEST FOR PROCEEDING.—An ap-
4 plicant may request initiation of a derivation
5 proceeding to determine the right of the appli-
6 cant to a patent by filing a request that sets
7 forth with particularity the basis for finding
8 that another applicant derived the claimed in-
9 vention from the applicant requesting the pro-
10 ceeding and, without authorization, filed an ap-
11 plication claiming such invention.

12 “(B) REQUIREMENTS FOR REQUEST.—Any
13 request under subparagraph (A)—

14 “(i) may only be made within 12
15 months after the earlier of—

16 “(I) the date on which a patent
17 is issued containing a claim that is
18 the same or substantially the same as
19 the claimed invention; or

20 “(II) the date of first publication
21 of an application containing a claim
22 that is the same or is substantially the
23 same as the claimed invention; and

24 “(ii) must be made under oath, and
25 must be supported by substantial evidence.

1 “(C) DETERMINATION OF DIRECTOR.—
2 Whenever the Director determines that patents
3 or applications for patent naming different indi-
4 viduals as the inventor interfere with one an-
5 other because of a dispute over the right to pat-
6 ent on the basis of a request under subpara-
7 graph (A), the Director shall institute a deriva-
8 tion proceeding for the purpose of determining
9 which applicant is entitled to a patent.

10 “(2) DETERMINATION BY PATENT TRIAL AND
11 APPEAL BOARD.—In any proceeding under this sub-
12 section, the Patent Trial and Appeal Board—

13 “(A) shall determine the question of the
14 right to patent;

15 “(B) in appropriate circumstances, may
16 correct the naming of the inventor in any appli-
17 cation or patent at issue; and

18 “(C) shall issue a final decision on the
19 right to patent.

20 “(3) DERIVATION PROCEEDING.—The Patent
21 Trial and Appeal Board may defer action on a re-
22 quest to initiate a derivation proceeding for up to
23 three months after the date on which the Director
24 issues a patent to the applicant that filed the earlier
25 application.

1 “(4) EFFECT OF FINAL DECISION.—The final
2 decision of the Patent Trial and Appeal Board in a
3 derivation proceeding, if adverse to the claim of an
4 applicant, shall constitute the final refusal by the
5 Patent and Trademark Office on the claims involved.
6 The Director may issue a patent to an applicant who
7 is determined by the Patent Trial and Appeal Board
8 to have the right to a patent. The final decision of
9 the Board, if adverse to a patentee, shall, if no ap-
10 peal or other review of the decision has been or can
11 be taken or had, constitute cancellation of the claims
12 involved in the patent, and notice of such cancella-
13 tion shall be endorsed on copies of the patent dis-
14 tributed after such cancellation by the Patent and
15 Trademark Office.

16 “(b) SETTLEMENT.—Parties to a derivation pro-
17 ceeding may terminate the proceeding by filing a written
18 statement reflecting the agreement of the parties as to the
19 correct inventors of the claimed invention in dispute. Un-
20 less the Patent Trial and Appeal Board finds the agree-
21 ment to be inconsistent with the evidence of record, it shall
22 take action consistent with the agreement. Any written
23 settlement or understanding of the parties shall be filed
24 with the Director. At the request of a party to the pro-
25 ceeding, the agreement or understanding shall be treated

1 as business confidential information, shall be kept sepa-
2 rate from the file of the involved patents or applications,
3 and shall be made available only to Government agencies
4 on written request, or to any person on a showing of good
5 cause.

6 “(c) ARBITRATION.—Parties to a derivation pro-
7 ceeding, within such time as may be specified by the Di-
8 rector by regulation, may determine such contest or any
9 aspect thereof by arbitration. Such arbitration shall be
10 governed by the provisions of title 9 to the extent such
11 title is not inconsistent with this section. The parties shall
12 give notice of any arbitration award to the Director, and
13 such award shall, as between the parties to the arbitration,
14 be dispositive of the issues to which it relates. The arbitra-
15 tion award shall be unenforceable until such notice is
16 given. Nothing in this subsection shall preclude the Direc-
17 tor from determining patentability of the invention in-
18 volved in the derivation proceeding.”.

19 (j) ELIMINATION OF REFERENCES TO INTER-
20 FERENCES.—(1) Sections 41(a)(6), 134, 141, 145, 146,
21 154, 305, and 314 are each amended by striking “Board
22 of Patent Appeals and Interferences” each place it ap-
23 pears and inserting “Patent Trial and Appeal Board”.

24 (2) Section 141 is amended—

1 (A) by striking “an interference” and inserting
2 “a derivation proceeding”; and

3 (B) by striking “interference” each additional
4 place it appears and inserting “derivation pro-
5 ceeding”.

6 (3) Section 146 is amended—

7 (A) in the first paragraph—

8 (i) by striking “Any party” and inserting
9 “(a) IN GENERAL.—Any party”;

10 (ii) by striking “an interference” and in-
11 serting “a derivation proceeding”; and

12 (iii) by striking “interference” each addi-
13 tional place it appears and inserting “derivation
14 proceeding”; and

15 (B) in the second paragraph, by striking “Such
16 suit” and inserting “(b) PROCEDURE.—A suit under
17 subsection (a)”.

18 (4) The section heading for section 134 is amended
19 to read as follows:

20 **“§ 134. Appeal to the Patent Trial and Appeal Board”.**

21 (5) The section heading for section 135 is amended
22 to read as follows:

23 **“§ 135. Derivation proceedings”.**

24 (6) The section heading for section 146 is amended
25 to read as follows:

1 **“§ 146. Civil action in case of derivation proceeding”.**

2 (7) Section 154(b)(1)(C) is amended by striking
3 “INTERFERENCES” and inserting “DERIVATION PRO-
4 CEEDINGS”.

5 (8) The item relating to section 6 in the table of sec-
6 tions for chapter 1 is amended to read as follows:

“6. Patent Trial and Appeal Board.”.

7 (9) The items relating to sections 134 and 135 in
8 the table of sections for chapter 12 are amended to read
9 as follows:

“134. Appeal to the Patent Trial and Appeal Board.

“135. Derivation proceedings.”.

10 (10) The item relating to section 146 in the table of
11 sections for chapter 13 is amended to read as follows:

“146. Civil action in case of derivation proceeding.”.

12 (11) CERTAIN APPEALS.—Subsection 1295(a)(4)(A)
13 of title 28, United States Code, is amended to read as
14 follows:

15 “(A) the Patent Trial and Appeal Board of
16 the United States Patent and Trademark Office
17 with respect to patent applications, derivation
18 proceedings, and post-grant review proceedings,
19 at the instance of an applicant for a patent or
20 any party to a patent interference (commenced
21 with respect to an application for patent filed
22 before the effective date provided in section
23 3(k) of the Patent Reform Act of 2007), deriva-

1 tion proceeding, or post-grant review pro-
2 ceeding, and any such appeal shall waive any
3 right of such applicant or party to proceed
4 under section 145 or 146 of title 35;”.

5 (k) EFFECTIVE DATE.—

6 (1) IN GENERAL.—The amendments made by
7 this section—

8 (A) shall take effect 90 days after the date
9 on which the President issues an Executive
10 order containing the President’s finding that
11 major patenting authorities have adopted a
12 grace period having substantially the same ef-
13 fect as that contained under the amendments
14 made by this section; and

15 (B) shall apply to all applications for pat-
16 ent that are filed on or after the effective date
17 under subparagraph (A).

18 (2) DEFINITIONS.—In this subsection:

19 (A) MAJOR PATENTING AUTHORITIES.—
20 The term “major patenting authorities” means
21 at least the patenting authorities in Europe and
22 Japan.

23 (B) GRACE PERIOD.—The term “grace pe-
24 riod” means the 1-year period ending on the ef-
25 fective filing date of a claimed invention, during

1 which disclosures of the subject matter by the
2 inventor or a joint inventor, or by others who
3 obtained the subject matter disclosed directly or
4 indirectly from the inventor or a joint inventor,
5 do not qualify as prior art to the claimed inven-
6 tion.

7 (C) EFFECTIVE FILING DATE.—The term
8 “effective filing date of a claimed invention”
9 means, with respect to a patenting authority in
10 another country, a date equivalent to the effec-
11 tive filing date of a claimed invention as defined
12 in section 100(h) of title 35, United States
13 Code, as added by subsection (a) of this section.

14 (3) RETENTION OF INTERFERENCE PROCE-
15 DURES WITH RESPECT TO APPLICATIONS FILED BE-
16 FORE EFFECTIVE DATE.—In the case of any applica-
17 tion for patent that is filed before the effective date
18 under paragraph (1)(A), the provisions of law re-
19 pealed or amended by subsections (h), (i), and (j)
20 shall apply to such application as such provisions of
21 law were in effect on the day before such effective
22 date.

23 (l) REVIEW EVERY 7 YEARS.—Not later than the end
24 of the 7-year period beginning on the effective date under
25 subsection (k), and the end of every 7-year period there-

1 after, the Under Secretary of Commerce for Intellectual
2 Property and Director of the United States Patent and
3 Trademark Office (in this subsection referred to as the
4 “Director”) shall—

5 (1) conduct a study on the effectiveness and ef-
6 ficiency of the amendments made by this section;
7 and

8 (2) submit to the Committees on the Judiciary
9 of the House of Representatives and the Senate a
10 report on the results of the study, including any rec-
11 ommendations the Director has on amendments to
12 the law and other recommendations of the Director
13 with respect to the first-to-file system implemented
14 under the amendments made by this section.

15 **SEC. 4. INVENTOR’S OATH OR DECLARATION.**

16 (a) INVENTOR’S OATH OR DECLARATION.—

17 (1) IN GENERAL.—Section 115 is amended to
18 read as follows:

19 **“§ 115. Inventor’s oath or declaration**

20 “(a) NAMING THE INVENTOR; INVENTOR’S OATH OR
21 DECLARATION.—An application for patent that is filed
22 under section 111(a), that commences the national stage
23 under section 363, or that is filed by an inventor for an
24 invention for which an application has previously been
25 filed under this title by that inventor shall include, or be

1 amended to include, the name of the inventor of any
2 claimed invention in the application. Except as otherwise
3 provided in this section, each individual who is the inven-
4 tor or a joint inventor of a claimed invention in an applica-
5 tion for patent shall execute an oath or declaration in con-
6 nection with the application.

7 “(b) REQUIRED STATEMENTS.—An oath or declara-
8 tion by an individual under subsection (a) shall contain
9 statements that—

10 “(1) the application was made or was author-
11 ized to be made by individual; and

12 “(2) the individual believes himself or herself to
13 be the original inventor or an original joint inventor
14 of a claimed invention in the application.

15 “(c) ADDITIONAL REQUIREMENTS.—The Director
16 may specify additional information relating to the inventor
17 and the invention that is required to be included in an
18 oath or declaration under subsection (a).

19 “(d) SUBSTITUTE STATEMENT.—

20 “(1) IN GENERAL.—In lieu of executing an oath
21 or declaration under subsection (a), the applicant for
22 patent may provide a substitute statement under the
23 circumstances described in paragraph (2) and such
24 additional circumstances that the Director may
25 specify by regulation.

1 “(2) PERMITTED CIRCUMSTANCES.—A sub-
2 stitute statement under paragraph (1) is permitted
3 with respect to any individual who—

4 “(A) is unable to file the oath or declara-
5 tion under subsection (a) because the indi-
6 vidual—

7 “(i) is deceased;

8 “(ii) is under legal incapacity; or

9 “(iii) cannot be found or reached after
10 diligent effort; or

11 “(B) is under an obligation to assign the
12 invention and has refused to make the oath or
13 declaration required under subsection (a).

14 “(3) CONTENTS.—A substitute statement under
15 this subsection shall—

16 “(A) identify the individual with respect to
17 whom the statement applies;

18 “(B) set forth the circumstances rep-
19 resenting the permitted basis for the filing of
20 the substitute statement in lieu of the oath or
21 declaration under subsection (a); and

22 “(C) contain any additional information,
23 including any showing, required by the Direc-
24 tor.

1 “(e) MAKING REQUIRED STATEMENTS IN ASSIGN-
2 MENT OF RECORD.—An individual who has assigned
3 rights in an application for patent may include the re-
4 quired statements under subsections (b) and (c) in the as-
5 signment executed by the individual, in lieu of filing such
6 statements separately.

7 “(f) TIME FOR FILING.—A notice of allowance under
8 section 151 may be provided to an applicant for patent
9 only if the applicant for patent has filed each required
10 oath or declaration under subsection (a) or has filed a sub-
11 stitute statement under subsection (d) or recorded an as-
12 signment meeting the requirements of subsection (e).

13 “(g) EARLIER-FILED APPLICATION CONTAINING RE-
14 QUIRED STATEMENTS OR SUBSTITUTE STATEMENT.—
15 The requirements under this section shall not apply to an
16 individual with respect to an application for patent in
17 which the individual is named as the inventor or a joint
18 inventor and that claims the benefit of an earlier filing
19 date under section 120 or 365(c), if—

20 “(1) an oath or declaration meeting the require-
21 ments of subsection (a) was executed by the indi-
22 vidual and was filed in connection with the earlier-
23 filed application;

1 “(2) a substitute statement meeting the re-
2 quirements of subsection (d) was filed in the earlier
3 filed application with respect to the individual; or

4 “(3) an assignment meeting the requirements
5 of subsection (e) was executed with respect to the
6 earlier-filed application by the individual and was re-
7 corded in connection with the earlier-filed applica-
8 tion.

9 “(h) SUPPLEMENTAL AND CORRECTED STATE-
10 MENTS; FILING ADDITIONAL STATEMENTS.—

11 “(1) IN GENERAL.—Any person making a state-
12 ment required under this section may withdraw, re-
13 place, or otherwise correct the statement at any
14 time. If a change is made in the naming of the in-
15 ventor requiring the filing of 1 or more additional
16 statements under this section, such additional state-
17 ments shall be filed in accordance with regulations
18 established by the Director.

19 “(2) SUPPLEMENTAL STATEMENTS NOT RE-
20 QUIRED.—If an individual has executed an oath or
21 declaration under subsection (a) or an assignment
22 meeting the requirements of subsection (e) with re-
23 spect to an application for patent, the Director may
24 not thereafter require that individual to make any
25 additional oath, declaration, or other statement

1 equivalent to those required by this section in con-
2 nection with the application for patent or any patent
3 issuing thereon.

4 “(3) SAVINGS CLAUSE.—No patent shall be in-
5 valid or unenforceable based upon the failure to
6 comply with a requirement under this section if the
7 failure is remedied as provided under paragraph (1).

8 “(i) ACKNOWLEDGMENT OF PENALTIES.—Any dec-
9 laration or statement filed under this section must contain
10 an acknowledgment that any willful false statement is
11 punishable by fine or imprisonment, or both, under section
12 1001 of title 18.”

13 (2) RELATIONSHIP TO DIVISIONAL APPLICA-
14 TIONS.—Section 121 is amended by striking “If a
15 divisional application” and all that follows through
16 “inventor.”

17 (3) REQUIREMENTS FOR NONPROVISIONAL AP-
18 PPLICATIONS.—Section 111(a) is amended—

19 (A) in paragraph (2)(C), by striking “by
20 the applicant” and inserting “or declaration”;

21 (B) in the heading for paragraph (3), by
22 striking “AND OATH”; and

23 (C) by striking “and oath” each place it
24 appears.

1 (4) CONFORMING AMENDMENT.—The item re-
2 relating to section 115 in the table of sections for
3 chapter 11 is amended to read as follows:

“115. Inventor’s oath or declaration.”.

4 (b) SPECIFICATION.—Section 112 is amended—

5 (1) in the first paragraph—

6 (A) by striking “The specification” and in-
7 serting “(a) IN GENERAL.—The specification”;
8 and

9 (B) by striking “of carrying out his inven-
10 tion” and inserting “or joint inventor of car-
11 rying out the invention”; and

12 (2) in the second paragraph—

13 (A) by striking “The specification” and in-
14 serting “(b) CONCLUSION.—The specification”;
15 and

16 (B) by striking “applicant regards as his
17 invention” and inserting “inventor or a joint in-
18 ventor regards as the invention”;

19 (3) in the third paragraph, by striking “A
20 claim” and inserting “(c) FORM.—A claim”;

21 (4) in the fourth paragraph, by striking “Sub-
22 ject to the following paragraph,” and inserting “(d)

23 REFERENCE IN DEPENDENT FORMS.—Subject to
24 subsection (e),”;

1 (5) in the fifth paragraph, by striking “A
2 claim” and inserting “(e) REFERENCE IN MULTIPLE
3 DEPENDENT FORM.—A claim”; and

4 (6) in the last paragraph, by striking “An ele-
5 ment” and inserting “(f) ELEMENT IN CLAIM FOR
6 A COMBINATION.—An element”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section—

9 (1) shall take effect at the end of the 1-year pe-
10 riod beginning on the date of the enactment of this
11 Act; and

12 (2) shall apply to any application for patent, or
13 application for reissue patent, that is filed on or
14 after the effective date under paragraph (1).

15 **SEC. 5. RIGHT OF THE INVENTOR TO OBTAIN DAMAGES.**

16 (a) DAMAGES.—Section 284 is amended—

17 (1) in the first paragraph, by striking “Upon”
18 and inserting “(a) IN GENERAL.—Upon”;

19 (2) by designating the second undesignated
20 paragraph as subsection (c);

21 (3) by inserting after subsection (a) (as des-
22 ignated by paragraph (1) of this subsection) the fol-
23 lowing:

24 “(b) REASONABLE ROYALTY.—

1 “(1) IN GENERAL.— An award pursuant to
2 subsection (a) that is based upon a reasonable roy-
3 alty shall be determined in accordance with this sub-
4 section. Based on the facts of the case, the court
5 shall determine whether paragraph (2), (3), or (4)
6 will be used by the court or the jury in calculating
7 a reasonable royalty. The court shall identify the
8 factors that are relevant to the determination of a
9 reasonable royalty under the applicable paragraph,
10 and the court or jury, as the case may be, shall con-
11 sider only those factors in making the determination.

12 “(2) RELATIONSHIP OF DAMAGES TO CON-
13 TRIBUTIONS OVER PRIOR ART.—Upon a showing to
14 the satisfaction of the court that a reasonable roy-
15 alty should be based on a portion of the value of the
16 infringing product or process, the court shall con-
17 duct an analysis to ensure that a reasonable royalty
18 under subsection (a) is applied only to that economic
19 value properly attributable to the patent’s specific
20 contribution over the prior art. The court shall ex-
21 clude from the analysis the economic value properly
22 attributable to the prior art, and other features or
23 improvements, whether or not themselves patented,
24 that contribute economic value to the infringing
25 product or process.

1 “(3) ENTIRE MARKET VALUE.—Upon a show-
2 ing to the satisfaction of the court that the patent’s
3 specific contribution over the prior art is the pre-
4 dominant basis for market demand for an infringing
5 product or process, damages may be based upon the
6 entire market value of the products or processes in-
7 volved that satisfy that demand.

8 “(4) OTHER FACTORS.—If neither paragraph
9 (2) or (3) is appropriate for determining a reason-
10 able royalty, the court may consider, or direct the
11 jury to consider, the terms of any nonexclusive mar-
12 ketplace licensing of the invention, where appro-
13 priate, as well as any other relevant factors under
14 applicable law.

15 “(5) COMBINATION INVENTIONS.—For pur-
16 poses of paragraphs (2) and (3), in the case of a
17 combination invention the elements of which are
18 present individually in the prior art, the patentee
19 may show that the contribution over the prior art
20 may include the value of the additional function re-
21 sulting from the combination, as well as the en-
22 hanced value, if any, of some or all of the prior art
23 elements resulting from the combination.”;

1 (4) by amending subsection (c) (as designated
2 by paragraph (1) of this subsection) to read as fol-
3 lows:

4 “(c) WILLFUL INFRINGEMENT.—

5 “(1) INCREASED DAMAGES.—A court that has
6 determined that the infringer has willfully infringed
7 a patent or patents may increase the damages up to
8 three times the amount of damages found or as-
9 sessed under subsection (a), except that increased
10 damages under this paragraph shall not apply to
11 provisional rights under section 154(d).

12 “(2) PERMITTED GROUNDS FOR WILLFUL-
13 NESS.—A court may find that an infringer has will-
14 fully infringed a patent only if the patent owner pre-
15 sents clear and convincing evidence that—

16 “(A) after receiving written notice from
17 the patentee—

18 “(i) alleging acts of infringement in a
19 manner sufficient to give the infringer an
20 objectively reasonable apprehension of suit
21 on such patent, and

22 “(ii) identifying with particularity
23 each claim of the patent, each product or
24 process that the patent owner alleges in-

1 fringes the patent, and the relationship of
2 such product or process to such claim,
3 the infringer, after a reasonable opportunity to
4 investigate, thereafter performed one or more of
5 the alleged acts of infringement;

6 “(B) the infringer intentionally copied the
7 patented invention with knowledge that it was
8 patented; or

9 “(C) after having been found by a court to
10 have infringed that patent, the infringer en-
11 gaged in conduct that was not colorably dif-
12 ferent from the conduct previously found to
13 have infringed the patent, and that resulted in
14 a separate finding of infringement of the same
15 patent.

16 “(3) LIMITATIONS ON WILLFULNESS.—(A) A
17 court may not find that an infringer has willfully in-
18 fringed a patent under paragraph (2) for any period
19 of time during which the infringer had an informed
20 good faith belief that the patent was invalid or unen-
21 forceable, or would not be infringed by the conduct
22 later shown to constitute infringement of the patent.

23 “(B) An informed good faith belief within the
24 meaning of subparagraph (A) may be established
25 by—

1 “(i) reasonable reliance on advice of coun-
2 sel;

3 “(ii) evidence that the infringer sought to
4 modify its conduct to avoid infringement once it
5 had discovered the patent; or

6 “(iii) other evidence a court may find suffi-
7 cient to establish such good faith belief.

8 “(C) The decision of the infringer not to
9 present evidence of advice of counsel is not relevant
10 to a determination of willful infringement under
11 paragraph (2).

12 “(4) LIMITATION ON PLEADING.—Before the
13 date on which a court determines that the patent in
14 suit is not invalid, is enforceable, and has been in-
15 fringed by the infringer, a patentee may not plead
16 and a court may not determine that an infringer has
17 willfully infringed a patent.”; and

18 (5) in the third undesignated paragraph, by
19 striking “The court” and inserting “(d) EXPERT
20 TESTIMONY.—The court”.

21 (b) REPORT TO CONGRESSIONAL COMMITTEES.—Not
22 later than June 30, 2009, the Under Secretary of Com-
23 merce for Intellectual Property and Director of the United
24 States Patent and Trademark Office (in this subsection
25 referred to as the “Director”) shall report to the Com-

1 mittee on the Judiciary of the House of Representatives
2 and the Committee on the Judiciary of the Senate the
3 findings and recommendations of the Director on the oper-
4 ation of prior user rights in selected countries in the in-
5 dustrialized world. The report shall include the following:

6 (1) A comparison between the patent laws of
7 the United States and the laws of other industri-
8 alized countries, including the European Union,
9 Japan, Canada, and Australia.

10 (2) An analysis of the effect of prior user rights
11 on innovation rates in the selected countries.

12 (3) An analysis of the correlation, if any, be-
13 tween prior user rights and start-up enterprises and
14 the ability to attract venture capital to start new
15 companies.

16 (4) An analysis of the effect of prior user
17 rights, if any, on small businesses, universities, and
18 individual inventors.

19 (5) An analysis of any legal or constitutional
20 issues that arise from placing elements of trade se-
21 cret law, in the form of prior user rights, in patent
22 law.

23 In preparing the report, the Director shall consult with
24 the Secretary of State and the Attorney General of the
25 United States.

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to any civil action commenced on
3 or after the date of the enactment of this Act.

4 (d) REVIEW EVERY 7 YEARS.—Not later than the
5 end of the 7-year period beginning on the date of the en-
6 actment of this Act, and the end of every 7-year period
7 thereafter, the Under Secretary of Commerce for Intellec-
8 tual Property and Director of the United States Patent
9 and Trademark Office (in this subsection referred to as
10 the “Director”) shall—

11 (1) conduct a study on the effectiveness and ef-
12 ficiency of the amendments made by this section;
13 and

14 (2) submit to the Committees on the Judiciary
15 of the House of Representatives and the Senate a
16 report on the results of the study, including any rec-
17 ommendations the Director has on amendments to
18 the law and other recommendations of the Director
19 with respect to the right of the inventor to obtain
20 damages for patent infringement.

21 **SEC. 6. POST-GRANT PROCEDURES AND OTHER QUALITY**
22 **ENHANCEMENTS.**

23 (a) CITATION OF PRIOR ART.—

24 (1) IN GENERAL.—Section 301 is amended to
25 read as follows:

1 **“§ 301. Citation of prior art**

2 “(a) IN GENERAL.—Any person at any time may cite
3 to the Office in writing—

4 “(1) prior art consisting of patents or printed
5 publications which that person believes to have a
6 bearing on the patentability of any claim of a par-
7 ticular patent; or

8 “(2) written statements of the patent owner
9 filed in a proceeding before a Federal court or the
10 Patent and Trademark Office in which the patent
11 owner takes a position on the scope of one or more
12 patent claims.

13 “(b) SUBMISSIONS PART OF OFFICIAL FILE.—If the
14 person citing prior art or written submissions under sub-
15 section (a) explains in writing the pertinence and manner
16 of applying the prior art or written submissions to at least
17 one claim of the patent, the citation of the prior art or
18 written submissions (as the case may be) and the expla-
19 nation thereof shall become a part of the official file of
20 the patent.

21 “(c) PROCEDURES FOR WRITTEN STATEMENTS.—

22 “(1) SUBMISSION OF ADDITIONAL MATE-
23 RIALS.—A party that submits written statements
24 under subsection (a)(2) in a proceeding shall include
25 any other documents, pleadings, or evidence from
26 the proceeding that address the patent owner’s

1 statements or the claims addressed by the written
2 statements.

3 “(2) LIMITATION ON USE OF STATEMENTS.—

4 Written statements submitted under subsection
5 (a)(2) shall not be considered for any purpose other
6 than to determine the proper meaning of the claims
7 that are the subject of the request in a proceeding
8 ordered pursuant to section 304 or 313. Any such
9 written statements, and any materials submitted
10 under paragraph (1), that are subject to an applica-
11 ble protective order shall be redacted to exclude in-
12 formation subject to the order.

13 “(d) IDENTITY WITHHELD.—Upon the written re-
14 quest of the person citing prior art or written statements
15 under subsection (a), the person’s identity shall be ex-
16 cluded from the patent file and kept confidential.”.

17 (b) REEXAMINATION.—Section 303(a) is amended to
18 read as follows:

19 “(a) Within three months after the owner of a patent
20 files a request for reexamination under section 302, the
21 Director shall determine whether a substantial new ques-
22 tion of patentability affecting any claim of the patent con-
23 cerned is raised by the request, with or without consider-
24 ation of other patents or printed publications. On the Di-
25 rector’s own initiative, and at any time, the Director may

1 determine whether a substantial new question of patent-
2 ability is raised by patents and publications discovered by
3 the Director, is cited under section 301, or is cited by any
4 person other than the owner of the patent under section
5 302 or section 311. The existence of a substantial new
6 question of patentability is not precluded by the fact that
7 a patent or printed publication was previously considered
8 by the Office.”.

9 (c) CONDUCT OF INTER PARTES PROCEEDINGS.—
10 Section 314 is amended—

11 (1) in the first sentence of subsection (a), by
12 striking “conducted according to the procedures es-
13 tablished for initial examination under the provisions
14 of sections 132 and 133” and inserting “heard by
15 an administrative patent judge in accordance with
16 procedures which the Director shall establish”;

17 (2) in subsection (b), by striking paragraph (2)
18 and inserting the following:

19 “(2) The third-party requester shall have the oppor-
20 tunity to file written comments on any action on the mer-
21 its by the Office in the inter partes reexamination pro-
22 ceeding, and on any response that the patent owner files
23 to such an action, if those written comments are received
24 by the Office within 60 days after the date of service on

1 the third-party requester of the Office action or patent
 2 owner response, as the case may be.”; and

3 (3) by adding at the end the following:

4 “(d) ORAL HEARING.—At the request of a third
 5 party requestor or the patent owner, the administrative
 6 patent judge shall conduct an oral hearing, unless the
 7 judge finds cause lacking for such hearing.”.

8 (d) ESTOPPEL.—Section 315(c) is amended by strik-
 9 ing “or could have raised”.

10 (e) REEXAMINATION PROHIBITED AFTER DISTRICT
 11 COURT DECISION.—Section 317(b) is amended—

12 (1) in the subsection heading, by striking
 13 “FINAL DECISION” and inserting “DISTRICT COURT
 14 DECISION”; and

15 (2) by striking “Once a final decision has been
 16 entered” and inserting “Once the judgment of the
 17 district court has been entered”.

18 (f) POST-GRANT OPPOSITION PROCEDURES.—

19 (1) IN GENERAL.—Part III is amended by add-
 20 ing at the end the following new chapter:

21 **“CHAPTER 32—POST-GRANT REVIEW**

22 **PROCEDURES**

“Sec.

“321. Petition for post-grant review.

“322. Timing and bases of petition.

“323. Requirements of petition.

“324. Prohibited filings.

“325. Submission of additional information; showing of sufficient grounds.

“326. Conduct of post-grant review proceedings.

- “327. Patent owner response.
- “328. Proof and evidentiary standards.
- “329. Amendment of the patent.
- “330. Decision of the Board.
- “331. Effect of decision.
- “332. Settlement.
- “333. Relationship to other pending proceedings.
- “334. Effect of decisions rendered in civil action on post-grant review proceedings.
- “335. Effect of final decision on future proceedings.
- “336. Appeal.

1 **“§ 321. Petition for post-grant review**

2 “Subject to sections 322, 324, 332, and 333, a per-
 3 son who is not the patent owner may file with the Office
 4 a petition for cancellation seeking to institute a post-grant
 5 review proceeding to cancel as unpatentable any claim of
 6 a patent on any ground that could be raised under para-
 7 graph (2) or (3) of section 282(b) (relating to invalidity
 8 of the patent or any claim). The Director shall establish,
 9 by regulation, fees to be paid by the person requesting
 10 the proceeding, in such amounts as the Director deter-
 11 mines to be reasonable.

12 **“§ 322. Timing and bases of petition**

13 “A post-grant proceeding may be instituted under
 14 this chapter pursuant to a cancellation petition filed under
 15 section 321 only if—

16 “(1) the petition is filed not later than 12
 17 months after the issuance of the patent or a reissue
 18 patent, as the case may be; or

19 “(2) the patent owner consents in writing to the
 20 proceeding.

1 **“§ 323. Requirements of petition**

2 “A cancellation petition filed under section 321 may
3 be considered only if—

4 “(1) the petition is accompanied by payment of
5 the fee established by the Director under section
6 321;

7 “(2) the petition identifies the cancellation peti-
8 tioner;

9 “(3) for each claim sought to be canceled, the
10 petition sets forth in writing the basis for cancella-
11 tion and provides the evidence in support thereof, in-
12 cluding copies of patents and printed publications,
13 or written testimony of a witness attested to under
14 oath or declaration by the witness, or any other in-
15 formation that the Director may require by regula-
16 tion; and

17 “(4) the petitioner provides copies of the peti-
18 tion, including any evidence submitted with the peti-
19 tion and any other information submitted under
20 paragraph (3), to the patent owner or, if applicable,
21 the designated representative of the patent owner.

22 **“§ 324. Prohibited filings**

23 “A post-grant review proceeding may not be insti-
24 tuted under section 322 if the petition for cancellation re-
25 questing the proceeding—

1 “(1) identifies the same cancellation petitioner
2 and the same patent as a previous petition for can-
3 cancellation filed under such section; or

4 “(2) is based on the best mode requirement
5 contained in section 112.

6 **“§ 325. Submission of additional information; show-**
7 **ing of sufficient grounds**

8 “(a) IN GENERAL.—The cancellation petitioner shall
9 file such additional information with respect to the peti-
10 tion as the Director may require. For each petition sub-
11 mitted under section 321, the Director shall determine if
12 the written statement, and any evidence submitted with
13 the request, establish that a substantial question of pat-
14 entability exists for at least one claim in the patent. The
15 Director may initiate a post-grant review proceeding if the
16 Director determines that the information presented pro-
17 vides sufficient grounds to believe that there is a substan-
18 tial question of patentability concerning one or more
19 claims of the patent at issue.

20 “(b) NOTIFICATION; DETERMINATIONS NOT RE-
21 VIEWABLE.—The Director shall notify the patent owner
22 and each petitioner in writing of the Director’s determina-
23 tion under subsection (a), including a determination to
24 deny the petition. The Director shall make that determina-
25 tion in writing not later than 60 days after receiving the

1 petition. Any determination made by the Director under
2 subsection (a), including whether or not to institute a
3 post-grant review proceeding or to deny the petition, shall
4 not be reviewable.

5 **“§ 326. Conduct of post-grant review proceedings**

6 “(a) IN GENERAL.—The Director shall prescribe reg-
7 ulations, in accordance with section 2(b)(2)—

8 “(1) establishing and governing post-grant re-
9 view proceedings under this chapter and their rela-
10 tionship to other proceedings under this title;

11 “(2) establishing procedures for the submission
12 of supplemental information after the petition for
13 cancellation is filed; and

14 “(3) setting forth procedures for discovery of
15 relevant evidence, including that such discovery shall
16 be limited to evidence directly related to factual as-
17 sertions advanced by either party in the proceeding,
18 and the procedures for obtaining such evidence shall
19 be consistent with the purpose and nature of the
20 proceeding.

21 In carrying out paragraph (3), the Director shall bear in
22 mind that discovery must be in the interests of justice.

23 “(b) POST-GRANT REGULATIONS.—Regulations
24 under subsection (a)(1)—

1 “(1) shall require that the final determination
2 in a post-grant proceeding issue not later than one
3 year after the date on which the post-grant review
4 proceeding is instituted under this chapter, except
5 that, for good cause shown, the Director may extend
6 the 1-year period by not more than six months;

7 “(2) shall provide for discovery upon order of
8 the Director;

9 “(3) shall provide for publication of notice in
10 the Federal Register of the filing of a petition for
11 post-grant review under this chapter, for publication
12 of the petition, and documents, orders, and decisions
13 relating to the petition, on the website of the Patent
14 and Trademark Office, and for filings under seal ex-
15 empt from publication requirements;

16 “(4) shall prescribe sanctions for abuse of dis-
17 covery, abuse of process, or any other improper use
18 of the proceeding, such as to harass or to cause un-
19 necessary delay or unnecessary increase in the cost
20 of the proceeding;

21 “(5) may provide for protective orders gov-
22 erning the exchange and submission of confidential
23 information; and

24 “(6) shall ensure that any information sub-
25 mitted by the patent owner in support of any

1 amendment entered under section 329 is made avail-
2 able to the public as part of the prosecution history
3 of the patent.

4 “(c) CONSIDERATIONS.—In prescribing regulations
5 under this section, the Director shall consider the effect
6 on the economy, the integrity of the patent system, and
7 the efficient administration of the Office.

8 “(d) CONDUCT OF PROCEEDING.—The Patent Trial
9 and Appeal Board shall, in accordance with section 6(b),
10 conduct each post-grant review proceeding authorized by
11 the Director.

12 **“§ 327. Patent owner response**

13 “After a post-grant proceeding under this chapter
14 has been instituted with respect to a patent, the patent
15 owner shall have the right to file, within a time period
16 set by the Director, a response to the cancellation petition.
17 The patent owner shall file with the response, through af-
18 fidavits or declarations, any additional factual evidence
19 and expert opinions on which the patent owner relies in
20 support of the response.

21 **“§ 328. Proof and evidentiary standards**

22 “(a) IN GENERAL.—The presumption of validity set
23 forth in section 282 shall not apply in a challenge to any
24 patent claim under this chapter.

1 “(b) BURDEN OF PROOF.—The party advancing a
2 proposition under this chapter shall have the burden of
3 proving that proposition by a preponderance of the evi-
4 dence.

5 **“§ 329. Amendment of the patent**

6 “(a) IN GENERAL.—In response to a challenge in a
7 petition for cancellation, the patent owner may file one
8 motion to amend the patent in one or more of the fol-
9 lowing ways:

10 “(1) Cancel any challenged patent claim.

11 “(2) For each challenged claim, propose a sub-
12 stitute claim.

13 “(3) Amend the patent drawings or otherwise
14 amend the patent other than the claims.

15 “(b) ADDITIONAL MOTIONS.—Additional motions to
16 amend may be permitted only for good cause shown.

17 “(c) SCOPE OF CLAIMS.—An amendment under this
18 section may not enlarge the scope of the claims of the pat-
19 ent or introduce new matter.

20 **“§ 330. Decision of the Board**

21 “‘If the post-grant review proceeding is instituted and
22 not dismissed under this chapter, the Patent Trial and
23 Appeal Board shall issue a final written decision address-
24 ing the patentability of any patent claim challenged and
25 any new claim added under section 329.

1 **“§ 331. Effect of decision**

2 “(a) IN GENERAL.—If the Patent Trial and Appeal
3 Board issues a final decision under section 330 and the
4 time for appeal has expired or any appeal proceeding has
5 terminated, the Director shall issue and publish a certifi-
6 cate canceling any claim of the patent finally determined
7 to be unpatentable and incorporating in the patent by op-
8 eration of the certificate any new claim determined to be
9 patentable.

10 “(b) NEW CLAIMS.—Any new claim held to be pat-
11 entable and incorporated into a patent in a post-grant re-
12 view proceeding shall have the same effect as that speci-
13 fied in section 252 for reissued patents on the right of
14 any person who made, purchased, offered to sell, or used
15 within the United States, or imported into the United
16 States, anything patented by such new claim, or who made
17 substantial preparations therefor, before a certificate
18 under subsection (a) of this section is issued.

19 **“§ 332. Settlement**

20 “(a) IN GENERAL.—A post-grant review proceeding
21 shall be terminated with respect to any petitioner upon
22 the joint request of the petitioner and the patent owner,
23 unless the Patent Trial and Appeal Board has issued a
24 written decision before the request for termination is filed.
25 If the post-grant review proceeding is terminated with re-
26 spect to a petitioner under this paragraph, no estoppel

1 shall apply to that petitioner. If no petitioner remains in
2 the proceeding, the panel of administrative patent judges
3 assigned to the proceeding shall terminate the proceeding.

4 “(b) AGREEMENT IN WRITING.—Any agreement or
5 understanding between the patent owner and a petitioner,
6 including any collateral agreements referred to in the
7 agreement or understanding, that is made in connection
8 with or in contemplation of the termination of a post-grant
9 review proceeding, must be in writing. A post-grant review
10 proceeding as between the parties to the agreement or un-
11 derstanding may not be terminated until a copy of the
12 agreement or understanding, including any such collateral
13 agreements, has been filed in the Office. If any party filing
14 such an agreement or understanding requests, the agree-
15 ment or understanding shall be kept separate from the
16 file of the post-grant review proceeding, and shall be made
17 available only to Government agencies on written request,
18 or to any person on a showing of good cause.

19 **“§ 333. Relationship to other proceedings**

20 “(a) IN GENERAL.—Notwithstanding subsection
21 135(a), sections 251 and 252, and chapter 30, the Direc-
22 tor may determine the manner in which any reexamination
23 proceeding, reissue proceeding, interference proceeding
24 (commenced with respect to an application for patent filed
25 before the effective date provided in section 3(k) of the

1 Patent Reform Act of 2007), derivation proceeding, or
2 post-grant review proceeding, that is pending during a
3 post-grant review proceeding, may proceed, including pro-
4 viding for stay, transfer, consolidation, or termination of
5 any such proceeding.

6 “(b) STAYS.—The Director may stay a post-grant re-
7 view proceeding if a pending civil action for infringement
8 of a patent addresses the same or substantially the same
9 questions of patentability raised against the patent in a
10 petition for post-grant review.

11 “(c) EFFECT OF COMMENCEMENT OF PRO-
12 CEEDING.—The commencement of a post-grant review
13 proceeding—

14 “(1) shall not limit in any way the right of the
15 patent owner to commence an action for infringe-
16 ment of the patent; and

17 “(2) shall not be cited as evidence relating to
18 the validity of any claim of the patent in any pro-
19 ceeding before a court or the International Trade
20 Commission concerning the patent.

21 **“§ 334. Effect of decisions rendered in civil action on**
22 **post-grant review proceedings**

23 “If a final decision is entered against a party in a
24 civil action arising in whole or in part under section 1338

1 of title 28 establishing that the party has not sustained
2 its burden of proving the invalidity of any patent claim—

3 “(1) that party to the civil action and the
4 privies of that party may not thereafter request a
5 post-grant review proceeding on that patent claim on
6 the basis of any grounds, under the provisions of
7 section 321, which that party or the privies of that
8 party raised or could have raised; and

9 “(2) the Director may not thereafter maintain
10 a post-grant review proceeding that was requested,
11 before the final decision was so entered, by that
12 party or the privies of that party on the basis of
13 such grounds.

14 **“§ 335. Effect of final decision on future proceedings**

15 “‘If a final decision under section 330 is favorable to
16 the patentability of any original or new claim of the patent
17 challenged by the cancellation petitioner, the cancellation
18 petitioner may not thereafter, based on any ground that
19 the cancellation petitioner raised during the post-grant re-
20 view proceeding—

21 “(1) request or pursue a reexamination of such
22 claim under chapter 31;

23 “(2) request or pursue a derivation proceeding
24 with respect to such claim;

1 “(3) request or pursue a post-grant review pro-
 2 ceeding under this chapter with respect to such
 3 claim;

4 “(4) assert the invalidity of any such claim in
 5 any civil action arising in whole or in part under sec-
 6 tion 1338 of title 28; or

7 “(5) assert the invalidity of any such claim in
 8 defense to an action brought under section 337 of
 9 the Tariff Act of 1930 (19 U.S.C. 1337).

10 **“§ 336. Appeal**

11 “A party dissatisfied with the final determination of
 12 the Patent Trial and Appeal Board in a post-grant pro-
 13 ceeding under this chapter may appeal the determination
 14 under sections 141 through 144. Any party to the post-
 15 grant proceeding shall have the right to be a party to the
 16 appeal.”.

17 (g) CONFORMING AMENDMENT.—The table of chap-
 18 ters for part III is amended by adding at the end the fol-
 19 lowing:

“32. Post-Grant Review Proceedings 321”.

20 (h) REPEAL.—Section 4607 of the Intellectual Prop-
 21 erty and Communications Omnibus Reform Act of 1999,
 22 as enacted by section 1000(a)(9) of Public Law 106–113,
 23 is repealed.

24 (i) EFFECTIVE DATES.—

1 (1) IN GENERAL.—The amendments and repeal
2 made by this section shall take effect at the end of
3 the 1-year period beginning on the date of the enact-
4 ment of this Act.

5 (2) APPLICABILITY TO EX PARTE AND INTER
6 PARTES PROCEEDINGS.—Notwithstanding any other
7 provision of law, sections 301 and 311 through 318
8 of title 35, United States Code, as amended by this
9 section, shall apply to any patent that issues before,
10 on, or after the effective date under paragraph (1)
11 from an original application filed on any date.

12 (3) APPLICABILITY TO POST-GRANT PRO-
13 CEEDINGS.—The amendments made by subsections
14 (f) and (g) shall apply to patents issued on or after
15 the effective date under paragraph (1).

16 (j) REGULATIONS.—The Under Secretary of Com-
17 merce for Intellectual Property and Director of the United
18 States Patent and Trademark Office (in this subsection
19 referred to as the “Director”) shall, not later than the
20 date that is 1 year after the date of the enactment of this
21 Act, issue regulations to carry out chapter 32 of title 35,
22 United States Code, as added by subsection (f) of this sec-
23 tion.

1 **SEC. 7. DEFINITIONS; PATENT TRIAL AND APPEAL BOARD.**

2 (a) DEFINITIONS.—Section 100 (as amended by this
3 Act) is further amended by adding at the end the fol-
4 lowing:

5 “(k) The term ‘cancellation petitioner’ means the real
6 party in interest requesting cancellation of any claim of
7 a patent under chapter 32 of this title and the privies of
8 the real party in interest.”.

9 (a) PATENT TRIAL AND APPEAL BOARD.—Section 6
10 is amended to read as follows:

11 **“§ 6. Patent Trial and Appeal Board**

12 “(a) ESTABLISHMENT AND COMPOSITION.—There
13 shall be in the Office a Patent Trial and Appeal Board.
14 The administrative patent judges shall constitute the Pat-
15 ent Trial and Appeal Board. The administrative patent
16 judges shall be persons of competent legal knowledge and
17 scientific ability who are appointed by the Secretary of
18 Commerce. Any reference in any Federal law, Executive
19 order, rule, regulation, or delegation of authority, or any
20 document of or pertaining to the Board of Patent Appeals
21 and Interferences is deemed to refer to the Patent Trial
22 and Appeal Board.

23 “(b) DUTIES.—The Patent Trial and Appeal Board
24 shall—

1 “(1) on written appeal of an applicant, review
2 adverse decisions of examiners upon application for
3 patents;

4 “(2) on written appeal of a patent owner, re-
5 view adverse decisions of examiners upon patents in
6 reexamination proceedings under chapter 30;

7 “(3) review appeals by patent owners and third-
8 party requesters under section 315;

9 “(4) determine priority and patentability of in-
10 vention in derivation proceedings under section
11 135(a); and

12 “(5) conduct post-grant opposition proceedings
13 under chapter 32.

14 Each appeal and derivation proceeding shall be heard by
15 at least 3 members of the Patent Trial and Appeal Board,
16 who shall be designated by the Director. Only the Patent
17 Trial and Appeal Board may grant rehearings. The Direc-
18 tor shall assign each post-grant review proceeding to a
19 panel of 3 administrative patent judges. Once assigned,
20 each such panel of administrative patent judges shall have
21 the responsibilities under chapter 32 in connection with
22 post-grant review proceedings.”.

23 (b) **EFFECTIVE DATE.**—The amendments made by
24 this section shall take effect at the end of the 1-year period
25 beginning on the date of the enactment of this Act.

1 **SEC. 8. STUDY AND REPORT ON REEXAMINATION PRO-**
2 **CEEDINGS.**

3 The Under Secretary of Commerce for Intellectual
4 Property and Director of the Patent and Trademark Of-
5 fice shall, not later than 2 years after the date of the en-
6 actment of this Act—

7 (1) conduct a study of the effectiveness and ef-
8 ficiency of the different forms of proceedings avail-
9 able under title 35, United States Code, for the re-
10 examination of patents; and

11 (2) submit to the Committees on the Judiciary
12 of the House of Representatives and the Senate a
13 report on the results of the study, including any of
14 the Director's suggestions for amending the law, and
15 any other recommendations the Director has with
16 respect to patent reexamination proceedings.

17 **SEC. 9. SUBMISSIONS BY THIRD PARTIES AND OTHER**
18 **QUALITY ENHANCEMENTS.**

19 (a) PUBLICATION.—Section 122(b)(2)(B)(i) is
20 amended by striking “published as provided in paragraph
21 (1).” and inserting the following: “published until the later
22 of—

23 “(I) three months after a second action is
24 taken pursuant to section 132 on the applica-
25 tion, of which notice has been given or mailed
26 to the applicant; or

1 “(II) the date specified in paragraph (1).”.

2 (b) PREISSUANCE SUBMISSIONS BY THIRD PAR-
3 TIES.—Section 122 is amended by adding at the end the
4 following:

5 “(e) PREISSUANCE SUBMISSIONS BY THIRD PAR-
6 TIES.—

7 “(1) IN GENERAL.—Any person may submit for
8 consideration and inclusion in the record of a patent
9 application, any patent, published patent application,
10 or other publication of potential relevance to the ex-
11 amination of the application, if such submission is
12 made in writing before the earlier of—

13 “(A) the date a notice of allowance under
14 section 151 is mailed in the application for pat-
15 ent; or

16 “(B) either—

17 “(i) 6 months after the date on which
18 the application for patent is published
19 under section 122, or

20 “(ii) the date of the first rejection
21 under section 132 of any claim by the ex-
22 aminer during the examination of the ap-
23 plication for patent,

24 whichever occurs later.

1 “(2) OTHER REQUIREMENTS.—Any submission
2 under paragraph (1) shall—

3 “(A) set forth a concise description of the
4 asserted relevance of each submitted document;

5 “(B) be accompanied by such fee as the
6 Director may prescribe;

7 “(C) include a statement by the submitter
8 affirming that the submission was made in
9 compliance with this section; and

10 “(D) identify the real party-in-interest
11 making the submission.”.

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section—

14 (1) shall take effect at the end of the 1-year pe-
15 riod beginning on the date of the enactment of this
16 Act; and

17 (2) shall apply to any application for patent
18 filed before, on, or after the effective date under
19 paragraph (1).

20 **SEC. 10. TAX PLANNING METHODS NOT PATENTABLE.**

21 (a) IN GENERAL.—Section 101 is amended—

22 (1) by striking “Whoever” and inserting “(a)
23 PATENTABLE INVENTIONS.—Whoever”; and

24 (2) by adding at the end the following:

25 “(b) TAX PLANNING METHODS.—

1 “(1) UNPATENTABLE SUBJECT MATTER.—A
2 patent may not be obtained for a tax planning meth-
3 od.

4 “(2) DEFINITIONS.—For purposes of paragraph
5 (1)—

6 “(A) the term ‘tax planning method’
7 means a plan, strategy, technique, or scheme
8 that is designed to reduce, minimize, or defer,
9 or has, when implemented, the effect of reduc-
10 ing, minimizing, or deferring, a taxpayer’s tax
11 liability, but does not include the use of tax
12 preparation software or other tools used solely
13 to perform or model mathematical calculations
14 or prepare tax or information returns;

15 “(B) the term ‘taxpayer’ means an indi-
16 vidual, entity, or other person (as defined in
17 section 7701 of the Internal Revenue Code of
18 1986) that is subject to taxation directly, is re-
19 quired to prepare a tax return or information
20 statement to enable one or more other persons
21 to determine their tax liability, or is otherwise
22 subject to a tax law;

23 “(C) the terms ‘tax’, ‘tax laws’, ‘tax liabil-
24 ity’, and ‘taxation’ refer to any Federal, State,
25 county, city, municipality, or other govern-

1 mental levy, assessment, or imposition, whether
2 measured by income, value, or otherwise; and

3 “(D) the term ‘State’ means each of the
4 several States, the District of Columbia, and
5 any commonwealth, territory, or possession of
6 the United States.”.

7 (b) APPLICABILITY.—The amendments made by this
8 section—

9 (1) shall take effect on the date of the enact-
10 ment of this Act;

11 (2) shall apply to any application for patent or
12 application for a reissue patent that is—

13 (A) filed on or after the date of the enact-
14 ment of this Act; or

15 (B) filed before that date if a patent or re-
16 issue patent has not been issued pursuant to
17 the application as of that date; and

18 (3) shall not be construed as validating any pat-
19 ent issued before the date of the enactment of this
20 Act for an invention described in section 101(b) of
21 title 35, United States Code, as amended by this
22 section.

1 **SEC. 11. VENUE AND JURISDICTION.**

2 (a) VENUE FOR PATENT CASES.—Section 1400 of
3 title 28, United States Code, is amended by striking sub-
4 section (b) and inserting the following:

5 “(b) In any civil action arising under any Act of Con-
6 gress relating to patents, a party shall not manufacture
7 venue by assignment, incorporation, joinder, or otherwise
8 primarily to invoke the venue of a specific district court.

9 “(c) Notwithstanding section 1391 of this title, ex-
10 cept as provided in paragraph (3) of this subsection, any
11 civil action for patent infringement or any action for de-
12 claratory judgment relating to a patent may be brought
13 only in a judicial district—

14 “(1) where the defendant has its principal place
15 of business or is incorporated, or, for foreign cor-
16 porations with a United States subsidiary, where the
17 defendant’s primary United States subsidiary has its
18 principal place of business or is incorporated;

19 “(2) where the defendant has committed a sub-
20 stantial portion of the acts of infringement and has
21 a regular and established physical facility that the
22 defendant controls and that constitutes a substantial
23 portion of the defendant’s operations;

24 “(3) for cases involving only foreign defendants
25 with no United States subsidiary, according to sec-
26 tion 1391(d) of this title;

1 “(4) where the plaintiff resides, if the plaintiff
2 is—

3 “(A) an institution of higher education as
4 defined under section 101(a) of the Higher
5 Education Act of 1965 (20 U.S.C. section
6 1001(a)); or

7 “(B) a nonprofit organization that—

8 “(i) is described in section 501(c)(3)
9 of the Internal Revenue Code of 1986;

10 “(ii) is exempt from taxation under
11 section 501(a) of such Code; and

12 “(iii) serves primarily as the patent
13 and licensing organization for an institu-
14 tion of higher education as defined under
15 section 101(a) of the Higher Education
16 Act of 1965 (20 U.S.C. 1001(a));

17 “(5) where the plaintiff or a subsidiary has a
18 place of business that is engaged in substantial—

19 “(A) research and development,

20 “(B) manufacturing activities, or

21 “(C) management of research and develop-
22 ment or manufacturing activities,

23 related to the patent or patents in dispute;

24 “(6) where the plaintiff resides if the plaintiff
25 is named as inventor or co-inventor on the patent

1 and has not assigned, granted, conveyed, or licensed,
2 and is under no obligation to assign, grant, convey,
3 or license, any rights in the patent or in enforcement
4 of the patent, including the results of any such en-
5 forcement; or

6 “(7) where any of the defendants has substan-
7 tial evidence and witnesses if there is no other dis-
8 trict in which the action may be brought under this
9 section.”.

10 (b) INTERLOCUTORY APPEALS.—Subsection (c) of
11 section 1292 of title 28, United States Code, is amended—

12 (1) by striking “and” at the end of paragraph
13 (1);

14 (2) by striking the period at the end of para-
15 graph (2) and inserting “; and”; and

16 (3) by adding at the end the following:

17 “(3) of an appeal from an interlocutory order
18 or decree determining construction of claims in a
19 civil action for patent infringement under section
20 271 of title 35.

21 Application for an appeal under paragraph (3) shall be
22 made to the court within 10 days after entry of the order
23 or decree. The district court shall have discretion whether
24 to approve the application and, if so, whether to stay pro-

1 ceedings in the district court during pendency of the ap-
2 peal.”.

3 (c) EFFECTIVE DATE.—

4 (1) IN GENERAL.—The amendments made by
5 this section—

6 (A) shall take effect on the date of the en-
7 actment of this Act; and

8 (B) shall apply to any civil action com-
9 menced on or after such date of enactment.

10 (2) PENDING CASES.—Any case commenced in
11 a United States district court on or after September
12 7, 2007, in which venue is improper under section
13 1400 of title 28, United States Code, as amended by
14 this section, shall be transferred pursuant to section
15 1404 of such title, unless—

16 (A) one or more substantive rulings on the
17 merits, or other substantial litigation, has oc-
18 curred; and

19 (B) the court finds that transfer would not
20 serve the interests of justice.

21 **SEC. 12. ADDITIONAL INFORMATION; INEQUITABLE CON-**
22 **DUCT AS DEFENSE TO INFRINGEMENT.**

23 (a) DISCLOSURE REQUIREMENTS FOR APPLI-
24 CANTS.—

1 (1) IN GENERAL.—Chapter 11 is amended by
2 adding at the end the following new section:

3 **“§ 123. Additional information**

4 “(a) IN GENERAL.—The Director may, by regulation,
5 require that applicants submit a search report and other
6 information and analysis relevant to patentability. If the
7 Director requires a search report to be submitted by appli-
8 cants, and an applicant does not itself perform the search,
9 the search must be performed by one or more individuals
10 who are United States citizens or by a commercial entity
11 that is organized under the laws of the United States or
12 any State and employs United States citizens to perform
13 such searches. An application shall be regarded as aban-
14 doned if the applicant fails to submit a search report, in-
15 formation, or an analysis in the manner and within the
16 time period prescribed by the Director. Any search report
17 required by the Director may not substitute in any way
18 for a search by an examiner of the prior art during exam-
19 ination.

20 “(b) EXCEPTION FOR MICRO ENTITIES.—Applica-
21 tions from micro-entities shall not be subject to the re-
22 quirements of regulations issued under subsection (a).

1 **“§ 124. Micro entities**

2 “(a) DEFINITION.—For purposes of this title, the
3 term ‘micro entity’ means an applicant for patent who
4 makes a certification under either subsection (b) or (c).

5 “(b) UNASSIGNED APPLICATION.—A certification
6 under this subsection is a certification by each inventor
7 named in the application that the inventor—

8 “(1) qualifies as a small entity as defined in
9 regulations issued by the Director;

10 “(2) has not been named on five or more pre-
11 viously filed patent applications;

12 “(3) has not assigned, granted, or conveyed,
13 and is not under an obligation by contract or law to
14 assign, grant, or convey, a license or any other own-
15 ership interest in the application; and

16 “(4) does not have a gross income, as defined
17 in section 61(a) of the Internal Revenue Code of
18 1986, exceeding 2.5 times the median household in-
19 come, as reported by the Bureau of the Census, for
20 the most recent calendar year preceding the calendar
21 year in which the examination fee is being paid.

22 “(c) ASSIGNED APPLICATION.—A certification under
23 this subsection is a certification by each inventor named
24 in the application that the inventor—

1 “(1) qualifies as a small entity as defined in
2 regulations issued by the Director and meets the re-
3 quirements of subsection (b)(4);

4 “(2) has not been named on five or more pre-
5 viously filed patent applications; and

6 “(3) has assigned, granted, conveyed, or is
7 under an obligation by contract or law to assign,
8 grant, or convey, a license or other ownership inter-
9 est in the application to an entity that has five or
10 fewer employees and has a gross taxable income, as
11 defined in section 61(a) of the Internal Revenue
12 Code of 1986, that does not exceed 2.5 times the
13 median household income, as reported by the Bu-
14 reau of the Census, for the most recent calendar
15 year preceding the calendar year in which the exam-
16 ination fee is being paid.”.

17 (2) CONFORMING AMENDMENT.—The table of
18 sections for chapter 11 is amended by adding at the
19 end the following new items:

“123. Additional information.

“124. Micro entities.”.

20 (b) INEQUITABLE CONDUCT AS DEFENSE TO IN-
21 FRINGEMENT.—Section 282 is amended—

22 (1) in the first undesignated paragraph, by
23 striking “A patent” and inserting “(a) IN GEN-
24 ERAL.—A patent”;

1 (2) in the second undesignated paragraph—

2 (A) by striking “The following” and insert-
3 ing “(b) DEFENSES.—The following”; and

4 (B) by striking the comma at the end of
5 each of paragraphs (1), (2), and (3) and insert-
6 ing a period;

7 (3) in the third undesignated paragraph—

8 (A) by striking “In actions” and inserting
9 “(d) NOTICE OF ACTIONS; PLEADING.—In ac-
10 tions”;

11 (B) by inserting after the second sentence
12 the following: “In an action involving any alle-
13 gation of inequitable conduct under subsection
14 (c), the party asserting this defense or claim
15 shall comply with the pleading requirements set
16 forth in Rule 9(b) of the Federal Rules of Civil
17 Procedure.”; and

18 (C) by striking “Invalidity” and inserting
19 “(e) EXTENSION OF PATENT TERM.—Inva-
20 lidity”; and

21 (4) by inserting after subsection (b), as des-
22 igned by paragraph (2) of this subsection, the fol-
23 lowing:

24 “(c) INEQUITABLE CONDUCT.—

1 “(1) DEFENSE.—One or more claims of a pat-
2 ent may be held to be unenforceable, or other reme-
3 dy imposed under paragraph (4), for inequitable
4 conduct only if it is established, by clear and con-
5 vincing evidence, that a person with a duty of disclo-
6 sure to the Office, with the intent to mislead or de-
7 ceive the patent examiner, misrepresented or failed
8 to disclose material information to the examiner dur-
9 ing examination of the patent.

10 “(2) MATERIALITY.—

11 “(A) IN GENERAL.—Information is mate-
12 rial under this section if—

13 “(i) a reasonable examiner would have
14 made a prima facie finding of
15 unpatentability, or maintained a finding of
16 unpatentability, of one or more of the pat-
17 ent claims based on the information, and
18 the information is not cumulative to infor-
19 mation already of record or previously con-
20 sidered by the Office; or

21 “(ii) information that is otherwise ma-
22 terial refutes or is inconsistent with a posi-
23 tion the applicant takes in opposing a re-
24 jection of the claim or in asserting an ar-
25 gument of patentability.

1 “(B) PRIMA FACIE FINDING.—A prima
2 facie finding of unpatentability under this sec-
3 tion is shown if a reasonable examiner, based
4 on a preponderance of the evidence, would con-
5 clude that the claim is unpatentable based on
6 the information misrepresented or not disclosed,
7 when that information is considered alone or in
8 conjunction with other information or record. In
9 determining whether there is a prima facie find-
10 ing of unpatentability, each term in the claim
11 shall be given its broadest reasonable construc-
12 tion consistent with the specification, and re-
13 buttal evidence shall not be considered.

14 “(3) INTENT.—To prove a person with a duty
15 of disclosure to the Office intended to mislead or de-
16 ceive the examiner under paragraph (1), specific
17 facts beyond materiality of the information misrep-
18 resented or not disclosed must be proven that establish
19 the intent of the person to mislead or deceive the ex-
20 aminer by the actions of the person. Facts support
21 an intent to mislead or deceive if they show cir-
22 cumstances that indicate conscious or deliberate be-
23 havior on the part of the person to not disclose ma-
24 terial information or to submit false material infor-
25 mation in order to mislead or deceive the examiner.

1 Circumstantial evidence may be used to prove that
2 a person had the intent to mislead or deceive the ex-
3 aminer under paragraph (1).

4 “(4) REMEDY.—Upon a finding of inequitable
5 conduct, the court shall balance the equities to de-
6 termine which of the following remedies to impose:

7 “(A) Denying equitable relief to the patent
8 holder and limiting the remedy for infringement
9 to reasonable royalties.

10 “(B) Holding the claims-in-suit, or the
11 claims in which inequitable conduct occurred,
12 unenforceable.

13 “(C) Holding the patent unenforceable.

14 “(D) Holding the claims of a related pat-
15 ent unenforceable.

16 “(5) ATTORNEY MISCONDUCT.—Upon a finding
17 of inequitable conduct, if there is evidence that the
18 conduct is attributable to a person or persons au-
19 thorized to practice before the Office, the court shall
20 refer the matter to the Office for appropriate dis-
21 ciplinary action under section 32, and shall order the
22 parties to preserve and make available to the Office
23 any materials that may be relevant to the determina-
24 tion under section 32.”.

25 (c) EFFECTIVE DATE.—

1 (1) SUBSECTION (a).—The amendments made
2 by subsection (a)—

3 (A) shall take effect at the end of the 1-
4 year period beginning on the date of the enact-
5 ment of this Act; and

6 (B) shall apply to any application for pat-
7 ent filed on or after the effective date under
8 subparagraph (A).

9 (2) SUBSECTION (b).—The amendments made
10 by subsection (b) shall apply to any civil action com-
11 menced on or after the date of the enactment of this
12 Act.

13 **SEC. 13. BEST MODE REQUIREMENT.**

14 Section 282(b) (as designated by section 12(b) of this
15 Act) is amended by striking paragraph (3) and inserting
16 the following:

17 “(3) Invalidity of the patent or any claim in
18 suit for failure to comply with—

19 “(A) any requirement of section 112 of
20 this title, other than the requirement that the
21 specification shall set forth the best mode con-
22 templated by the inventor of carrying out his
23 invention; or

24 “(B) any requirement of section 251 of
25 this title.”.

1 **SEC. 14. REGULATORY AUTHORITY.**

2 (a) **REGULATORY AUTHORITY.**—Section 2(c) is
3 amended by adding at the end the following:

4 “(6) The powers granted under paragraph (2) of sub-
5 section (b) include the authority to promulgate regulations
6 to ensure the quality and timeliness of applications and
7 their examination, including specifying circumstances
8 under which an application for patent may claim the ben-
9 efit under sections 120, 121 and 365(c) of the filing date
10 of a prior filed application for patent.”.

11 (b) **CLARIFICATION.**—The amendment made by sub-
12 section (a) clarifies the scope of power granted to the
13 United States Patent and Trademark Office by paragraph
14 (2) of section 2(b) of title 35, United States Code, as in
15 effect since the enactment of Public Law 106–113.

16 (c) **EFFECTIVE DATE OF REGULATIONS.**—

17 (1) **REVIEW BY CONGRESS.**—A regulation pro-
18 mulgated by the United States Patent and Trade-
19 mark Office under section 2(b)(2) of title 35, United
20 States Code, with respect to any matter described in
21 section 2(c)(6) of such title, as added by subsection
22 (a) of this section, may not take effect before the
23 end of a period of 60 days beginning on the date on
24 which the Under Secretary of Commerce for Intellec-
25 tual Property and Director of the United States Pat-
26 ent and Trademark Office submits to each House of

1 Congress a copy of the regulation, together with a
2 report containing the reasons for its adoption. The
3 regulation and report so submitted shall be referred
4 to the Committee on the Judiciary of the House of
5 Representatives and the Committee on the Judiciary
6 of the Senate.

7 (2) JOINT RESOLUTION OF DISAPPROVAL.—If a
8 joint resolution of disapproval with respect to the
9 regulation is enacted into law, the regulation shall
10 not become effective or continue in effect.

11 (3) JOINT RESOLUTION DEFINED.—For pur-
12 poses of this subsection, the term a “joint resolution
13 of disapproval” means a joint resolution, the matter
14 after the resolving clause of which is as follows:
15 “That Congress disapproves the regulation sub-
16 mitted by the Under Secretary of Commerce for In-
17 tellectual Property and Director of the United States
18 Patent and Trademark Office on _____ relating to
19 _____, and such regulation shall have no force or
20 effect.”, with the first space being filled with the ap-
21 propriate date, and the second space being filled
22 with a description of the regulation at issue.

23 (4) REFERRAL.—A joint resolution of dis-
24 approval shall be referred in the House of Rep-

1 representatives to the Committee on the Judiciary and
2 in the Senate to the Committee on the Judiciary.

3 (5) FLOOR CONSIDERATION.—A vote on final
4 passage of a joint resolution of disapproval shall be
5 taken in each House on or before the close of the
6 15th day after the bill or resolution is reported by
7 the committee of that House to which it was re-
8 ferred or after such committee has been discharged
9 from further consideration of the joint resolution of
10 disapproval.

11 (6) NO INFERENCES.— If the Congress does
12 not enact a joint resolution of disapproval, no court
13 or agency may infer therefrom any intent of the
14 Congress with regard to such regulation or action.

15 (7) CALCULATION OF DAYS.—The 60-day pe-
16 riod referred to in paragraph (1) and the 15-day pe-
17 riod referred to in paragraph (5) shall be computed
18 by excluding—

19 (A) the days on which either House of
20 Congress is not in session because of an ad-
21 journment of the Congress sine die; and

22 (B) any Saturday and Sunday, not ex-
23 cluded under subparagraph (A), when either
24 House is not in session.

1 (8) RULEMAKING AUTHORITY.—This subsection
2 is enacted by the Congress as an exercise of the
3 rulemaking power of the Senate and House of Rep-
4 resentatives respectively, and as such it is deemed a
5 part of the rules of each House, respectively.

6 **SEC. 15. TECHNICAL AMENDMENTS.**

7 (a) JOINT INVENTIONS.—Section 116 is amended—

8 (1) in the first paragraph, by striking
9 “When” and inserting “(a) JOINT INVEN-
10 TIONS.—When”;

11 (2) in the second paragraph, by striking
12 “If a joint inventor” and inserting “(b) OMIT-
13 TED INVENTOR.—If a joint inventor”; and

14 (3) in the third paragraph, by striking
15 “Whenever” and inserting “(c) CORRECTION OF
16 ERRORS IN APPLICATION.—Whenever”.

17 (b) FILING OF APPLICATION IN FOREIGN COUN-
18 TRY.—Section 184 is amended—

19 (1) in the first paragraph, by striking “Except
20 when” and inserting “(a) FILING IN FOREIGN
21 COUNTRY.—Except when”;

22 (2) in the second paragraph, by striking “The
23 term” and inserting “(b) APPLICATION.—The
24 term”; and

1 (3) in the third paragraph, by striking “The
2 scope” and inserting “(c) SUBSEQUENT MODIFICA-
3 TIONS, AMENDMENTS, AND SUPPLEMENTS.—The
4 scope”.

5 (c) REISSUE OF DEFECTIVE PATENTS.—Section 251
6 is amended—

7 (1) in the first paragraph, by striking “When-
8 ever” and inserting “(a) IN GENERAL.—Whenever”;

9 (2) in the second paragraph, by striking “The
10 Director” and inserting “(b) MULTIPLE REISSUED
11 PATENTS.—The Director”;

12 (3) in the third paragraph, by striking “The
13 provisions” and inserting “(c) APPLICABILITY OF
14 THIS TITLE.—The provisions”; and

15 (4) in the last paragraph, by striking “No re-
16 issued patent” and inserting “(d) REISSUE PATENT
17 ENLARGING SCOPE OF CLAIMS.—No reissued pat-
18 ent”.

19 (d) EFFECT OF REISSUE.—Section 253 is amend-
20 ed—

21 (1) in the first paragraph, by striking “When-
22 ever” and inserting “(a) IN GENERAL.—Whenever”;
23 and

24 (2) in the second paragraph, by striking “In
25 like manner” and inserting “(b) ADDITIONAL DIS-

1 CLAIMER OR DEDICATION.—In the manner set forth
2 in subsection (a),”.

3 (e) CORRECTION OF NAMED INVENTOR.—Section
4 256 is amended—

5 (1) in the first paragraph, by striking “When-
6 ever” and inserting “(a) CORRECTION.—Whenever”;
7 and

8 (2) in the second paragraph, by striking “The
9 error” and inserting “(b) PATENT VALID IF ERROR
10 CORRECTED.—The error”.

11 (f) EFFECTIVE DATE.—The amendments made by
12 this section shall take effect on the date of the enactment
13 of this Act.

14 **SEC. 16. STUDY OF SPECIAL MASTERS IN PATENT CASES.**

15 (a) IN GENERAL.—Not later than 1 year after the
16 date of the enactment of this Act, the Director of the Ad-
17 ministrative Office of the United States Courts shall con-
18 duct a study of, and submit to the Committee on the Judi-
19 ciary of the House of Representatives and the Committee
20 on the Judiciary of the Senate a report on, the use of
21 special masters in patent litigation who are appointed in
22 accordance with Rule 53 of the Federal Rules of Civil Pro-
23 cedure.

24 (b) OBJECTIVE.—In conducting the study under sub-
25 section (a), the Director shall consider whether the use

1 of special masters has been beneficial in patent litigation
2 and what, if any, program should be undertaken to facili-
3 tate the use by the judiciary of special masters in patent
4 litigation.

5 (c) FACTORS TO CONSIDER.—In conducting the
6 study under subsection (a), the Director, in consultation
7 with the Federal Judicial Center, shall consider—

8 (1) the basis upon which courts appoint special
9 masters under Rule 53(b) of the Federal Rules of
10 Civil Procedure;

11 (2) the frequency with which special masters
12 have been used by the courts;

13 (3) the role and powers special masters are
14 given by the courts;

15 (4) the subject matter at issue in cases that use
16 special masters;

17 (5) the impact on court time and costs in cases
18 where a special master is used as compared to cases
19 where no special master is used;

20 (6) the legal and technical training and experi-
21 ence of special masters;

22 (7) whether the use of special masters has an
23 impact on the reversal rate of district court decisions
24 at the Court of Appeals for the Federal Circuit; and

1 (8) any other factors that the Director believes
2 would assist in gauging the effectiveness of special
3 masters in patent litigation.

4 **SEC. 17. STUDY ON WORKPLACE CONDITIONS.**

5 The Comptroller General shall, not later than 2 years
6 after the date of the enactment of this Act—

7 (1) conduct a study of workplace conditions for
8 the examiner corps of the United States Patent and
9 Trademark Office, including the effect, if any, of
10 this Act and the amendments made by this Act on—

11 (A) recruitment, retention, and promotion
12 of employees; and

13 (B) workload, quality assurance, and em-
14 ployee grievances; and

15 (2) submit to the Committees on the Judiciary
16 of the House of Representatives and the Senate a
17 report on the results of the study, including any sug-
18 gestions for improving workplace conditions, to-
19 gether with any other recommendations that the
20 Comptroller General has with respect to patent reex-
21 amination proceedings.

22 **SEC. 18. RULE OF CONSTRUCTION.**

23 The enactment of section 102(b)(3) of title 35,
24 United States Code, under section (3)(b) of this Act is
25 done with the same intent to promote joint research activi-

1 ties that was expressed, including in the legislative history,
2 through the enactment of the Cooperative Research and
3 Technology Enhancement Act of 2004 (Public Law 108–
4 453; the “CREATE Act”), the amendments of which are
5 stricken by section 3(c) of this Act. The United States
6 Patent and Trademark Office shall administer section
7 102(b)(3) of title 35, United States Code, in a manner
8 consistent with the legislative history of the CREATE Act
9 that was relevant to its administration by the Patent and
10 Trademark Office.

11 **SEC. 19. STUDY ON PATENT DAMAGES.**

12 (a) IN GENERAL.—The Under Secretary of Com-
13 merce for Intellectual Property and Director of the United
14 States Patent and Trademark Office (in this section re-
15 ferred to as the “Director”) shall conduct a study of pat-
16 ent damage awards in cases where such awards have been
17 based on a reasonable royalty under section 284 of title
18 35, United States Code. The study should, at a minimum,
19 consider cases from 1990 to the present.

20 (b) CONDUCT.—In conducting the study under sub-
21 section (a), the Director shall investigate, at a minimum,
22 the following:

23 (1) Whether the mean or median dollar amount
24 of reasonable-royalty-based patent damages awarded
25 by courts or juries, as the case may be, has signifi-

1 cantly increased on a per case basis during the pe-
2 riod covered by the study, taking into consideration
3 adjustments for inflation and other relevant eco-
4 nomic factors.

5 (2) Whether there has been a pattern of exces-
6 sive and inequitable reasonable-royalty-based dam-
7 ages during the period covered by the study and, if
8 so, any contributing factors, including, for example,
9 evidence that Federal courts have routinely and in-
10 appropriately broadened the scope of the “entire
11 market value rule”, or that juries have routinely
12 misapplied the entire market value rule to the facts
13 at issue.

14 (3) To the extent that a pattern of excessive
15 and inequitable damage awards exists, measures
16 that could guard against such inappropriate awards
17 without unduly prejudicing the rights and remedies
18 of patent holders or significantly increasing litigation
19 costs, including legislative reforms or improved
20 model jury instructions.

21 (4) To the extent that a pattern of excessive
22 and inequitable damage awards exists, whether legis-
23 lative proposals that would mandate, or create a pre-
24 sumption in favor of, apportionment of reasonable-
25 royalty-based patent damages would effectively

1 guard against such inappropriate awards without
2 unduly prejudicing the rights and remedies of patent
3 holders or significantly increasing litigation costs.

4 (c) REPORT.—Not later than 1 year after the date
5 of the enactment of this Act, the Director shall submit
6 to the Congress a report on the study conducted under
7 this section.

8 **SEC. 20. SEVERABILITY.**

9 If any provision of this Act or of any amendment or
10 repeals made by this Act, or the application of such a pro-
11 vision to any person or circumstance, is held to be invalid
12 or unenforceable, the remainder of this Act and the
13 amendments and repeals made by this Act, and the appli-
14 cation of this Act and such amendments and repeals to
15 any other person or circumstance, shall not be affected
16 by such holding.

Passed the House of Representatives September 7,
2007.

Attest:

Clerk.

110TH CONGRESS
1ST SESSION

H. R. 1908

AN ACT

To amend title 35, United States Code, to provide
for patent reform.