

111TH CONGRESS  
1ST SESSION

# S. 610

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

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IN THE SENATE OF THE UNITED STATES

MARCH 17, 2009

Mr. KYL introduced the following bill; which was read twice and referred to  
the Committee on the Judiciary

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## A BILL

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,*

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

4 (a) **SHORT TITLE.**—This Act may be cited as the  
5 “Patent Reform Act of 2009”.

6 (b) **TABLE OF CONTENTS.**—The table of contents for  
7 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Right of the first inventor to file.
- Sec. 3. Inventor’s oath or declaration.
- Sec. 4. Damages.
- Sec. 5. Post-grant review proceedings.
- Sec. 6. Definition; patent trial and appeal board.
- Sec. 7. Submissions by third parties and other quality enhancements.
- Sec. 8. Venue.

- Sec. 9. Patent and trademark office regulatory authority.
- Sec. 10. Applicant quality submissions.
- Sec. 11. Inequitable conduct.
- Sec. 12. Conversion of deadlines.
- Sec. 13. Check imaging patents.
- Sec. 14. Patent and trademark office funding.
- Sec. 15. Technical amendments.
- Sec. 16. Effective date; rule of construction.

1 **SEC. 2. RIGHT OF THE FIRST INVENTOR TO FILE.**

2 (a) DEFINITIONS.—Section 100 of title 35, United  
3 States Code, is amended by adding at the end the fol-  
4 lowing:

5 “(f) The term ‘inventor’ means the individual or, if  
6 a joint invention, the individuals collectively who invented  
7 or discovered the subject matter of the invention.

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

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

13 “(1) the filing date of the patent or the applica-  
14 tion for patent containing the claim to the invention;  
15 or

16 “(2) if the patent or application for patent is  
17 entitled to a right of priority of any other applica-  
18 tion under section 119, 365(a), or 365(b) or to the  
19 benefit of an earlier filing date in the United States  
20 under section 120, 121, or 365(c), the filing date of  
21 the earliest such application in which the claimed in-



1 for patent published or deemed published under sec-  
2 tion 122(b), in which the patent or application, as  
3 the case may be, names another inventor and was  
4 effectively filed before the effective filing date of the  
5 claimed invention.

6 “(b) EXCEPTIONS.—

7 “(1) PRIOR INVENTOR DISCLOSURE EXCEP-  
8 TION.—Subject matter that would otherwise qualify  
9 as prior art based upon a disclosure under subpara-  
10 graph (B) of subsection (a)(1) shall not be prior art  
11 to a claimed invention under that subparagraph if  
12 the subject matter had, before such disclosure, been  
13 publicly disclosed by the inventor or a joint inventor  
14 or others who obtained the subject matter disclosed  
15 directly or indirectly from the inventor or a joint in-  
16 ventor.

17 “(2) DERIVATION, PRIOR DISCLOSURE, AND  
18 COMMON ASSIGNMENT EXCEPTIONS.—Subject mat-  
19 ter that would otherwise qualify as prior art only  
20 under subsection (a)(2), after taking into account  
21 the exception under paragraph (1), shall not be prior  
22 art to a claimed invention if—

23 “(A) the subject matter was obtained di-  
24 rectly or indirectly from the inventor or a joint  
25 inventor;

1           “(B) the subject matter had been publicly  
2 disclosed by the inventor or a joint inventor or  
3 others who obtained the subject matter dis-  
4 closed, directly or indirectly, from the inventor  
5 or a joint inventor before the effective filing  
6 date of the application or patent set forth under  
7 subsection (a)(2); or

8           “(C) the subject matter and the claimed  
9 invention, not later than the effective filing date  
10 of the claimed invention, were owned by the  
11 same person or subject to an obligation of as-  
12 signment to the same person.

13           “(3) JOINT RESEARCH AGREEMENT EXCEP-  
14 TION.—

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

20           “(i) the subject matter and the  
21 claimed invention were made by or on be-  
22 half of 1 or more parties to a joint re-  
23 search agreement that was in effect on or  
24 before the effective filing date of the  
25 claimed invention;

1           “(ii) the claimed invention was made  
2           as a result of activities undertaken within  
3           the scope of the joint research agreement;  
4           and

5           “(iii) the application for patent for  
6           the claimed invention discloses or is  
7           amended to disclose the names of the par-  
8           ties to the joint research agreement.

9           “(B) For purposes of subparagraph (A),  
10          the term ‘joint research agreement’ means a  
11          written contract, grant, or cooperative agree-  
12          ment entered into by 2 or more persons or enti-  
13          ties for the performance of experimental, devel-  
14          opmental, or research work in the field of the  
15          claimed invention.

16          “(4) PATENTS AND PUBLISHED APPLICATIONS  
17          EFFECTIVELY FILED.—A patent or application for  
18          patent is effectively filed under subsection (a)(2)  
19          with respect to any subject matter described in the  
20          patent or application—

21                 “(A) as of the filing date of the patent or  
22                 the application for patent; or

23                 “(B) if the patent or application for patent  
24                 is entitled to claim a right of priority under sec-  
25                 tion 119, 365(a), or 365(b) or to claim the ben-



1 Code, and the item relating to that section in the table  
2 of sections for chapter 10 of title 35, United States Code,  
3 are repealed.

4 (e) REPEAL OF STATUTORY INVENTION REGISTRA-  
5 TION.—

6 (1) IN GENERAL.—Section 157 of title 35,  
7 United States Code, and the item relating to that  
8 section in the table of sections for chapter 14 of title  
9 35, United States Code, are repealed.

10 (2) REMOVAL OF CROSS REFERENCES.—Section  
11 111(b)(8) of title 35, United States Code, is amend-  
12 ed by striking “sections 115, 131, 135, and 157”  
13 and inserting “sections 131 and 135”.

14 (f) EARLIER FILING DATE FOR INVENTOR AND  
15 JOINT INVENTOR.—Section 120 of title 35, United States  
16 Code, is amended by striking “which is filed by an inven-  
17 tor or inventors named” and inserting “which names an  
18 inventor or joint inventor”.

19 (g) CONFORMING AMENDMENTS.—

20 (1) RIGHT OF PRIORITY.—Section 172 of title  
21 35, United States Code, is amended by striking  
22 “and the time specified in section 102(d)”.

23 (2) LIMITATION ON REMEDIES.—Section  
24 287(c)(4) of title 35, United States Code, is amend-  
25 ed by striking “the earliest effective filing date of



1 which is prior to” and inserting “which has an effective  
2 filing date before”.

3 (3) INTERNATIONAL APPLICATION DESIGNATING THE UNITED STATES: EFFECT.—Section  
4 363 of title 35, United States Code, is amended by  
5 striking “except as otherwise provided in section  
6 102(e) of this title”.

8 (4) PUBLICATION OF INTERNATIONAL APPLICATION: EFFECT.—Section 374 of title 35, United  
9 States Code, is amended by striking “sections 102(e)  
10 and 154(d)” and inserting “section 154(d)”.

12 (5) PATENT ISSUED ON INTERNATIONAL APPLICATION: EFFECT.—The second sentence of section  
13 375(a) of title 35, United States Code, is amended  
14 by striking “Subject to section 102(e) of this title,  
15 such” and inserting “Such”.

17 (6) LIMIT ON RIGHT OF PRIORITY.—Section  
18 119(a) of title 35, United States Code, is amended  
19 by striking “; but no patent shall be granted” and  
20 all that follows through “one year prior to such filing”.

22 (7) INVENTIONS MADE WITH FEDERAL ASSISTANCE.—Section 202(c) of title 35, United States  
23 Code, is amended—  
24

25 (A) in paragraph (2)—

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

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

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

14 (h) REPEAL OF INTERFERING PATENT REMEDIES.—

15 Section 291 of title 35, United States Code, and the item  
16 relating to that section in the table of sections for chapter  
17 29 of title 35, United States Code, are repealed.

18 (i) ACTION FOR CLAIM TO PATENT ON DERIVED IN-  
19 VENTION.—Section 135(a) of title 35, United States Code,  
20 is amended to read as follows:

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

22 “(1) INSTITUTION OF DERIVATION PRO-  
23 CEEDING.—An applicant may request initiation of a  
24 derivation proceeding to determine the right of the  
25 applicant to a patent by filing a request which sets

1       forth with particularity the basis for finding that an  
2       earlier applicant derived the claimed invention from  
3       the applicant requesting the proceeding and, without  
4       authorization, filed an application claiming such in-  
5       vention. Any such request may only be made within  
6       1 year after the date of first publication of an appli-  
7       cation or of the issuance of a patent, whichever is  
8       earlier, containing a claim that is the same or is  
9       substantially the same as the claimed invention,  
10      must be made under oath, and must be supported  
11      by substantial evidence. Whenever the Director de-  
12      termines that patents or applications for patent  
13      naming different individuals as the inventor interfere  
14      with one another because of a dispute over the right  
15      to patent under section 101, the Director shall insti-  
16      tute a derivation proceeding for the purpose of de-  
17      termining which applicant is entitled to a patent.

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

21                       “(A) shall determine the question of the  
22                       right to patent;

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

1           “(C) shall issue a final decision on the  
2           right to patent.

3           “(3) DERIVATION PROCEEDING.—The Board  
4           may defer action on a request to initiate a derivation  
5           proceeding until 3 months after the date on which  
6           the Director issues a patent to the applicant whose  
7           application has the earlier effective filing date of the  
8           commonly claimed invention.

9           “(4) EFFECT OF FINAL DECISION.—The final  
10          decision of the Patent Trial and Appeal Board, if  
11          adverse to the claim of an applicant, shall constitute  
12          the final refusal by the United States Patent and  
13          Trademark Office on the claims involved. The Direc-  
14          tor may issue a patent to an applicant who is deter-  
15          mined by the Patent Trial and Appeal Board to have  
16          the right to patent. The final decision of the Board,  
17          if adverse to a patentee, shall, if no appeal or other  
18          review of the decision has been or can be taken or  
19          had, constitute cancellation of the claims involved in  
20          the patent, and notice of such cancellation shall be  
21          endorsed on copies of the patent distributed after  
22          such cancellation by the United States Patent and  
23          Trademark Office.”.

24          (j) ELIMINATION OF REFERENCES TO INTER-  
25          FERENCES.—(1) Sections 6, 41, 134, 141, 145, 146, 154,

1 305, and 314 of title 35, United States Code, are each  
2 amended by striking “Board of Patent Appeals and Inter-  
3 ferences” each place it appears and inserting “Patent  
4 Trial and Appeal Board”.

5 (2) Sections 141, 146, and 154 of title 35, United  
6 States Code, are each amended—

7 (A) by striking “an interference” each place it  
8 appears and inserting “a derivation proceeding”;  
9 and

10 (B) by striking “interference” each additional  
11 place it appears and inserting “derivation pro-  
12 ceeding”.

13 (3) The section heading for section 134 of title 35,  
14 United States Code, is amended to read as follows:

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

16 (4) The section heading for section 135 of title 35,  
17 United States Code, is amended to read as follows:

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

19 (5) The section heading for section 146 of title 35,  
20 United States Code, is amended to read as follows:

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

22 (6) Section 154(b)(1)(C) of title 35, United States  
23 Code, is amended by striking “INTERFERENCES” and in-  
24 serting “DERIVATION PROCEEDINGS”.

1           (7) The item relating to section 6 in the table of sec-  
2 tions for chapter 1 of title 35, United States Code, is  
3 amended to read as follows:

“6. Patent Trial and Appeal Board.”.

4           (8) The items relating to sections 134 and 135 in  
5 the table of sections for chapter 12 of title 35, United  
6 States Code, are amended to read as follows:

“134. Appeal to the Patent Trial and Appeal Board.  
“135. Derivation proceedings.”.

7           (9) The item relating to section 146 in the table of  
8 sections for chapter 13 of title 35, United States Code,  
9 is amended to read as follows:

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

10           (10) CERTAIN APPEALS.—Section 1295(a)(4)(A) of  
11 title 28, United States Code, is amended to read as fol-  
12 lows:

13                           “(A) the Patent Trial and Appeal Board of  
14                           the United States Patent and Trademark Office  
15                           with respect to patent applications, derivation  
16                           proceedings, and post-grant review proceedings,  
17                           at the instance of an applicant for a patent or  
18                           any party to a patent interference (commenced  
19                           before the effective date of the Patent Reform  
20                           Act of 2009), derivation proceeding, or post-  
21                           grant review proceeding, and any such appeal  
22                           shall waive any right of such applicant or party

1 to proceed under section 145 or 146 of title  
2 35;”.

3 **SEC. 3. INVENTOR’S OATH OR DECLARATION.**

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

5 (1) IN GENERAL.—Section 115 of title 35,  
6 United States Code, is amended to read as follows:

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

8 “(a) NAMING THE INVENTOR; INVENTOR’S OATH OR  
9 DECLARATION.—An application for patent that is filed  
10 under section 111(a) or that commences the national stage  
11 under section 371 (including an application under section  
12 111 that is filed by an inventor for an invention for which  
13 an application has previously been filed under this title  
14 by that inventor) shall include, or be amended to include,  
15 the name of the inventor of any claimed invention in the  
16 application. Except as otherwise provided in this section,  
17 an individual who is the inventor or a joint inventor of  
18 a claimed invention in an application for patent shall exe-  
19 cute an oath or declaration in connection with the applica-  
20 tion.

21 “(b) REQUIRED STATEMENTS.—An oath or declara-  
22 tion under subsection (a) shall contain statements that—

23 “(1) the application was made or was author-  
24 ized to be made by the affiant or declarant; and

1           “(2) such individual believes himself or herself  
2           to be the original inventor or an original joint inven-  
3           tor of a claimed invention in the application.

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

8           “(d) SUBSTITUTE STATEMENT.—

9           “(1) IN GENERAL.—In lieu of executing an oath  
10          or declaration under subsection (a), the applicant for  
11          patent may provide a substitute statement under the  
12          circumstances described in paragraph (2) and such  
13          additional circumstances that the Director may  
14          specify by regulation.

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

18                 “(A) is unable to file the oath or declara-  
19                 tion under subsection (a) because the indi-  
20                 vidual—

21                         “(i) is deceased;

22                         “(ii) is under legal incapacity; or

23                         “(iii) cannot be found or reached after  
24                         diligent effort; or



1           “(B) is under an obligation to assign the  
2           invention but has refused to make the oath or  
3           declaration required under subsection (a).

4           “(3) CONTENTS.—A substitute statement under  
5           this subsection shall—

6                   “(A) identify the individual with respect to  
7                   whom the statement applies;

8                   “(B) set forth the circumstances rep-  
9                   resenting the permitted basis for the filing of  
10                   the substitute statement in lieu of the oath or  
11                   declaration under subsection (a); and

12                   “(C) contain any additional information,  
13                   including any showing, required by the Direc-  
14                   tor.

15           “(e) MAKING REQUIRED STATEMENTS IN ASSIGN-  
16           MENT OF RECORD.—An individual who is under an obliga-  
17           tion of assignment of an application for patent may in-  
18           clude the required statements under subsections (b) and  
19           (c) in the assignment executed by the individual, in lieu  
20           of filing such statements separately.

21           “(f) TIME FOR FILING.—A notice of allowance under  
22           section 151 may be provided to an applicant for patent  
23           only if the applicant for patent has filed each required  
24           oath or declaration under subsection (a) or has filed a sub-

1 stitute statement under subsection (d) or recorded an as-  
2 signment meeting the requirements of subsection (e).

3 “(g) EARLIER-FILED APPLICATION CONTAINING RE-  
4 QUIRED STATEMENTS OR SUBSTITUTE STATEMENT.—

5 The requirements under this section shall not apply to an  
6 individual with respect to an application for patent in  
7 which the individual is named as the inventor or a joint  
8 inventor and that claims the benefit under section 120 or  
9 365(c) of the filing of an earlier-filed application, if—

10 “(1) an oath or declaration meeting the require-  
11 ments of subsection (a) was executed by the indi-  
12 vidual and was filed in connection with the earlier-  
13 filed application;

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

17 “(3) an assignment meeting the requirements  
18 of subsection (e) was executed with respect to the  
19 earlier-filed application by the individual and was re-  
20 corded in connection with the earlier-filed applica-  
21 tion.

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

24 “(1) IN GENERAL.—Any person making a state-  
25 ment required under this section may withdraw, re-

1 place, or otherwise correct the statement at any  
2 time. If a change is made in the naming of the in-  
3 ventor requiring the filing of 1 or more additional  
4 statements under this section, the Director shall es-  
5 tablish regulations under which such additional  
6 statements may be filed.

7 “(2) SUPPLEMENTAL STATEMENTS NOT RE-  
8 QUIRED.—If an individual has executed an oath or  
9 declaration under subsection (a) or an assignment  
10 meeting the requirements of subsection (e) with re-  
11 spect to an application for patent, the Director may  
12 not thereafter require that individual to make any  
13 additional oath, declaration, or other statement  
14 equivalent to those required by this section in con-  
15 nection with the application for patent or any patent  
16 issuing thereon.

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

21 “(i) ACKNOWLEDGMENT OF PENALTIES.—Any dec-  
22 laration or statement filed pursuant to this section shall  
23 contain an acknowledgment that any willful false state-  
24 ment made in such declaration or statement is punishable

1 under section 1001 of title 18 by fine or imprisonment  
2 of not more than 5 years, or both.”.

3 (2) RELATIONSHIP TO DIVISIONAL APPLICA-  
4 TIONS.—Section 121 of title 35, United States Code,  
5 is amended by striking “If a divisional application”  
6 and all that follows through “inventor.”.

7 (3) REQUIREMENTS FOR NONPROVISIONAL AP-  
8 PPLICATIONS.—Section 111(a) of title 35, United  
9 States Code, is amended—

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

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

14 (C) by striking “and oath” each place it  
15 appears.

16 (4) CONFORMING AMENDMENT.—The item re-  
17 lating to section 115 in the table of sections for  
18 chapter 10 of title 35, United States Code, is  
19 amended to read as follows:

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

20 (b) FILING BY OTHER THAN INVENTOR.—Section  
21 118 of title 35, United States Code, is amended to read  
22 as follows:

23 **“§ 118. Filing by other than inventor**

24 “A person to whom the inventor has assigned or is  
25 under an obligation to assign the invention may make an

1 application for patent. A person who otherwise shows suf-  
2 ficient proprietary interest in the matter may make an ap-  
3 plication for patent on behalf of and as agent for the in-  
4 ventor on proof of the pertinent facts and a showing that  
5 such action is appropriate to preserve the rights of the  
6 parties. If the Director grants a patent on an application  
7 filed under this section by a person other than the inven-  
8 tor, the patent shall be granted to the real party in inter-  
9 est and upon such notice to the inventor as the Director  
10 considers to be sufficient.”.

11 (c) SPECIFICATION.—Section 112 of title 35, United  
12 States Code, is amended—

13 (1) in the first paragraph—

14 (A) by striking “The specification” and in-  
15 serting “(a) IN GENERAL.—The specification”;  
16 and

17 (B) by striking “, and shall set forth” and  
18 all that follows through “his invention”; and

19 (2) in the second paragraph—

20 (A) by striking “The specifications” and  
21 inserting “(b) CONCLUSION.—The specifica-  
22 tions”; and

23 (B) by striking “applicant regards as his  
24 invention” and inserting “inventor or a joint in-  
25 ventor regards as the invention”;

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

3           (4) in the fourth paragraph, by striking “Sub-  
4 ject to the following paragraph,” and inserting “(d)  
5 REFERENCE IN DEPENDENT FORMS.—Subject to  
6 subsection (e),”;

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

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

13 **SEC. 4. DAMAGES.**

14          (a) DAMAGES.—Section 284 of title 35, United  
15 States Code, is amended to read as follows:

16 **“§ 284. Damages**

17          “(a) IN GENERAL.—

18               “(1) COMPENSATORY DAMAGES.—Upon finding  
19 for a claimant, the court shall award the claimant  
20 damages adequate to compensate for the infringe-  
21 ment, but in no event less than a reasonable royalty  
22 for the use made of the invention by the infringer,  
23 together with interest and costs as determined by  
24 the court.

1           “(2) INCREASED DAMAGES.—When the dam-  
2           ages are not found by a jury, the court shall assess  
3           them. In either event the court may increase the  
4           damages up to 3 times the amount found or as-  
5           sessed. Increased damages under this paragraph  
6           shall not apply to provisional rights under section  
7           154(d) of this title.

8           “(3) LIMITATION.—Subsections (b) through (h)  
9           of this section apply only to the determination of the  
10          amount of reasonable royalty and shall not apply to  
11          the determination of other types of damages.

12          “(b) HYPOTHETICAL NEGOTIATION.—For purposes  
13          of this section, the term ‘reasonable royalty’ means the  
14          amount that the infringer would have agreed to pay and  
15          the claimant would have agreed to accept if the infringer  
16          and claimant had voluntarily negotiated a license for use  
17          of the invention at the time just prior to when the infringe-  
18          ment began. The court or the jury, as the case may be,  
19          shall assume that the infringer and claimant would have  
20          agreed that the patent is valid, enforceable, and infringed.

21          “(c) APPROPRIATE FACTORS.—The court or the jury,  
22          as the case may be, may consider any factors that are rel-  
23          evant to the determination of the amount of a reasonable  
24          royalty.

25          “(d) COMPARABLE PATENTS.—

1           “(1) IN GENERAL.—The amount of a reason-  
2           able royalty shall not be determined by comparison  
3           to royalties paid for patents other than the patent  
4           in suit unless—

5                   “(A) such other patents are used in the  
6                   same or an analogous technological field;

7                   “(B) such other patents are found to be  
8                   economically comparable to the patent in suit;  
9                   and

10                   “(C) evidence of the value of such other  
11                   patents is presented in conjunction with or as  
12                   confirmation of other evidence for determining  
13                   the amount of a reasonable royalty.

14           “(2) FACTORS.—Factors that may be consid-  
15           ered to determine whether another patent is eco-  
16           nomically comparable to the patent in suit under  
17           paragraph (1)(A) include whether—

18                   “(A) the other patent is comparable to the  
19                   patent in suit in terms of the overall signifi-  
20                   cance of the other patent to the product or  
21                   process licensed under such other patent; and

22                   “(B) the product or process that uses the  
23                   other patent is comparable to the infringing  
24                   product or process based upon its profitability  
25                   or a like measure of value.



1       “(e) FINANCIAL CONDITION.—The financial condi-  
2 tion of the infringer as of the time of the trial shall not  
3 be relevant to the determination of the amount of a rea-  
4 sonable royalty.

5       “(f) SEQUENCING.—Either party may request that a  
6 patent-infringement trial be sequenced so that the court  
7 or the jury, as the case may be, decides questions of the  
8 patent’s infringement and validity before the issue of the  
9 amount of a reasonable royalty is presented to the court  
10 or the jury, as the case may be. The court shall grant  
11 such a request absent good cause to reject the request,  
12 such as the absence of issues of significant damages or  
13 infringement and validity. The sequencing of a trial pursu-  
14 ant to this subsection shall not affect other matters, such  
15 as the timing of discovery.

16       “(g) EXPERTS.—In addition to the expert disclosure  
17 requirements under rule 26(a)(2) of the Federal Rules of  
18 Civil Procedure, a party that intends to present the testi-  
19 mony of an expert relating to the amount of a reasonable  
20 royalty shall provide—

21               “(1) to the other parties to that civil action, the  
22 expert report relating to damages, including all data  
23 and other information considered by the expert in  
24 forming the opinions of the expert; and

1           “(2) to the court, at the same time as to the  
2           other parties, the complete statement of all opinions  
3           that the expert will express and the basis and rea-  
4           sons for those opinions.

5           “(h) JURY INSTRUCTIONS.—On the motion of any  
6           party and after allowing any other party to the civil action  
7           a reasonable opportunity to be heard, the court shall de-  
8           termine whether there is no legally sufficient evidence to  
9           support 1 or more of the contentions of a party relating  
10          to the amount of a reasonable royalty. The court shall  
11          identify for the record those factors that are supported  
12          by legally sufficient evidence, and shall instruct the jury  
13          to consider only those factors when determining the  
14          amount of a reasonable royalty. The jury may not consider  
15          any factor for which legally sufficient evidence has not  
16          been admitted at trial.”.

17          (b) TESTIMONY BY EXPERTS.—Chapter 29 of title  
18          35, United States Code, is amended by adding at the end  
19          the following:

20          “§ 298. Testimony by experts

21          “(a) FEDERAL RULE.—In a patent case, the court  
22          shall ensure that the testimony of a witness qualified as  
23          an expert by knowledge, skill, experience, training, or edu-  
24          cation meets the requirements set forth in rule 702 of the  
25          Federal Rules of Evidence.

1       “(b) DETERMINATION OF RELIABILITY.—To deter-  
2 mine whether an expert’s principles and methods are reli-  
3 able, the court may consider, among other factors—

4           “(1) whether the expert’s theory or technique  
5 can be or has been tested;

6           “(2) whether the theory or technique has been  
7 subjected to peer review and publication;

8           “(3) the known or potential error rate of the  
9 theory or technique, and the existence and mainte-  
10 nance of standards controlling the technique’s oper-  
11 ation;

12           “(4) the degree of acceptance of the theory or  
13 technique within the relevant scientific or specialized  
14 community;

15           “(5) whether the theory or technique is em-  
16 ployed independently of litigation; or

17           “(6) whether the expert has adequately consid-  
18 ered or accounted for readily available alternative  
19 theories or techniques.

20       “(c) REQUIRED EXPLANATION.—The court shall ex-  
21 plain its reasons for allowing or barring the introduction  
22 of an expert’s proposed testimony under this section.”.

23 **SEC. 5. POST-GRANT REVIEW PROCEEDINGS.**

24       (a) REEXAMINATION.—Section 303(a) of title 35,  
25 United States Code, is amended to read as follows:

1       “(a) Within 3 months after the owner of a patent  
2 files a request for reexamination under section 302, the  
3 Director shall determine whether a substantial new ques-  
4 tion of patentability affecting any claim of the patent con-  
5 cerned is raised by the request, with or without consider-  
6 ation of other patents or printed publications. The exist-  
7 ence of a substantial new question of patentability is not  
8 precluded by the fact that a patent or printed publication  
9 was previously cited by or to the Office or considered by  
10 the Office.”.

11       (b) REPEAL OF OPTIONAL INTER PARTES REEXAM-  
12 INATION PROCEDURES.—

13           (1) IN GENERAL.—Sections 311, 312, 313, 314,  
14 315, 316, 317, and 318 of title 35, United States  
15 Code, and the items relating to those sections in the  
16 table of sections, are repealed.

17           (2) EFFECTIVE DATE.—Notwithstanding para-  
18 graph (1), the provisions of sections 311, 312, 313,  
19 314, 315, 316, 317, and 318 of title 35, United  
20 States Code, shall continue to apply to any inter  
21 partes reexamination determination request filed on  
22 or before the effective date of subsection (c).

23       (c) POST-GRANT REVIEW PROCEEDINGS.—Part III  
24 of title 35, United States Code, is amended by adding at  
25 the end the following:

1       **“CHAPTER 32—POST-GRANT REVIEW**  
 2                                   **PROCEEDINGS**

“Sec.

“321. Petition for post-grant review.

“322. Relation to other proceedings or actions.

“323. Requirements of petition.

“324. Publication and public availability of petition.

“325. Consolidation or stay of proceedings.

“326. Submission of additional information.

“327. Institution of post-grant review proceedings.

“328. Determination not appealable.

“329. Conduct of post-grant review proceedings.

“330. Patent owner response.

“331. Proof and evidentiary standards.

“332. Amendment of the patent.

“333. Settlement.

“334. Decision of the board.

“335. Effect of decision.

“336. Appeal.

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

4           “(a) IN GENERAL.—Subject to the provisions of this  
 5 chapter, a person who has a substantial economic interest  
 6 adverse to a patent may file with the Office a petition to  
 7 institute a post-grant review proceeding for that patent.  
 8 If instituted, such a proceeding shall be deemed to be ei-  
 9 ther a first-period proceeding or a second-period pro-  
 10 ceeding. The Director shall establish, by regulation, fees  
 11 to be paid by the person requesting the proceeding, in such  
 12 amounts as the Director determines to be reasonable, con-  
 13 sidering the aggregate costs of the post-grant review pro-  
 14 ceeding and the status of the petitioner.

15           “(b) FIRST-PERIOD PROCEEDING.—

16                   “(1) SCOPE.—A petitioner in a first-period pro-  
 17 ceeding may request to cancel as unpatentable 1 or

1 more claims of a patent on any ground that could  
2 be raised under paragraph (2) or (3) of section  
3 282(b) (relating to invalidity of the patent or any  
4 claim).

5 “(2) FILING DEADLINE.—A petition for a first-  
6 period proceeding shall be filed not later than 9  
7 months after the grant of the patent or issuance of  
8 a reissue patent.

9 “(c) SECOND-PERIOD PROCEEDING.—

10 “(1) SCOPE.—A petitioner in a second-period  
11 proceeding may request to cancel as unpatentable 1  
12 or more claims of a patent only on a ground that  
13 could be raised under section 102 or 103 and only  
14 on the basis of prior art consisting of patents or  
15 printed publications.

16 “(2) FILING DEADLINE.—A petition for a sec-  
17 ond-period proceeding shall be filed after the later of  
18 either—

19 “(A) 9 months after the grant of a patent  
20 or issuance of a reissue of a patent; or

21 “(B) if a first-period proceeding is insti-  
22 tuted under section 327, the date of the termi-  
23 nation of such first-period proceeding.

1 **“§ 322. Relation to other proceedings or actions**

2 “(a) EARLY ACTIONS.—A first-period proceeding  
3 may not be instituted until after a civil action alleging in-  
4 fringement of the patent is finally concluded if—

5 “(1) the infringement action is filed within 3  
6 months after the grant of the patent;

7 “(2) a stay of the proceeding is requested by  
8 the patent owner;

9 “(3) the Director determines that the infringe-  
10 ment action is likely to address the same or substan-  
11 tially the same questions of patentability that would  
12 be addressed in the proceeding; and

13 “(4) the Director determines that a stay of the  
14 proceeding would not be contrary to the interests of  
15 justice.

16 “(b) PENDING CIVIL ACTIONS.—

17 “(1) INFRINGER’S ACTION.—A post-grant re-  
18 view proceeding may not be instituted or maintained  
19 if the petitioner or real party in interest has filed a  
20 civil action challenging the validity of a claim of the  
21 patent.

22 “(2) PATENT OWNER’S ACTION.—A second-pe-  
23 riod proceeding may not be instituted if the petition  
24 requesting the proceeding is filed more than 3  
25 months after the date on which the petitioner, real

1 party in interest, or his privy is required to respond  
2 to a civil action alleging infringement of the patent.

3 “(3) STAY OR DISMISSAL.—The Director may  
4 stay or dismiss a second-period proceeding if the pe-  
5 titioner or real party in interest challenges the valid-  
6 ity of a claim of the patent in a civil action.

7 “(c) DUPLICATIVE PROCEEDINGS.—

8 “(1) PROHIBITION ON POST-GRANT REVIEW  
9 AND REEXAMINATION PROCEEDINGS.—A post-grant  
10 review or reexamination proceeding may not be insti-  
11 tuted if the petition requesting the proceeding iden-  
12 tifies the same petitioner or real party in interest  
13 and the same patent as a previous petition request-  
14 ing a post-grant review proceeding.

15 “(2) PROHIBITION ON FIRST-PERIOD PRO-  
16 CEEDINGS.—A first-period proceeding may not be  
17 instituted if the petition requests cancellation of a  
18 claim in a reissue patent that is identical to or nar-  
19 rower than a claim in the original patent from which  
20 the reissue patent was issued, and the time limita-  
21 tions in section 321(b)(2) would bar filing a post-  
22 grant review petition for such original patent.

23 “(d) ESTOPPEL.—The petitioner in any post-grant  
24 review proceeding under this chapter may not request or  
25 maintain a proceeding before the Office with respect to



1 a claim, or assert either in a civil action arising in whole  
2 or in part under section 1338 of title 28 or in a proceeding  
3 before the International Trade Commission that a claim  
4 in a patent is invalid, on any ground that—

5           “(1) the petitioner, real party in interest, or his  
6           privy raised during a post-grant review proceeding  
7           resulting in a final decision under section 334; or

8           “(2) the petitioner, real party in interest, or his  
9           privy could have raised during a second-period pro-  
10          ceeding resulting in a final decision under section  
11          334.

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

13          “A petition filed under section 321 may be considered  
14 only if—

15           “(1) the petition is accompanied by payment of  
16           the fee established by the Director under section  
17           321;

18           “(2) the petition identifies all real parties in in-  
19           terest;

20           “(3) the petition identifies, in writing and with  
21           particularity, each claim challenged, the grounds on  
22           which the challenge to each claim is based, and the  
23           evidence that supports the grounds for each chal-  
24           lenged claim, including—

1           “(A) copies of patents and printed publica-  
2           tions that the petitioner relies upon in support  
3           of the petition; and

4           “(B) affidavits or declarations of sup-  
5           porting evidence and opinions, if the petitioner  
6           relies on other factual evidence or on expert  
7           opinions;

8           “(4) the petition provides such other informa-  
9           tion as the Director may require by regulation; and

10          “(5) the petitioner provides copies of any of the  
11          documents required under paragraphs (3) and (4) to  
12          the patent owner or, if applicable, the designated  
13          representative of the patent owner.

14       **“§ 324. Publication and public availability of petition**

15          “(a) IN GENERAL.—As soon as practicable after the  
16          receipt of a petition under section 321, the Director  
17          shall—

18               “(1) publish the petition in the Federal Reg-  
19               ister; and

20               “(2) make that petition available on the website  
21               of the United States Patent and Trademark Office.

22          “(b) PUBLIC AVAILABILITY.—The file of any pro-  
23          ceeding under this chapter shall be made available to the  
24          public except that any petition or document filed with the  
25          intent that it be sealed shall be accompanied by a motion

1 to seal. Such petition or document shall be treated as  
2 sealed, pending the outcome of the ruling on the motion.  
3 Failure to file a motion to seal will result in the pleadings  
4 being placed in the public record.

5 **“§ 325. Consolidation or stay of proceedings**

6       “(a) FIRST-PERIOD PROCEEDINGS.—If more than 1  
7 petition for a first-period proceeding is properly filed  
8 against the same patent and the Director determines that  
9 more than 1 of these petitions warrants the instituting of  
10 a first-period proceeding under section 327, the Director  
11 shall consolidate such proceedings into a single first-period  
12 proceeding.

13       “(b) SECOND-PERIOD PROCEEDINGS.—If the Direc-  
14 tor institutes a second-period proceeding, the Director, in  
15 his discretion, may join as a party to that second-period  
16 proceeding any person who properly files a petition under  
17 section 321 that the Director, after receiving a preliminary  
18 response under section 330 or the expiration of the time  
19 for filing such a response, determines warrants the insti-  
20 tuting of a second-period proceeding under section 327.

21       “(c) OTHER PROCEEDINGS.—Notwithstanding sec-  
22 tions 135(a), 251, and 252, and chapter 30, during the  
23 pendency of any post-grant review proceeding the Director  
24 may determine the manner in which any proceeding or  
25 matter involving the patent that is before the Office may

1 proceed, including providing for stay, transfer, consolida-  
2 tion, or termination of any such proceeding or matter.

3 **“§ 326. Submission of additional information**

4 “A petitioner under this chapter shall file such addi-  
5 tional information with respect to the petition as the Di-  
6 rector may require by regulation.

7 **“§ 327. Institution of post-grant review proceedings**

8 “(a) THRESHOLD.—The Director may not authorize  
9 a post-grant review proceeding to commence unless the Di-  
10 rector determines that the information presented in the  
11 petition, if such information is not rebutted, would provide  
12 a sufficient basis to conclude that at least 1 of the claims  
13 challenged in the petition is unpatentable.

14 “(b) ADDITIONAL GROUNDS.—In the case of a peti-  
15 tion for a first-period proceeding, the determination re-  
16 quired under subsection (a) may be satisfied by a showing  
17 that the petition raises a novel or unsettled legal question  
18 that is important to other patents or patent applications.

19 “(c) SUCCESSIVE PETITIONS.—The Director may not  
20 institute an additional second-period proceeding if a prior  
21 second-period proceeding has been instituted and the time  
22 period established under section 329(b)(2) for requesting  
23 joinder under section 325(b) has expired, unless the Direc-  
24 tor determines that—

1           “(1) the additional petition satisfies the require-  
2           ments under subsection (a); and

3           “(2) either—

4                   “(A) the additional petition presents excep-  
5                   tional circumstances; or

6                   “(B) such an additional proceeding is rea-  
7                   sonably required in the interests of justice.

8           “(d) TIMING.—The Director shall determine whether  
9           to institute a post-grant review proceeding under this  
10          chapter within 3 months after receiving a preliminary re-  
11          sponse under section 330 or the expiration of the time for  
12          filing such a response.

13          “(e) NOTICE.—The Director shall notify the peti-  
14          tioner and patent owner, in writing, of the Director’s de-  
15          termination under subsection (a). The Director shall pub-  
16          lish each notice of institution of a post-grant review pro-  
17          ceeding in the Federal Register and make such notice  
18          available on the website of the United States Patent and  
19          Trademark Office. Such notice shall list the date on which  
20          the proceeding shall commence.

21          “**§ 328. Determination not appealable**

22          ““The determination by the Director regarding wheth-  
23          er to institute a post-grant review proceeding under sec-  
24          tion 327 shall not be appealable.

1 **“§ 329. Conduct of post-grant review proceedings**

2 “(a) IN GENERAL.—The Director shall prescribe reg-  
3 ulations—

4 “(1) in accordance with section 2(b)(2), estab-  
5 lishing and governing post-grant review proceedings  
6 under this chapter and their relationship to other  
7 proceedings under this title;

8 “(2) for setting forth the standards for  
9 showings of sufficient grounds to institute a pro-  
10 ceeding under section 321(a) and subsections (a),  
11 (b), and (c) of section 327;

12 “(3) providing for the publication in the Fed-  
13 eral Register all requests for the institution of post-  
14 grant proceedings;

15 “(4) establishing procedures for the submission  
16 of supplemental information after the petition is  
17 filed; and

18 “(5) setting forth procedures for discovery of  
19 relevant evidence, including that such discovery shall  
20 be limited to evidence directly related to factual as-  
21 sertions advanced by either party in the proceeding.

22 “(b) POST-GRANT REVIEW REGULATIONS.—The reg-  
23 ulations required under subsection (a)(1) shall—

24 “(1) require that the final determination in any  
25 post-grant review proceeding be issued not later  
26 than 1 year after the date on which the Director no-

1 tices the institution of a post-grant proceeding under  
2 this chapter, except that the Director may, for good  
3 cause shown, extend the 1-year period by not more  
4 than 6 months, and may adjust the time periods in  
5 this paragraph in the case of joinder under section  
6 325(b);

7 “(2) set a time period for requesting joinder  
8 under section 325(b);

9 “(3) allow for discovery upon order of the Di-  
10 rector, provided that in a second-period proceeding  
11 discovery shall be limited to—

12 “(A) the deposition of witnesses submitting  
13 affidavits or declarations; and

14 “(B) what is otherwise necessary in the in-  
15 terest of justice;

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

21 “(5) provide for protective orders governing the  
22 exchange and submission of confidential information;

23 “(6) ensure that any information submitted by  
24 the patent owner in support of any amendment en-  
25 tered under section 332 is made available to the

1 public as part of the prosecution history of the pat-  
2 ent; and

3 “(7) provide either party with the right to an  
4 oral hearing as part of the proceeding.

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

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

12 **“§ 330. Patent owner response**

13 “(a) PRELIMINARY RESPONSE.—If a post-grant re-  
14 view petition is filed under section 321, the patent owner  
15 shall have the right to file a preliminary response—

16 “(1) in the case of a first-period proceeding,  
17 within 2 months of the expiration of the time for fil-  
18 ing a petition for a first-period proceeding; and

19 “(2) in the case of a second-period proceeding,  
20 within a time period set by the Director.

21 “(b) CONTENT OF RESPONSE.—A preliminary re-  
22 sponse to a petition for a post-grant review proceeding  
23 shall set forth reasons why no post-grant review pro-  
24 ceeding should be instituted based upon the failure of the  
25 petition to meet any requirement of this chapter.



1       “(c) ADDITIONAL RESPONSE.—After a post-grant re-  
2 view proceeding under this chapter has been instituted  
3 with respect to a patent, the patent owner shall have the  
4 right to file, within a time period set by the Director, a  
5 response to the petition. The patent owner shall file with  
6 the response, through affidavits or declarations, any addi-  
7 tional factual evidence and expert opinions on which the  
8 patent owner relies in support of the response.

9       **“§ 331. Proof and evidentiary standards**

10       “(a) IN GENERAL.—The presumption of validity set  
11 forth in section 282 of this title shall apply in post-grant  
12 review proceedings instituted under this chapter.

13       “(b) BURDEN OF PROOF.—The petitioner shall have  
14 the burden of proving a proposition of invalidity by a pre-  
15 ponderance of the evidence in a first-period proceeding  
16 and by clear and convincing evidence in a second-period  
17 proceeding.

18       **“§ 332. Amendment of the patent**

19       “(a) IN GENERAL.—During a post-grant review pro-  
20 ceeding instituted under this chapter, the patent owner  
21 may file 1 motion to amend the patent in 1 or more of  
22 the following ways:

23               “(1) Cancel any challenged patent claim.

24               “(2) For each challenged claim, propose a rea-  
25 sonable number of substitute claims.

1       “(b) **ADDITIONAL MOTIONS.**—Additional motions to  
2 amend may be permitted upon the joint request of the pe-  
3 titioner and the patent owner to materially advance the  
4 settlement of a proceeding under section 333, or upon the  
5 request of the patent owner for good cause shown.

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

9       **“§ 333. Settlement**

10       “(a) **IN GENERAL.**—A post-grant review proceeding  
11 instituted under this chapter shall be terminated with re-  
12 spect to any petitioner upon the joint request of the peti-  
13 tioner and the patent owner, unless the Office has decided  
14 the matter before the request for termination is filed. If  
15 the post-grant review proceeding is terminated with re-  
16 spect to a petitioner under this section, no estoppel under  
17 this chapter shall apply to that petitioner. If no petitioner  
18 remains in the post-grant review proceeding, the Office  
19 may terminate the post-grant review proceeding or pro-  
20 ceed to a final written decision under section 334.

21       “(b) **AGREEMENTS IN WRITING.**—Any agreement or  
22 understanding between the patent owner and a petitioner,  
23 including any collateral agreements referred to in such  
24 agreement or understanding, made in connection with, or  
25 in contemplation of, the termination of a post-grant review

1 proceeding under this section shall be in writing and a  
2 true copy of such agreement or understanding shall be  
3 filed in the United States Patent and Trademark Office  
4 before the termination of the post-grant review proceeding  
5 as between the parties to the agreement or understanding.  
6 If any party filing such agreement or understanding so  
7 requests, the copy shall be kept separate from the file of  
8 the post-grant review proceeding, and shall be made avail-  
9 able only to Federal Government agencies upon written  
10 request, or to any other person on a showing of good  
11 cause.

12 **“§ 334. Decision of the board**

13 “If the post-grant review proceeding is instituted and  
14 not dismissed under this chapter, the Patent Trial and  
15 Appeal Board shall issue a final written decision with re-  
16 spect to the patentability of any patent claim challenged  
17 and any new claim added under section 332.

18 **“§ 335. Effect of decision**

19 “If the Patent Trial and Appeal Board issues a final  
20 decision under section 334 and the time for appeal has  
21 expired or any appeal proceeding has terminated, the Di-  
22 rector shall issue and publish a certificate canceling any  
23 claim of the patent finally determined to be unpatentable  
24 and incorporating in the patent by operation of the certifi-  
25 cate any new claim determined to be patentable.

1 **“§ 336. Appeal**

2 “A party dissatisfied with the final determination of  
3 the Patent Trial and Appeal Board in a post-grant review  
4 proceeding instituted under this chapter may appeal the  
5 determination under sections 141 through 144. Any party  
6 to the post-grant review proceeding shall have the right  
7 to be a party to the appeal.”.

8 (d) TECHNICAL AND CONFORMING AMENDMENT.—  
9 The table of chapters for part III of title 35, United States  
10 Code, is amended by adding at the end the following:

“32. Post-Grant Review Proceedings.....321.”.

11 (e) REGULATIONS AND EFFECTIVE DATE.—

12 (1) REGULATIONS.—The Under Secretary of  
13 Commerce for Intellectual Property and the Director  
14 of the United States Patent and Trademark Office  
15 (in this subsection referred to as the “Director”)  
16 shall, not later than the date that is 1 year after the  
17 date of the enactment of this Act, issue regulations  
18 to carry out chapter 32 of title 35, United States  
19 Code, as added by subsection (c) of this section.

20 (2) APPLICABILITY.—The amendments made  
21 by subsection (c) shall take effect on the date that  
22 is 1 year after the date of the enactment of this Act  
23 and shall apply only to patents issued on or after  
24 that date, except that, in the case of a patent issued  
25 before the effective date of subsection (c) on an ap-

1       plication filed between September 15, 1999, and the  
2       effective date of subsection (c), a petition for second-  
3       period review may be filed.

4               (3) PENDING INTERFERENCES.—The Director  
5       shall determine the procedures under which inter-  
6       ferences commenced before the effective date under  
7       paragraph (2) are to proceed, including whether any  
8       such interference is to be dismissed without preju-  
9       dice to the filing of a petition for a post-grant review  
10       proceeding under chapter 32 of title 35, United  
11       States Code, or is to proceed as if this Act had not  
12       been enacted. The Director shall include such proce-  
13       dures in regulations issued under paragraph (1).

14 **SEC. 6. DEFINITION; PATENT TRIAL AND APPEAL BOARD.**

15       (a) DEFINITION.—Section 100 of title 35, United  
16       States Code, as amended by section 2 of this Act, is fur-  
17       ther amended in subsection (e), by striking “or inter  
18       partes reexamination under section 311”.

19       (b) PATENT TRIAL AND APPEAL BOARD.—Section 6  
20       of title 35, United States Code, is amended to read as  
21       follows:

22 **“§ 6. Patent trial and appeal board**

23       “(a) ESTABLISHMENT AND COMPOSITION.—There  
24       shall be in the Office a Patent Trial and Appeal Board.  
25       The Director, the Deputy Director, the Commissioner for

1 Patents, the Commissioner for Trademarks, and the ad-  
2 ministrative patent judges shall constitute the Patent  
3 Trial and Appeal Board. The administrative patent judges  
4 shall be persons of competent legal knowledge and sci-  
5 entific ability who are appointed by the Secretary. Any ref-  
6 erence in any Federal law, Executive order, rule, regula-  
7 tion, or delegation of authority, or any document of or  
8 pertaining to the Board of Patent Appeals and Inter-  
9 ferences is deemed to refer to the Patent Trial and Appeal  
10 Board.

11 “(b) DUTIES.—The Patent Trial and Appeal Board  
12 shall—

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

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

19 “(3) determine priority and patentability of in-  
20 vention in derivation proceedings under subsection  
21 135(a); and

22 “(4) conduct post-grant review proceedings  
23 under chapter 32.

24 Each appeal, derivation, and post-grant review proceeding  
25 shall be heard by at least 3 members of the Patent Trial

1 and Appeal Board, who shall be designated by the Direc-  
2 tor. Only the Patent Trial and Appeal Board may grant  
3 rehearings.”.

4 **SEC. 7. SUBMISSIONS BY THIRD PARTIES AND OTHER**  
5 **QUALITY ENHANCEMENTS.**

6 Section 122 of title 35, United States Code, is  
7 amended by adding at the end the following:

8 “(e) PREISSUANCE SUBMISSIONS BY THIRD PAR-  
9 TIES.—

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

16 “(A) the date a notice of allowance under  
17 section 151 is mailed in the application for pat-  
18 ent; or

19 “(B) either—

20 “(i) 6 months after the date on which  
21 the application for patent is published  
22 under section 122, or

23 “(ii) the date of the first rejection  
24 under section 132 of any claim by the ex-

1           aminer during the examination of the ap-  
2           plication for patent,  
3           whichever occurs later.

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

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

8                   “(B) be accompanied by such fee as the  
9                   Director may prescribe; and

10                   “(C) include a statement by the person  
11                   making such submission affirming that the sub-  
12                   mission was made in compliance with this sec-  
13                   tion.”.

14 **SEC. 8. VENUE.**

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

18                   “(b) Notwithstanding subsections (b) and (c) of sec-  
19                   tion 1391 of this title, any civil action for patent infringe-  
20                   ment or any action for declaratory judgment arising under  
21                   any Act of Congress relating to patents may be brought  
22                   only in a judicial district—

23                   “(1) where the defendant has its principal place  
24                   of business or is incorporated;



1           “(2) where the defendant has committed acts of  
2 infringement and has a regular and established  
3 physical facility;

4           “(3) where the defendant has agreed or con-  
5 sented to be sued;

6           “(4) where the invention claimed in a patent in  
7 suit was conceived or actually reduced to practice;

8           “(5) where significant research and develop-  
9 ment of an invention claimed in a patent in suit oc-  
10 curred at a regular and established physical facility;

11           “(6) where a party has a regular and estab-  
12 lished physical facility that such party controls and  
13 operates and has—

14           “(A) engaged in management of significant  
15 research and development of an invention  
16 claimed in a patent in suit;

17           “(B) manufactured a product that em-  
18 bodies an invention claimed in a patent in suit;  
19 or

20           “(C) implemented a manufacturing process  
21 that embodies an invention claimed in a patent  
22 in suit;

23           “(7) where a nonprofit organization whose  
24 function is the management of inventions on behalf  
25 of an institution of higher education (as that term

1 is defined under section 101(a) of the Higher Edu-  
 2 cation Act of 1965 (20 U.S.C. 1001(a)), including  
 3 the patent in suit, has its principal place of business;  
 4 or

5 “(8) for foreign defendants that do not meet  
 6 the requirements of paragraphs (1) or (2), according  
 7 to section 1391(d) of this title.”.

8 (b) TECHNICAL AMENDMENTS RELATING TO  
 9 VENUE.—Sections 32, 145, 146, 154(b)(4)(A), and 293  
 10 of title 35, United States Code, and section 1071(b)(4)  
 11 of an Act entitled “Act to provide for the registration and  
 12 protection of trademarks used in commerce, to carry out  
 13 the provisions of certain international conventions, and for  
 14 other purposes”, approved July 5, 1946 (commonly re-  
 15 ferred to as the “Trademark Act of 1946” or the  
 16 “Lanham Act”), are each amended by striking “United  
 17 States District Court for the District of Columbia” each  
 18 place that term appears and inserting “United States Dis-  
 19 trict Court for the Eastern District of Virginia”.

20 **SEC. 9. PATENT AND TRADEMARK OFFICE REGULATORY**  
 21 **AUTHORITY.**

22 (a) FEE SETTING.—

23 (1) IN GENERAL.—The Director shall have au-  
 24 thority to set or adjust by rule any fee established  
 25 or charged by the Office under sections 41 and 376

1 of title 35, United States Code or under section 31  
2 of the Trademark Act of 1946 (15 U.S.C. 1113) for  
3 the filing or processing of any submission to, and for  
4 all other services performed by or materials fur-  
5 nished by, the Office, provided that such fee  
6 amounts are set to reasonably compensate the Office  
7 for the services performed.

8 (2) REDUCTION OF FEES IN CERTAIN FISCAL  
9 YEARS.—In any fiscal year, the Director—

10 (A) shall consult with the Patent Public  
11 Advisory Committee and the Trademark Public  
12 Advisory Committee on the advisability of re-  
13 ducing any fees described in paragraph (1); and

14 (B) after that consultation may reduce  
15 such fees.

16 (3) ROLE OF THE PUBLIC ADVISORY COM-  
17 MITTEE.—The Director shall—

18 (A) submit to the Patent or Trademark  
19 Public Advisory Committee, or both, as appro-  
20 priate, any proposed fee under paragraph (1)  
21 not less than 45 days before publishing any  
22 proposed fee in the Federal Register;

23 (B) provide the relevant advisory com-  
24 mittee described in subparagraph (A) a 30-day  
25 period following the submission of any proposed

1 fee, on which to deliberate, consider, and com-  
2 ment on such proposal, and require that—

3 (i) during such 30-day period, the rel-  
4 evant advisory committee hold a public  
5 hearing related to such proposal; and

6 (ii) the Director shall assist the rel-  
7 evant advisory committee in carrying out  
8 such public hearing, including by offering  
9 the use of Office resources to notify and  
10 promote the hearing to the public and in-  
11 terested stakeholders;

12 (C) require the relevant advisory com-  
13 mittee to make available to the public a written  
14 report detailing the comments, advice, and rec-  
15 ommendations of the committee regarding any  
16 proposed fee;

17 (D) consider and analyze any comments,  
18 advice, or recommendations received from the  
19 relevant advisory committee before setting or  
20 adjusting any fee; and

21 (E) notify, through the Chair and Ranking  
22 Member of the Senate and House Judiciary  
23 Committees, the Congress of any final decision  
24 regarding proposed fees.

1 (4) PUBLICATION IN THE FEDERAL REG-  
2 ISTER.—

3 (A) IN GENERAL.—Any rules prescribed  
4 under this subsection shall be published in the  
5 Federal Register.

6 (B) RATIONALE.—Any proposal for a  
7 change in fees under this section shall—

8 (i) be published in the Federal Reg-  
9 ister; and

10 (ii) include, in such publication, the  
11 specific rationale and purpose for the pro-  
12 posal, including the possible expectations  
13 or benefits resulting from the proposed  
14 change.

15 (C) PUBLIC COMMENT PERIOD.—Following  
16 the publication of any proposed fee in the Fed-  
17 eral Register pursuant to subparagraph (A), the  
18 Director shall seek public comment for a period  
19 of not less than 45 days.

20 (5) CONGRESSIONAL COMMENT PERIOD.—Fol-  
21 lowing the notification described in paragraph  
22 (3)(E), Congress shall have not more than 45 days  
23 to consider and comment on any proposed fee under  
24 paragraph (1). No proposed fee shall be effective  
25 prior to the end of such 45-day comment period.

1           (6) RULE OF CONSTRUCTION.—No rules pre-  
2       scribed under this subsection may diminish—

3                   (A) an applicant’s rights under this title or  
4       the Trademark Act of 1946; or

5                   (B) any rights under a ratified treaty.

6       (b) FEES FOR PATENT SERVICES.—Division B of  
7       Public Law 108–447 is amended in title VIII of the De-  
8       partments of Commerce, Justice and State, the Judiciary,  
9       and Related Agencies Appropriations Act, 2005, in section  
10      801(a) by striking “During fiscal years 2005, 2006, and  
11      2007,” and inserting “Until such time as the Director  
12      sets or adjusts the fees otherwise,”.

13      (c) ADJUSTMENT OF TRADEMARK FEES.—Division  
14      B of Public Law 108–447 is amended in title VIII of the  
15      Departments of Commerce, Justice and State, the Judici-  
16      ary and Related Agencies Appropriations Act, 2005, in  
17      section 802(a) by striking “During fiscal years 2005,  
18      2006, and 2007,” and inserting “Until such time as the  
19      Director sets or adjusts the fees otherwise,”.

20      (d) EFFECTIVE DATE, APPLICABILITY, AND TRANSI-  
21      TIONAL PROVISION.—Division B of Public Law 108–447  
22      is amended in title VIII of the Departments of Commerce,  
23      Justice and State, the Judiciary and Related Agencies Ap-  
24      propriations Act, 2005, in section 803(a) by striking “and

1 shall apply only with respect to the remaining portion of  
2 fiscal year 2005 and fiscal year 2006.”.

3 (e) RULE OF CONSTRUCTION.—Nothing in this sec-  
4 tion shall be construed to affect any other provision of Di-  
5 vision B of Public Law 108–447, including section 801(c)  
6 of title VII of the Departments of Commerce, Justice and  
7 State, the Judiciary and Related Agencies Appropriations  
8 Act, 2005.

9 (f) DEFINITIONS.—In this section:

10 (1) DIRECTOR.—The term “Director” means  
11 the Director of the United States Patent and Trade-  
12 mark Office.

13 (2) OFFICE.—The term “Office” means the  
14 United States Patent and Trademark Office.

15 (3) TRADEMARK ACT OF 1946.—The term  
16 “Trademark Act of 1946” means an Act entitled  
17 “Act to provide for the registration and protection  
18 of trademarks used in commerce, to carry out the  
19 provisions of certain international conventions, and  
20 for other purposes”, approved July 5, 1946 (15  
21 U.S.C. 1051 et seq.) (commonly referred to as the  
22 Trademark Act of 1946 or the Lanham Act).

1 **SEC. 10. APPLICANT QUALITY SUBMISSIONS.**

2 (a) IN GENERAL.—Chapter 11 of title 35, United  
3 States Code, is amended by adding at the end the fol-  
4 lowing new section:

5 **“§ 123. Additional information**

6 “(a) INCENTIVES.—The Director may, by regulation,  
7 offer incentives to applicants who submit a search report,  
8 a patentability analysis, or other information relevant to  
9 patentability. Such incentives may include prosecution  
10 flexibility, modifications to requirements for adjustment of  
11 a patent term pursuant to section 154(b) of this title, or  
12 modifications to fees imposed pursuant to section 9 of the  
13 Patent Reform Act of 2009.

14 “(b) ADMISSIBILITY OF RECORD.—If the Director  
15 certifies that an applicant has satisfied the requirements  
16 of the regulations issued pursuant to this section with re-  
17 gard to a patent, the record made in a matter or pro-  
18 ceeding before the Office involving that patent or efforts  
19 to obtain the patent shall not be admissible to construe  
20 the patent in a civil action or in a proceeding before the  
21 International Trade Commission, except that such record  
22 may be introduced to demonstrate that the patent owner  
23 is estopped from asserting that the patent is infringed  
24 under the doctrine of equivalents. The Director may, by  
25 regulation, identify any material submitted in an attempt  
26 to satisfy the requirements of any regulations issued pur-



1 suant to this section that also shall not be admissible to  
2 construe the patent in a civil action or in a proceeding  
3 before the International Trade Commission.”.

4 (b) RULE OF CONSTRUCTION.—Nothing in this sec-  
5 tion shall be construed to imply that, prior to the date  
6 of enactment of this section, the Director either lacked or  
7 possessed the authority to offer incentives to applicants  
8 who submit a search report, a patentability analysis, or  
9 other information relevant to patentability.

10 **SEC. 11. INEQUITABLE CONDUCT.**

11 (a) IN GENERAL.—Chapter 29 of title 35, United  
12 States Code, as amended by section 4(b), is further  
13 amended by adding at the end the following:

14 **“§ 299. Civil sanctions for misconduct before the Of-  
15 fice**

16 “(a) IN GENERAL.—Except as provided under this  
17 section, a patent shall not be held invalid or unenforceable  
18 on the basis of misconduct before the Office. Nothing in  
19 this section shall be construed to preclude the imposition  
20 of sanctions based upon criminal or antitrust laws (includ-  
21 ing section 1001(a) of title 18, the first section of the  
22 Clayton Act, and section 5 of the Federal Trade Commis-  
23 sion Act to the extent that section relates to unfair meth-  
24 ods of competition).

1       “(b) INFORMATION RELATING TO POSSIBLE MIS-  
2 CONDUCT.—The Director shall provide by regulation pro-  
3 cedures for receiving and reviewing information indicating  
4 that parties to a matter or proceeding before the Office  
5 may have engaged in misconduct in connection with such  
6 matter or proceeding.

7       “(c) ADMINISTRATIVE PROCEEDING.—

8           “(1) PROBABLE CAUSE.—The Director shall de-  
9 termine, based on information received and reviewed  
10 under subsection (b), if there is probable cause to  
11 believe that 1 or more individuals or parties engaged  
12 in misconduct consisting of intentionally deceptive  
13 conduct of a material nature in connection with a  
14 matter or proceeding before the Office. A determina-  
15 tion of probable cause by the Director under this  
16 paragraph shall be final and shall not be reviewable  
17 on appeal or otherwise.

18           “(2) DETERMINATION.—If the Director finds  
19 probable cause under paragraph (1), the Director  
20 shall, after notice and an opportunity for a hearing,  
21 and not later than 1 year after the date of such  
22 finding, determine whether misconduct consisting of  
23 intentionally deceptive conduct of a material nature  
24 in connection with the applicable matter or pro-  
25 ceeding before the Office has occurred. The pro-

1 ceeding to determine whether such misconduct oc-  
2 curred shall be before an individual designated by  
3 the Director.

4 “(3) CIVIL SANCTIONS.—

5 “(A) IN GENERAL.—If the Director deter-  
6 mines under paragraph (2) that misconduct has  
7 occurred, the Director may levy a civil penalty  
8 against the party that committed such mis-  
9 conduct.

10 “(B) FACTORS.—In establishing the  
11 amount of any civil penalty to be levied under  
12 subparagraph (A), the Director shall consider—

13 “(i) the materiality of the misconduct;

14 “(ii) the impact of the misconduct on  
15 a decision of the Director regarding a pat-  
16 ent, proceeding, or application; and

17 “(iii) the impact of the misconduct on  
18 the integrity of matters or proceedings be-  
19 fore the Office.

20 “(C) SANCTIONS.—A civil penalty levied  
21 under subparagraph (A) may consist of—

22 “(i) a penalty of up to \$150,000 for  
23 each act of misconduct;

1           “(ii) in the case of a finding of a pat-  
2           tern of misconduct, a penalty of up to  
3           \$1,000,000; or

4           “(iii) in the case of a finding of excep-  
5           tional misconduct establishing that an ap-  
6           plication for a patent amounted to a fraud  
7           practiced by or at the behest of a real  
8           party in interest of the application—

9                   “(I) a determination that 1 or  
10                  more claims of the patent is unen-  
11                  forceable; or

12                   “(II) a penalty of up to  
13                  \$10,000,000.

14           “(D) JOINT AND SEVERAL LIABILITY.—  
15           Any party found to have been responsible for  
16           misconduct in connection with any matter or  
17           proceeding before the Office under this section  
18           may be jointly and severally liable for any civil  
19           penalty levied under subparagraph (A).

20           “(E) DEPOSIT WITH THE TREASURY.—  
21           Any civil penalty levied under subparagraph (A)  
22           shall—

23                   “(i) accrue to the benefit of the  
24                  United States Government; and

1           “(ii) be deposited under ‘Miscella-  
2           neous Receipts’ in the United States  
3           Treasury.

4           “(F) AUTHORITY TO BRING ACTION FOR  
5           RECOVERY OF PENALTIES.—

6           “(i) IN GENERAL.—If any party re-  
7           fuses to pay or remit to the United States  
8           Government a civil penalty levied under  
9           this paragraph, the United States may re-  
10          cover such amounts in a civil action  
11          brought by the United States Attorney  
12          General on behalf of the Director in the  
13          United States District Court for the East-  
14          ern District of Virginia.

15          “(ii) INJUNCTIONS.—In any action  
16          brought under clause (i), the United States  
17          District Court for the Eastern District of  
18          Virginia may, as the court determines ap-  
19          propriate, issue a mandatory injunction in-  
20          corporating the relief sought by the Direc-  
21          tor.

22          “(4) COMBINED PROCEEDINGS.—If the mis-  
23          conduct that is the subject of a proceeding under  
24          this subsection is attributed to a practitioner who  
25          practices before the Office, the Director may com-

1       bine such proceeding with any other disciplinary pro-  
2       ceeding under section 32 of this title.

3       “(d) OBTAINING EVIDENCE.—

4               “(1) IN GENERAL.—During the period in which  
5       an investigation for a finding of probable cause or  
6       for a determination of whether misconduct occurred  
7       in connection with any matter or proceeding before  
8       the Office is being conducted, the Director may re-  
9       quire, by subpoena issued by the Director, persons  
10      to produce any relevant information, documents, re-  
11      ports, answers, records, accounts, papers, and other  
12      documentary or testimonial evidence.

13              “(2) ADDITIONAL AUTHORITY.—For the pur-  
14      poses of carrying out this section, the Director—

15              “(A) shall have access to, and the right to  
16      copy, any document, paper, or record, the Di-  
17      rector determines pertinent to any investigation  
18      or determination under this section, in the pos-  
19      session of any person;

20              “(B) may summon witnesses, take testi-  
21      mony, and administer oaths;

22              “(C) may require any person to produce  
23      books or papers relating to any matter per-  
24      taining to such investigation or determination;  
25      and

1           “(D) may require any person to furnish in  
2 writing, in such detail and in such form as the  
3 Director may prescribe, information in their  
4 possession pertaining to such investigation or  
5 determination.

6           “(3) WITNESSES AND EVIDENCE.—

7           “(A) IN GENERAL.—The Director may re-  
8 quire the attendance of any witness and the  
9 production of any documentary evidence from  
10 any place in the United States at any des-  
11 ignated place of hearing.

12           “(B) CONTUMACY.—

13           “(i) ORDERS OF THE COURT.—In the  
14 case of contumacy or failure to obey a sub-  
15 poena issued under this subsection, any  
16 appropriate United States district court or  
17 territorial court of the United States may  
18 issue an order requiring such person—

19                   “(I) to appear before the Direc-  
20 tor;

21                   “(II) to appear at any other des-  
22 ignated place to testify; and

23                   “(III) to produce documentary or  
24 other evidence.

1           “(ii) FAILURE TO OBEY.—Any failure  
2           to obey an order issued under this sub-  
3           paragraph court may be punished by the  
4           court as a contempt of that court.

5           “(4) DEPOSITIONS.—

6           “(A) IN GENERAL.—In any proceeding or  
7           investigation under this section, the Director  
8           may order a person to give testimony by deposi-  
9           tion.

10          “(B) REQUIREMENTS OF DEPOSITION.—

11          “(i) OATH.—A deposition may be  
12          taken before an individual designated by  
13          the Director and having the power to ad-  
14          minister oaths.

15          “(ii) NOTICE.—Before taking a depo-  
16          sition, the Director shall give reasonable  
17          notice in writing to the person ordered to  
18          give testimony by deposition under this  
19          paragraph. The notice shall state the name  
20          of the witness and the time and place of  
21          taking the deposition.

22          “(iii) WRITTEN TRANSCRIPT.—The  
23          testimony of a person deposed under this  
24          paragraph shall be under oath. The person  
25          taking the deposition shall prepare, or



1           cause to be prepared, a written transcript  
2           of the testimony taken. The transcript  
3           shall be subscribed by the deponent. Each  
4           deposition shall be filed promptly with the  
5           Director.

6           “(e) APPEAL.—

7           “(1) IN GENERAL.—A party may appeal a de-  
8           termination under subsection (c)(2) that misconduct  
9           occurred in connection with any matter or pro-  
10          ceeding before the Office to the United States Court  
11          of Appeals for the Federal Circuit.

12          “(2) NOTICE TO USPTO.—A party appealing  
13          under this subsection shall file in the Office a writ-  
14          ten notice of appeal directed to the Director, within  
15          such time after the date of the determination from  
16          which the appeal is taken as the Director prescribes,  
17          but in no case less than 60 days after such date.

18          “(3) REQUIRED ACTIONS OF THE DIRECTOR.—  
19          In any appeal under this subsection, the Director  
20          shall transmit to the United States Court of Appeals  
21          for the Federal Circuit a certified list of the docu-  
22          ments comprising the record in the determination  
23          proceeding. The court may request that the Director  
24          forward the original or certified copies of such docu-  
25          ments during the pendency of the appeal. The court

1 shall, before hearing the appeal, give notice of the  
2 time and place of the hearing to the Director and  
3 the parties in the appeal.

4 “(4) AUTHORITY OF THE COURT.—The United  
5 States Court of Appeals for the Federal Circuit shall  
6 have power to enter, upon the pleadings and evi-  
7 dence of record at the time the determination was  
8 made, a judgment affirming, modifying, or setting  
9 aside, in whole or in part, the determination, with or  
10 without remanding the case for a rehearing. The  
11 court shall not set aside or remand the determina-  
12 tion made under subsection (c)(2) unless there is not  
13 substantial evidence on the record to support the  
14 findings or the determination is not in accordance  
15 with law. Any sanction levied under subsection (c)(3)  
16 shall not be set aside or remanded by the court, un-  
17 less the court determines that such sanction con-  
18 stitutes an abuse of discretion of the Director.

19 “(f) DEFINITION.—For purposes of this section, the  
20 term ‘person’ means any individual, partnership, corpora-  
21 tion, company, association, firm, partnership, society,  
22 trust, estate, cooperative, association, or any other entity  
23 capable of suing and being sued in a court of law.”.

24 (b) SUSPENSION OR EXCLUSION FROM PRACTICE.—  
25 Section 32 of title 35, United States Code, is amended—

1           (1) by striking “The Director may” and insert-  
2           ing the following:

3           “(a) IN GENERAL.—The Director may”; and

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

5           “(b) TOLLING OF TIME PERIOD.—The time period  
6 for instituting a proceeding under subsection (a), as pro-  
7 vided in section 2462 of title 28, shall not begin to run  
8 where fraud, concealment, or misconduct is involved until  
9 the information regarding fraud, concealment, or mis-  
10 conduct is made known in the manner set forth by regula-  
11 tion under section 2(b)(2)(D) to an officer or employee  
12 of the United States Patent and Trademark Office des-  
13 ignated by the Director to receive such information.”.

14          (c) EFFECTIVE DATE.—

15           (1) IN GENERAL.—Except as otherwise pro-  
16 vided under paragraph (2), the amendments made  
17 by this section shall take effect on the date of enact-  
18 ment of this Act.

19           (2) INAPPLICABILITY TO PENDING LITIGA-  
20 TION.—Subsections (a) and (b) of section 298 of  
21 title 35, United States Code (as added by the  
22 amendment made by subsection (a) of this section),  
23 shall apply to any civil action filed on or after the  
24 date of the enactment of this Act.

1 **SEC. 12. CONVERSION OF DEADLINES.**

2 (a) Sections 141, 156(d)(2)(A), 156(d)(2)(B)(ii),  
3 156(d)(5)(C), and 282 of title 35, United States Code,  
4 are each amended by striking “30 days” or “thirty days”  
5 each place that term appears and inserting “1 month”.

6 (b) Sections 135(c), 142, 145, 146, 156(d)(2)(B)(ii),  
7 156(d)(5)(C), and the matter preceding clause (i) of sec-  
8 tion 156(d)(2)(A) of title 35, United States Code, are each  
9 amended by striking “60 days” or “sixty days” each place  
10 that term appears and inserting “2 months”.

11 (c) The matter preceding subparagraph (A) of section  
12 156(d)(1) and sections 156(d)(2)(B)(ii) and 156(d)(5)(E)  
13 of title 35, United States Code, are each amended by strik-  
14 ing “60-day” or “sixty-day” each place that term appears  
15 and inserting “2-month”.

16 (d) Sections 155 and 156(d)(2)(B)(i) of title 35,  
17 United States Code, are each amended by striking “90  
18 days” or “ninety days” each place that term appears and  
19 inserting “3 months”.

20 (e) Sections 154(b)(4)(A) and 156(d)(2)(B)(i) of title  
21 35, United States Code, are each amended by striking  
22 “180 days” each place that term appears and inserting  
23 “6 months”.

1 **SEC. 13. CHECK IMAGING PATENTS.**

2 (a) LIMITATION.—Section 287 of title 35, United  
3 States Code, is amended by adding at the end the fol-  
4 lowing:

5 “(d)(1) With respect to the use by a financial institu-  
6 tion of a check collection system that constitutes an in-  
7 fringement under subsection (a) or (b) of section 271, the  
8 provisions of sections 281, 283, 284, and 285 shall not  
9 apply against the financial institution with respect to such  
10 a check collection system.

11 “(2) For the purposes of this subsection—

12 “(A) the term ‘check’ has the meaning given  
13 under section 3(6) of the Check Clearing for the  
14 21st Century Act (12 U.S.C. 5002(6));

15 “(B) the term ‘check collection system’ means  
16 the use, creation, transmission, receipt, storing, set-  
17 tling, or archiving of truncated checks, substitute  
18 checks, check images, or electronic check data asso-  
19 ciated with or related to any method, system, or  
20 process that furthers or effectuates, in whole or in  
21 part, any of the purposes of the Check Clearing for  
22 the 21st Century Act (12 U.S.C. 5001 et seq.);

23 “(C) the term ‘financial institution’ has the  
24 meaning given under section 509 of the Gramm-  
25 Leach-Bliley Act (15 U.S.C. 6809);

1           “(D) the term ‘substitute check’ has the mean-  
2           ing given under section 3(16) of the Check Clearing  
3           for the 21st Century Act (12 U.S.C. 5002(16)); and

4           “(E) the term ‘truncate’ has the meaning given  
5           under section 3(18) of the Check Clearing for the  
6           21st Century Act (12 U.S.C. 5002(18)).

7           “(3) This subsection shall not limit or affect the en-  
8           forcement rights of the original owner of a patent where  
9           such original owner—

10           “(A) is directly engaged in the commercial  
11           manufacture and distribution of machinery or the  
12           commercial development of software; and

13           “(B) has operated as a subsidiary of a bank  
14           holding company, as such term is defined under sec-  
15           tion 2(a) of the Bank Holding Company Act of 1956  
16           (12 U.S.C. 1841(a)), prior to July 19, 2007.

17           “(4) A party shall not manipulate its activities, or  
18           conspire with others to manipulate its activities, for pur-  
19           poses of establishing compliance with the requirements of  
20           this subsection, including, without limitation, by granting  
21           or conveying any rights in the patent, enforcement of the  
22           patent, or the result of any such enforcement.”.

23           (b) TAKINGS.—If this section is found to establish  
24           a taking of private property for public use without just  
25           compensation, this section shall be null and void. The ex-

1 clusive remedy for such a finding shall be invalidation of  
2 this section. In the event of such invalidation, for purposes  
3 of application of the time limitation on damages in section  
4 286 of title 35, United States Code, any action for patent  
5 infringement or counterclaim for infringement that could  
6 have been filed or continued but for this section, shall be  
7 considered to have been filed on the date of enactment  
8 of this Act or continued from such date of enactment.

9 (c) EFFECTIVE DATE.—The amendment made by  
10 subsection (a) shall apply to any civil action for patent  
11 infringement pending or filed on or after the date of enact-  
12 ment of this Act.

13 **SEC. 14. PATENT AND TRADEMARK OFFICE FUNDING.**

14 (a) DEFINITIONS.—In this section, the following defi-  
15 nitions shall apply:

16 (1) DIRECTOR.—The term “Director” means  
17 the Director of the United States Patent and Trade-  
18 mark Office.

19 (2) FUND.—The term “Fund” means the pub-  
20 lic enterprise revolving fund established under sub-  
21 section (c).

22 (3) OFFICE.—The term “Office” means the  
23 United States Patent and Trademark Office.

24 (4) TRADEMARK ACT OF 1946.—The term  
25 “Trademark Act of 1946” means an Act entitled

1 “Act to provide for the registration and protection  
2 of trademarks used in commerce, to carry out the  
3 provisions of certain international conventions, and  
4 for other purposes”, approved July 5, 1946 (15  
5 U.S.C. 1051 et seq.) (commonly referred to as the  
6 “Trademark Act of 1946” or the “Lanham Act”).

7 (5) UNDERSECRETARY.—The term “Undersec-  
8 retary” means the Under Secretary of Commerce for  
9 Intellectual Property.

10 (b) FUNDING.—

11 (1) IN GENERAL.—Section 42 of title 35,  
12 United States Code, is amended—

13 (A) in subsection (b), by striking “Patent  
14 and Trademark Office Appropriation Account”  
15 and inserting “United States Patent and  
16 Trademark Office Public Enterprise Fund”;  
17 and

18 (B) by amending subsection (c) to read as  
19 follows:

20 “(c)(1) Subject to paragraphs (2) and (3), fees au-  
21 thorized in this title or any other Act to be charged or  
22 established by the Director shall be collected by and shall  
23 be available to the Director to carry out the activities of  
24 the Patent and Trademark Office.



1       “(2) All fees available to the Director under section  
2 31 of the Trademark Act of 1946 shall be used only for  
3 the processing of trademark registrations and for other  
4 activities, services, and materials relating to trademarks  
5 and to cover a proportionate share of the administrative  
6 costs of the Patent and Trademark Office.

7       “(3) All fees available to the Director under para-  
8 graphs (1), (2), and (3) of section 41(a) and section  
9 41(d)(1) of this title, and those fees available to the Direc-  
10 tor which are derived from filing fees, Request for Contin-  
11 ued Examination fees, and Information Disclosure State-  
12 ment submission fees established by regulation pursuant  
13 to section 41(d)(2) of this title, shall be used only for  
14 funding the portion of the salary of patent examiners at-  
15 tributable to examining patent applications and shall not  
16 be applied to fund non-examining activities or supervisory  
17 activities.”.

18           (2) EFFECTIVE DATE; TERMINATION.—The  
19 amendments made by paragraph (1) shall take effect  
20 on the later of—

21                   (A) October 1, 2009; or

22                   (B) the date of enactment of this Act.

23           (c) USPTO REVOLVING FUND.—

24           (1) ESTABLISHMENT.—There is established in  
25 the Treasury of the United States a revolving fund

1 to be known as the “United States Patent and  
2 Trademark Office Public Enterprise Fund”. Any  
3 amounts in the Fund shall be available for use by  
4 the Director without fiscal year limitation.

5 (2) DERIVATION OF RESOURCES.—There shall  
6 be deposited into the Fund—

7 (A) any fees collected under sections 41,  
8 42, and 376 of title 35, United States Code,  
9 provided that notwithstanding any other provi-  
10 sion of law, if such fees are collected by, and  
11 payable to, the Director, the Director shall  
12 transfer such amounts to the Fund; and

13 (B) any fees collected under section 31 of  
14 the Trademark Act of 1946 (15 U.S.C. 1113).

15 (3) EXPENSES.—Amounts deposited into the  
16 Fund under paragraph (2) shall be available, with-  
17 out fiscal year limitation, to cover—

18 (A) all expenses to the extent consistent  
19 with the limitation on the use of fees set forth  
20 in section 42(c) of title 35, United States Code,  
21 including all administrative and operating ex-  
22 penses, determined in the discretion of the  
23 Under Secretary to be ordinary and reasonable,  
24 incurred by the Under Secretary and the Direc-  
25 tor for the continued operation of all services,

1 programs, activities, and duties of the Office, as  
2 such services, programs, activities, and duties  
3 are described under—

4 (i) title 35, United States Code; and

5 (ii) the Trademark Act of 1946; and

6 (B) all expenses incurred pursuant to any  
7 obligation, representation, or other commitment  
8 of the Office.

9 (4) CUSTODIANS OF MONEY.—Notwithstanding  
10 section 3302 of title 31, United States Code, any  
11 funds received by the Director and transferred to  
12 Fund, or any amounts directly deposited into the  
13 Fund, may be used—

14 (A) to cover the expenses described in  
15 paragraph (3); and

16 (B) to purchase obligations of the United  
17 States, or any obligations guaranteed by the  
18 United States.

19 (d) ANNUAL REPORT.—Not later than 60 days after  
20 the end of each fiscal year, the Under Secretary and the  
21 Director shall submit a report to Congress which shall—

22 (1) summarize the operations of the Office for  
23 the preceding fiscal year, including financial details  
24 and staff levels broken down by each major activity  
25 of the Office;

1           (2) detail the operating plan of the Office, in-  
2           cluding specific expense and staff needs for the up-  
3           coming fiscal year;

4           (3) describe the long-term modernization plans  
5           of the Office;

6           (4) set forth details of any progress towards  
7           such modernization plans made in the previous fiscal  
8           year; and

9           (5) include the results of the most recent audit  
10          carried out under subsection (e).

11         (e) ANNUAL SPENDING PLAN.—

12           (1) IN GENERAL.—Not later than 30 days after  
13           the beginning of each fiscal year, the Director shall  
14           notify the Committees on Appropriations of both  
15           Houses of Congress of the plan for the obligation  
16           and expenditure of the total amount of the funds for  
17           that fiscal year in accordance with section 605 of the  
18           Science, State, Justice, Commerce, and Related  
19           Agencies Appropriations Act, 2006 (Public Law  
20           109–108; 119 Stat. 2334).

21           (2) CONTENTS.—Each plan under paragraph  
22           (1) shall—

23                 (A) summarize the operations of the Office  
24                 for the current fiscal year, including financial

1 details and staff levels with respect to major ac-  
2 tivities; and

3 (B) detail the operating plan of the Office,  
4 including specific expense and staff needs, for  
5 the current fiscal year.

6 (f) AUDIT.—The Under Secretary shall, on an annual  
7 basis, provide for an independent audit of the financial  
8 statements of the Office. Such audit shall be conducted  
9 in accordance with generally acceptable accounting proce-  
10 dures.

11 (g) BUDGET.—In accordance with section 9301 of  
12 title 31, United States Code, the Fund shall prepare and  
13 submit each year to the President a business-type budget  
14 in a way, and before a date, the President prescribes by  
15 regulation for the budget program.

16 **SEC. 15. TECHNICAL AMENDMENTS.**

17 (a) JOINT INVENTIONS.—Section 116 of title 35,  
18 United States Code, is amended—

19 (1) in the first paragraph, by striking  
20 “When” and inserting “(a) JOINT INVEN-  
21 TIONS.—When”;

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

25 (3) in the third paragraph—

1 (A) by striking “Whenever” and in-  
2 serting “(c) CORRECTION OF ERRORS IN  
3 APPLICATION.—Whenever”; and

4 (B) by striking “and such error arose  
5 without any deceptive intent on his part,”.

6 (b) FILING OF APPLICATION IN FOREIGN COUN-  
7 TRY.—Section 184 of title 35, United States Code, is  
8 amended—

9 (1) in the first paragraph—

10 (A) by striking “Except when” and insert-  
11 ing “(a) FILING IN FOREIGN COUNTRY.—Ex-  
12 cept when”; and

13 (B) by striking “and without deceptive in-  
14 tent”;

15 (2) in the second paragraph, by striking “The  
16 term” and inserting “(b) APPLICATION.—The  
17 term”; and

18 (3) in the third paragraph, by striking “The  
19 scope” and inserting “(c) SUBSEQUENT MODIFICA-  
20 TIONS, AMENDMENTS, AND SUPPLEMENTS.—The  
21 scope”.

22 (c) FILING WITHOUT A LICENSE.—Section 185 of  
23 title 35, United States Code, is amended by striking “and  
24 without deceptive intent”.

1 (d) REISSUE OF DEFECTIVE PATENTS.—Section 251  
2 of title 35, United States Code, is amended—

3 (1) in the first paragraph—

4 (A) by striking “Whenever” and inserting  
5 “(a) IN GENERAL.—Whenever reissue of any  
6 patent is authorized under section 298 or”; and

7 (B) by striking “without deceptive inten-  
8 tion”;

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 provision” 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 (e) EFFECT OF REISSUE.—Section 253 of title 35,  
20 United States Code, is amended—

21 (1) in the first paragraph, by striking “When-  
22 ever, without deceptive intention” and inserting “(a)  
23 IN GENERAL.—Whenever”; 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 (f) CORRECTION OF NAMED INVENTOR.—Section  
4 256 of title 35, United States Code, 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 (g) PRESUMPTION OF VALIDITY.—Section 282 of  
12 title 35, United States Code, is amended—

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

16 (2) in the second undesignated paragraph, by  
17 striking “The following” and inserting “(b) DE-  
18 FENSES.—The following”; and

19 (3) in the third undesignated paragraph, by  
20 striking “In actions” and inserting “(c) NOTICE OF  
21 ACTIONS; ACTIONS DURING EXTENSION OF PATENT  
22 TERM.—In actions”.

23 (h) ACTION FOR INFRINGEMENT.—Section 288 of  
24 title 35, United States Code, is amended by striking “,  
25 without any deceptive intention,”.



1 (i) GOVERNMENT-OWNED FACILITIES.—Section  
2 202(e)(7)(E)(i) of title 35, United States Code, is amend-  
3 ed by—

4 (1) striking “up to an amount equal to 5 per-  
5 cent of the annual budget of the facility,”; and

6 (2) striking “provided that” and all that follows  
7 through “in this clause (D);”.

8 **SEC. 16. EFFECTIVE DATE; RULE OF CONSTRUCTION.**

9 (a) EFFECTIVE DATE.—Except as otherwise provided  
10 in this Act, the provisions of this Act shall take effect 12  
11 months after the date of the enactment of this Act and  
12 shall apply to any patent issued on or after that effective  
13 date.

14 (b) SPECIAL PROVISIONS RELATING TO DETERMINA-  
15 TIONS OF VALIDITY AND PATENTABILITY.—

16 (1) IN GENERAL.—The amendments made by  
17 section 2 shall apply to any application for a patent  
18 and any patent issued pursuant to such an applica-  
19 tion that at any time—

20 (A) contained a claim to a claimed inven-  
21 tion that has an effective filing date, as such  
22 date is defined under section 100(h) of title 35,  
23 United States Code, 1 year or more after the  
24 date of the enactment of this Act;

1 (B) asserted a claim to a right of priority  
2 under section 119, 365(a), or 365(b) of title 35,  
3 United States Code, to any application that was  
4 filed 1 year or more after the date of the enact-  
5 ment of this Act; or

6 (C) made a specific reference under section  
7 120, 121, or 365(c) of title 35, United States  
8 Code, to any application to which the amend-  
9 ments made by section 2 otherwise apply under  
10 this subsection.

11 (2) PATENTABILITY.—For any application for  
12 patent and any patent issued pursuant to such an  
13 application to which the amendments made by sec-  
14 tion 2 apply, no claim asserted in such application  
15 shall be patentable or valid unless such claim meets  
16 the conditions of patentability specified in section  
17 102(g) of title 35, United States Code, as such con-  
18 ditions were in effect on the day prior to the date  
19 of enactment of this Act, if the application at any  
20 time—

21 (A) contained a claim to a claimed inven-  
22 tion that has an effective filing date as defined  
23 in section 100(h) of title 35, United States  
24 Code, earlier than 1 year after the date of the  
25 enactment of this Act;

1 (B) asserted a claim to a right of priority  
2 under section 119, 365(a), or 365(b) of title 35,  
3 United States Code, to any application that was  
4 filed earlier than 1 year after the date of the  
5 enactment of this Act; or

6 (C) made a specific reference under section  
7 120, 121, or 365(c) of title 35, United States  
8 Code, with respect to which the requirements of  
9 section 102(g) applied.

10 (3) VALIDITY OF PATENTS.—For the purpose  
11 of determining the validity of a claim in any patent  
12 or the patentability of any claim in a nonprovisional  
13 application for patent that is made before the effec-  
14 tive date of the amendments made by sections 2 and  
15 3, other than in an action brought in a court before  
16 the date of the enactment of this Act—

17 (A) the provisions of subsections (c), (d),  
18 and (f) of section 102 of title 35, United States  
19 Code, that were in effect on the day prior to the  
20 date of enactment of this Act shall be deemed  
21 to be repealed;

22 (B) the amendments made by section 3 of  
23 this Act shall apply, except that a claim in a  
24 patent that is otherwise valid under the provi-  
25 sions of section 102(f) of title 35, United States

1 Code, as such provision was in effect on the day  
2 prior to the date of enactment of this Act, shall  
3 not be invalidated by reason of this paragraph;  
4 and

5 (C) the term “in public use or on sale” as  
6 used in section 102(b) of title 35, United States  
7 Code, as such section was in effect on the day  
8 prior to the date of enactment of this Act shall  
9 be deemed to exclude the use, sale, or offer for  
10 sale of any subject matter that had not become  
11 available to the public.

12 (4) CONTINUITY OF INTENT UNDER THE CRE-  
13 ATE ACT.—The enactment of section 102(b)(3) of  
14 title 35, United States Code, under section (2)(b) of  
15 this Act is done with the same intent to promote  
16 joint research activities that was expressed, includ-  
17 ing in the legislative history, through the enactment  
18 of the Cooperative Research and Technology En-  
19 hancement Act of 2004 (Public Law 108–453; the  
20 “CREATE Act”), the amendments of which are  
21 stricken by section 2(c) of this Act. The United  
22 States Patent and Trademark Office shall admin-  
23 ister section 102(b)(3) of title 35, United States  
24 Code, in a manner consistent with the legislative his-  
25 tory of the CREATE Act that was relevant to its

1 administration by the United States Patent and  
2 Trademark Office.

○