AN ACT

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

1 Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,
SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Leahy-Smith America Invents Act”.

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

Sec. 1. Short title; table of contents.
Sec. 2. Definitions.
Sec. 3. First inventor to file.
Sec. 4. Inventor’s oath or declaration.
Sec. 5. Defense to infringement based on prior commercial use.
Sec. 6. Post-grant review proceedings.
Sec. 7. Patent Trial and Appeal Board.
Sec. 8. Preissuance submissions by third parties.
Sec. 9. Venue.
Sec. 10. Fee setting authority.
Sec. 11. Fees for patent services.
Sec. 12. Supplemental examination.
Sec. 13. Funding agreements.
Sec. 14. Tax strategies deemed within the prior art.
Sec. 15. Best mode requirement.
Sec. 16. Marking.
Sec. 17. Advice of counsel.
Sec. 18. Transitional program for covered business method patents.
Sec. 19. Jurisdiction and procedural matters.
Sec. 20. Technical amendments.
Sec. 21. Travel expenses and payment of administrative judges.
Sec. 22. Patent and Trademark Office funding.
Sec. 23. Satellite offices.
Sec. 24. Designation of Detroit satellite office.
Sec. 25. Priority examination for important technologies.
Sec. 26. Study on implementation.
Sec. 27. Study on genetic testing.
Sec. 28. Patent Ombudsman Program for small business concerns.
Sec. 29. Establishment of methods for studying the diversity of applicants.
Sec. 30. Sense of Congress.
Sec. 31. USPTO study on international patent protections for small businesses.
Sec. 32. Pro bono program.
Sec. 33. Limitation on issuance of patents.
Sec. 34. Study of patent litigation.
Sec. 35. Effective date.
Sec. 36. Budgetary effects.
Sec. 37. Calculation of 60-day period for application of patent term extension.

SEC. 2. DEFINITIONS.

In this Act:
(1) DIRECTOR.—The term “Director” means the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.

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

(3) PATENT PUBLIC ADVISORY COMMITTEE.—The term “Patent Public Advisory Committee” means the Patent Public Advisory Committee established under section 5(a) of title 35, United States Code.

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

(5) TRADEMARK PUBLIC ADVISORY COMMITTEE.—The term “Trademark Public Advisory Committee” means the Trademark Public Advisory Committee established under section 5(a) of title 35, United States Code.
SEC. 3. FIRST INVENTOR TO FILE.

(a) DEFINITIONS.—Section 100 of title 35, United States Code, is amended—

(1) in subsection (e), by striking “or inter partes reexamination under section 311”; and

(2) by adding at the end the following:

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

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

“(h) The term ‘joint research agreement’ means a written contract, grant, or cooperative agreement entered into by 2 or more persons or entities for the performance of experimental, developmental, or research work in the field of the claimed invention.

“(i)(1) The term ‘effective filing date’ for a claimed invention in a patent or application for patent means—

“(A) if subparagraph (B) does not apply, the actual filing date of the patent or the application for the patent containing a claim to the invention; or

“(B) the filing date of the earliest application for which the patent or application is entitled, as to such invention, to a right of priority under section

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119, 365(a), or 365(b) or to the benefit of an earlier filing date under section 120, 121, or 365(c).

“(2) The effective filing date for a claimed invention in an application for reissue or reissued patent shall be determined by deeming the claim to the invention to have been contained in the patent for which reissue was sought.

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

(b) CONDITIONS FOR PATENTABILITY.—

(1) IN GENERAL.—Section 102 of title 35, United States Code, is amended to read as follows:

§ 102. Conditions for patentability; novelty

“(a) NOVELTY; PRIOR ART.—A person shall be entitled to a patent unless—

“(1) the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public before the effective filing date of the claimed invention; or

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

“(b) EXCEPTIONS.—

“(1) DISCLOSURES MADE 1 YEAR OR LESS BEFORE THE EFFECTIVE FILING DATE OF THE CLAIMED INVENTION.—A disclosure made 1 year or less before the effective filing date of a claimed invention shall not be prior art to the claimed invention under subsection (a)(1) if—

“(A) the disclosure was made by the inventor or joint inventor or by another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or

“(B) the subject matter disclosed had, before such disclosure, been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor.

“(2) DISCLOSURES APPEARING IN APPLICATIONS AND PATENTS.—A disclosure shall not be prior art to a claimed invention under subsection (a)(2) if—

“(A) the subject matter disclosed was obtained directly or indirectly from the inventor or a joint inventor;
“(B) the subject matter disclosed had, before such subject matter was effectively filed under subsection (a)(2), been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or

“(C) the subject matter disclosed and the claimed invention, not later than the effective filing date of the claimed invention, were owned by the same person or subject to an obligation of assignment to the same person.

“(e) COMMON OWNERSHIP UNDER JOINT RESEARCH AGREEMENTS.—Subject matter disclosed and a claimed invention shall be deemed to have been owned by the same person or subject to an obligation of assignment to the same person in applying the provisions of subsection (b)(2)(C) if—

“(1) the subject matter disclosed was developed and the claimed invention was made by, or on behalf of, 1 or more parties to a joint research agreement that was in effect on or before the effective filing date of the claimed invention;
“(2) the claimed invention was made as a result of activities undertaken within the scope of the joint research agreement; and

“(3) the application for patent for the claimed invention discloses or is amended to disclose the names of the parties to the joint research agreement.

“(d) PATENTS AND PUBLISHED APPLICATIONS EFFECTIVE AS PRIOR ART.—For purposes of determining whether a patent or application for patent is prior art to a claimed invention under subsection (a)(2), such patent or application shall be considered to have been effectively filed, with respect to any subject matter described in the patent or application—

“(1) if paragraph (2) does not apply, as of the actual filing date of the patent or the application for patent; or

“(2) if the patent or application for patent is entitled to claim a right of priority under section 119, 365(a), or 365(b), or to claim the benefit of an earlier filing date under section 120, 121, or 365(c), based upon 1 or more prior filed applications for patent, as of the filing date of the earliest such application that describes the subject matter.”.
(2) Continuity of Intent under the CREATE Act.—The enactment of section 102(e) of title 35, United States Code, under paragraph (1) of this subsection is done with the same intent to promote joint research activities that was expressed, including in the legislative history, through the enactment of the Cooperative Research and Technology Enhancement Act of 2004 (Public Law 108–453; the "CREATE Act"), the amendments of which are stricken by subsection (c) of this section. The United States Patent and Trademark Office shall administer section 102(e) of title 35, United States Code, in a manner consistent with the legislative history of the CREATE Act that was relevant to its administration by the United States Patent and Trademark Office.

(3) Conforming Amendment.—The item relating to section 102 in the table of sections for chapter 10 of title 35, United States Code, is amended to read as follows:

"102. Conditions for patentability; novelty."

(c) Conditions for Patentability; Nonobvious Subject Matter.—Section 103 of title 35, United States Code, is amended to read as follows:
“§ 103. Conditions for patentability; non-obvious subject matter

“A patent for a claimed invention may not be obtained, notwithstanding that the claimed invention is not identically disclosed as set forth in section 102, if the differences between the claimed invention and the prior art are such that the claimed invention as a whole would have been obvious before the effective filing date of the claimed invention to a person having ordinary skill in the art to which the claimed invention pertains. Patentability shall not be negated by the manner in which the invention was made.”.

(d) Repeal of Requirements for Inventions Made Abroad.—Section 104 of title 35, United States Code, and the item relating to that section in the table of sections for chapter 10 of title 35, United States Code, are repealed.

(e) Repeal of Statutory Invention Registration.—

(1) In general.—Section 157 of title 35, United States Code, and the item relating to that section in the table of sections for chapter 14 of title 35, United States Code, are repealed.

(2) Removal of cross references.—Section 111(b)(8) of title 35, United States Code, is amend-
ed by striking “sections 115, 131, 135, and 157” and inserting “sections 131 and 135”.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect upon the expiration of the 18-month period beginning on the date of the enactment of this Act, and shall apply to any request for a statutory invention registration filed on or after that effective date.

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

(g) CONFORMING AMENDMENTS.—

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

(2) LIMITATION ON REMEDIES.—Section 287(c)(4) of title 35, United States Code, is amended by striking “the earliest effective filing date of which is prior to” and inserting “which has an effective filing date before”.

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

(4) **Publication of international application: effect.**—Section 374 of title 35, United States Code, is amended by striking “sections 102(e) and 154(d)” and inserting “section 154(d)”.  

(5) **Patent issued on international application: effect.**—The second sentence of section 375(a) of title 35, United States Code, is amended by striking “Subject to section 102(e) of this title, such” and inserting “Such”.  

(6) **Limit on right of priority.**—Section 119(a) of title 35, United States Code, is amended by striking “; but no patent shall be granted” and all that follows through “one year prior to such filing”.  

(7) **Inventions made with federal assistance.**—Section 202(c) of title 35, United States Code, is amended—

(A) in paragraph (2)—

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

(ii) by striking “prior to the end of the statutory” and inserting “before the end of that 1-year”; and

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

(h) Derived Patents.—

(1) In General.—Section 291 of title 35, United States Code, is amended to read as follows:

“§ 291. Derived Patents

“(a) In General.—The owner of a patent may have relief by civil action against the owner of another patent that claims the same invention and has an earlier effective filing date, if the invention claimed in such other patent was derived from the inventor of the invention claimed in the patent owned by the person seeking relief under this section.

“(b) Filing Limitation.—An action under this section may be filed only before the end of the 1-year period beginning on the date of the issuance of the first patent containing a claim to the allegedly derived invention and
naming an individual alleged to have derived such invention as the inventor or joint inventor.”.

(2) Conforming Amendment.—The item relating to section 291 in the table of sections for chapter 29 of title 35, United States Code, is amended to read as follows:

“291. Derived patents.”.

(i) Derivation Proceedings.—Section 135 of title 35, United States Code, is amended to read as follows:

“§ 135. Derivation proceedings

(a) Institution of Proceeding.—An applicant for patent may file a petition to institute a derivation proceeding in the Office. The petition shall set forth with particularity the basis for finding that an inventor named in an earlier application derived the claimed invention from an inventor named in the petitioner’s application and, without authorization, the earlier application claiming such invention was filed. Any such petition may be filed only within the 1-year period beginning on the date of the first publication of a claim to an invention that is the same or substantially the same as the earlier application’s claim to the invention, shall be made under oath, and shall be supported by substantial evidence. Whenever the Director determines that a petition filed under this subsection demonstrates that the standards for instituting a derivation proceeding are met, the Director may institute a deriva-
tion proceeding. The determination by the Director whether to institute a derivation proceeding shall be final and nonappealable.

"(b) Determination by Patent Trial and Appeal Board.—In a derivation proceeding instituted under subsection (a), the Patent Trial and Appeal Board shall determine whether an inventor named in the earlier application derived the claimed invention from an inventor named in the petitioner’s application and, without authorization, the earlier application claiming such invention was filed. In appropriate circumstances, the Patent Trial and Appeal Board may correct the naming of the inventor in any application or patent at issue. The Director shall prescribe regulations setting forth standards for the conduct of derivation proceedings, including requiring parties to provide sufficient evidence to prove and rebut a claim of derivation.

"(c) Deferral of Decision.—The Patent Trial and Appeal Board may defer action on a petition for a derivation proceeding until the expiration of the 3-month period beginning on the date on which the Director issues a patent that includes the claimed invention that is the subject of the petition. The Patent Trial and Appeal Board also may defer action on a petition for a derivation proceeding, or stay the proceeding after it has been insti-
tuted, until the termination of a proceeding under chapter 30, 31, or 32 involving the patent of the earlier applicant.

“(d) Effect of Final Decision.—The final decision of the Patent Trial and Appeal Board, if adverse to claims in an application for patent, shall constitute the final refusal by the Office on those claims. The final decision of the Patent Trial and Appeal Board, if adverse to claims in a patent, shall, if no appeal or other review of the decision has been or can be taken or had, constitute cancellation of those claims, and notice of such cancellation shall be endorsed on copies of the patent distributed after such cancellation.

“(e) Settlement.—Parties to a proceeding instituted under subsection (a) may terminate the proceeding by filing a written statement reflecting the agreement of the parties as to the correct inventors of the claimed invention in dispute. Unless the Patent Trial and Appeal Board finds the agreement to be inconsistent with the evidence of record, if any, it shall take action consistent with the agreement. Any written settlement or understanding of the parties shall be filed with the Director. At the request of a party to the proceeding, the agreement or understanding shall be treated as business confidential information, shall be kept separate from the file of the involved patents or applications, and shall be made available only
to Government agencies on written request, or to any person on a showing of good cause.

“(f) ARBITRATION.—Parties to a proceeding instituted under subsection (a) may, within such time as may be specified by the Director by regulation, determine such contest or any aspect thereof by arbitration. Such arbitration shall be governed by the provisions of title 9, to the extent such title is not inconsistent with this section. The parties shall give notice of any arbitration award to the Director, and such award shall, as between the parties to the arbitration, be dispositive of the issues to which it relates. The arbitration award shall be unenforceable until such notice is given. Nothing in this subsection shall preclude the Director from determining the patentability of the claimed inventions involved in the proceeding.”.

(j) Elimination of References to Interferences.—(1) Sections 134, 145, 146, 154, and 305 of title 35, United States Code, are each amended by striking “Board of Patent Appeals and Interferences” each place it appears and inserting “Patent Trial and Appeal Board”.

(2)(A) Section 146 of title 35, United States Code, is amended—

(i) by striking “an interference” and inserting “a derivation proceeding”; and
(ii) by striking “the interference” and inserting “the derivation proceeding”.

(B) The subparagraph heading for section 154(b)(1)(C) of title 35, United States Code, is amended to read as follows:

“(C) GUARANTEE OF ADJUSTMENTS FOR DELAYS DUE TO DERIVATION PROCEEDINGS, SECRECY ORDERS, AND APPEALS.—”.

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

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

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

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

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

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

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

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

(k) STATUTE OF LIMITATIONS.—
(1) IN GENERAL.—Section 32 of title 35, United States Code, is amended by inserting between the third and fourth sentences the following: “A proceeding under this section shall be commenced not later than the earlier of either the date that is 10 years after the date on which the misconduct forming the basis for the proceeding occurred, or 1 year after the date on which the misconduct forming the basis for the proceeding is made known to an officer or employee of the Office as prescribed in the regulations established under section 2(b)(2)(D).”.

(2) REPORT TO CONGRESS.—The Director shall provide on a biennial basis to the Judiciary Committees of the Senate and House of Representatives a report providing a short description of incidents made known to an officer or employee of the Office as prescribed in the regulations established under section 2(b)(2)(D) of title 35, United States Code, that reflect substantial evidence of misconduct before the Office but for which the Office was barred from commencing a proceeding under section 32 of title 35, United States Code, by the time limitation established by the fourth sentence of that section.
(3) **Effective date.**—The amendment made by paragraph (1) shall apply in any case in which the time period for instituting a proceeding under section 32 of title 35, United States Code, had not lapsed before the date of the enactment of this Act.

(l) **Small Business Study.**—

(1) **Definitions.**—In this subsection—

(A) the term “Chief Counsel” means the Chief Counsel for Advocacy of the Small Business Administration;

(B) the term “General Counsel” means the General Counsel of the United States Patent and Trademark Office; and

(C) the term “small business concern” has the meaning given that term under section 3 of the Small Business Act (15 U.S.C. 632).

(2) **Study.**—

(A) **In general.**—The Chief Counsel, in consultation with the General Counsel, shall conduct a study of the effects of eliminating the use of dates of invention in determining whether an applicant is entitled to a patent under title 35, United States Code.

(B) **Areas of study.**—The study conducted under subparagraph (A) shall include
examination of the effects of eliminating the use of invention dates, including examining—

(i) how the change would affect the ability of small business concerns to obtain patents and their costs of obtaining patents;

(ii) whether the change would create, mitigate, or exacerbate any disadvantages for applicants for patents that are small business concerns relative to applicants for patents that are not small business concerns, and whether the change would create any advantages for applicants for patents that are small business concerns relative to applicants for patents that are not small business concerns;

(iii) the cost savings and other potential benefits to small business concerns of the change; and

(iv) the feasibility and costs and benefits to small business concerns of alternative means of determining whether an applicant is entitled to a patent under title 35, United States Code.
(3) REPORT.—Not later than the date that is
1 year after the date of the enactment of this Act,
the Chief Counsel shall submit to the Committee on
Small Business and Entrepreneurship and the Com-
mittee on the Judiciary of the Senate and the Com-
mittee on Small Business and the Committee on the
Judiciary of the House of Representatives a report
on the results of the study under paragraph (2).
(m) REPORT ON PRIOR USER RIGHTS.—
(1) IN GENERAL.—Not later than the end of
the 4-month period beginning on the date of the en-
actment of this Act, the Director shall report, to the
Committee on the Judiciary of the Senate and the
Committee on the Judiciary of the House of Rep-
resentatives, the findings and recommendations of
the Director on the operation of prior user rights in
selected countries in the industrialized world. The
report shall include the following:

(A) A comparison between patent laws of
the United States and the laws of other indus-
trialized countries, including members of the
European Union and Japan, Canada, and Aus-
tralia.
(B) An analysis of the effect of prior user rights on innovation rates in the selected countries.

(C) An analysis of the correlation, if any, between prior user rights and start-up enterprises and the ability to attract venture capital to start new companies.

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

(E) An analysis of legal and constitutional issues, if any, that arise from placing trade secret law in patent law.

(F) An analysis of whether the change to a first-to-file patent system creates a particular need for prior user rights.

(2) CONSULTATION WITH OTHER AGENCIES.—

In preparing the report required under paragraph (1), the Director shall consult with the United States Trade Representative, the Secretary of State, and the Attorney General.

(n) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this section, the amendments made by this section shall take effect upon the expiration of the
18-month period beginning on the date of the enact-
ment of this Act, and shall apply to any application
for patent, and to any patent issuing thereon, that
contains or contained at any time—

(A) a claim to a claimed invention that has
an effective filing date as defined in section
100(i) of title 35, United States Code, that is
on or after the effective date described in this
paragraph; or

(B) a specific reference under section 120,
121, or 365(e) of title 35, United States Code,
to any patent or application that contains or
contained at any time such a claim.

(2) INTERFERING PATENTS.—The provisions of
sections 102(g), 135, and 291 of title 35, United
States Code, as in effect on the day before the effec-
tive date set forth in paragraph (1) of this sub-
section, shall apply to each claim of an application
for patent, and any patent issued thereon, for which
the amendments made by this section also apply, if
such application or patent contains or contained at
any time—

(A) a claim to an invention having an ef-
fective filing date as defined in section 100(i) of
title 35, United States Code, that occurs before
the effective date set forth in paragraph (1) of this subsection; or

(B) a specific reference under section 120, 121, or 365(c) of title 35, United States Code, to any patent or application that contains or contained at any time such a claim.

(o) SENSE OF CONGRESS.—It is the sense of the Congress that converting the United States patent system from “first to invent” to a system of “first inventor to file” will promote the progress of science and the useful arts by securing for limited times to inventors the exclusive rights to their discoveries and provide inventors with greater certainty regarding the scope of protection provided by the grant of exclusive rights to their discoveries.

(p) SENSE OF CONGRESS.—It is the sense of the Congress that converting the United States patent system from “first to invent” to a system of “first inventor to file” will improve the United States patent system and promote harmonization of the United States patent system with the patent systems commonly used in nearly all other countries throughout the world with whom the United States conducts trade and thereby promote greater international uniformity and certainty in the procedures used for securing the exclusive rights of inventors to their discoveries.
SEC. 4. INVENTOR’S OATH OR DECLARATION.

(a) Inventor’s Oath or Declaration.—

(1) In General.—Section 115 of title 35, United States Code, is amended to read as follows:

“§ 115. Inventor’s oath or declaration

“(a) Naming the Inventor; Inventor’s Oath or Declaration.—An application for patent that is filed under section 111(a) or commences the national stage under section 371 shall include, or be amended to include, the name of the inventor for any invention claimed in the application. Except as otherwise provided in this section, each individual who is the inventor or a joint inventor of a claimed invention in an application for patent shall execute an oath or declaration in connection with the application.

“(b) Required Statements.—An oath or declaration under subsection (a) shall contain statements that—

“(1) the application was made or was authorized to be made by the affiant or declarant; and

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

“(c) Additional Requirements.—The Director may specify additional information relating to the inventor and the invention that is required to be included in an oath or declaration under subsection (a).
“(d) SUBSTITUTE STATEMENT.—

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

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

“(A) is unable to file the oath or declaration under subsection (a) because the individual—

“(i) is deceased;

“(ii) is under legal incapacity; or

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

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

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

“(A) identify the individual with respect to whom the statement applies;
“(B) set forth the circumstances representing the permitted basis for the filing of the substitute statement in lieu of the oath or declaration under subsection (a); and

“(C) contain any additional information, including any showing, required by the Director.

“(e) MAKING REQUIRED STATEMENTS IN ASSIGNMENT OF RECORD.—An individual who is under an obligation of assignment of an application for patent may include the required statements under subsections (b) and (c) in the assignment executed by the individual, in lieu of filing such statements separately.

“(f) TIME FOR FILING.—A notice of allowance under section 151 may be provided to an applicant for patent only if the applicant for patent has filed each required oath or declaration under subsection (a) or has filed a substitute statement under subsection (d) or recorded an assignment meeting the requirements of subsection (e).

“(g) EARLIER-FILED APPLICATION CONTAINING REQUIRED STATEMENTS OR SUBSTITUTE STATEMENT.—

“(1) EXCEPTION.—The requirements under this section shall not apply to an individual with respect to an application for patent in which the individual is named as the inventor or a joint inventor
and who claims the benefit under section 120, 121, or 365(c) of the filing of an earlier-filed application, if—

“(A) an oath or declaration meeting the requirements of subsection (a) was executed by the individual and was filed in connection with the earlier-filed application;

“(B) a substitute statement meeting the requirements of subsection (d) was filed in connection with the earlier filed application with respect to the individual; or

“(C) an assignment meeting the requirements of subsection (e) was executed with respect to the earlier-filed application by the individual and was recorded in connection with the earlier-filed application.

“(2) COPIES OF OATHS, DECLARATIONS, STATEMENTS, OR ASSIGNMENTS.—Notwithstanding paragraph (1), the Director may require that a copy of the executed oath or declaration, the substitute statement, or the assignment filed in connection with the earlier-filed application be included in the later-filed application.

“(h) SUPPLEMENTAL AND CORRECTED STATEMENTS; FILING ADDITIONAL STATEMENTS.—
“(1) In general.—Any person making a statement required under this section may withdraw, replace, or otherwise correct the statement at any time. If a change is made in the naming of the inventor requiring the filing of 1 or more additional statements under this section, the Director shall establish regulations under which such additional statements may be filed.

“(2) Supplemental statements not required.—If an individual has executed an oath or declaration meeting the requirements of subsection (a) or an assignment meeting the requirements of subsection (e) with respect to an application for patent, the Director may not thereafter require that individual to make any additional oath, declaration, or other statement equivalent to those required by this section in connection with the application for patent or any patent issuing thereon.

“(3) Savings clause.—A patent shall not be invalid or unenforceable based upon the failure to comply with a requirement under this section if the failure is remedied as provided under paragraph (1).

“(i) Acknowledgment of penalties.—Any declaration or statement filed pursuant to this section shall contain an acknowledgment that any willful false state-
ment made in such declaration or statement is punishable
under section 1001 of title 18 by fine or imprisonment
of not more than 5 years, or both.”.

(2) Relationship to divisional applications.—Section 121 of title 35, United States Code, is amended by striking “If a divisional application” and all that follows through “inventor.”.

(3) Requirements for nonprovisional applications.—Section 111(a) of title 35, United States Code, is amended—

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

(B) in the heading for paragraph (3), by inserting “OR DECLARATION” after “AND OATH”; and

(C) by inserting “or declaration” after “and oath” each place it appears.

(4) Conforming amendment.—The item relating to section 115 in the table of sections for chapter 11 of title 35, United States Code, is amended to read as follows:

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

(b) Filing by other than inventor.—

(1) In general.—Section 118 of title 35, United States Code, is amended to read as follows:
§ 118. Filing by other than inventor

“A person to whom the inventor has assigned or is under an obligation to assign the invention may make an application for patent. A person who otherwise shows sufficient proprietary interest in the matter may make an application for patent on behalf of and as agent for the inventor on proof of the pertinent facts and a showing that such action is appropriate to preserve the rights of the parties. If the Director grants a patent on an application filed under this section by a person other than the inventor, the patent shall be granted to the real party in interest and upon such notice to the inventor as the Director considers to be sufficient.”

(2) CONFORMING AMENDMENT.—Section 251 of title 35, United States Code, is amended in the third undesignated paragraph by inserting “or the application for the original patent was filed by the assignee of the entire interest” after “claims of the original patent”.

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

(1) in the first undesignated paragraph—

(A) by striking “The specification” and inserting “(a) IN GENERAL.—The specification”; and
(B) by striking “of carrying out his invention” and inserting “or joint inventor of carrying out the invention”;

(2) in the second undesignated paragraph—

(A) by striking “The specification” and inserting “(b) CONCLUSION.—The specification”;

and

(B) by striking “applicant regards as his invention” and inserting “inventor or a joint inventor regards as the invention”;

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

(4) in the fourth undesignated paragraph, by striking “Subject to the following paragraph,” and inserting “(d) REFERENCE IN DEPENDENT FORMS.—Subject to subsection (e),”;

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

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

(d) CONFORMING AMENDMENTS.—
(1) Sections 111(b)(1)(A) of title 35, United States Code, is amended by striking “the first paragraph of section 112 of this title” and inserting “section 112(a)”.  

(2) Section 111(b)(2) of title 35, United States Code, is amended by striking “the second through fifth paragraphs of section 112,” and inserting “subsections (b) through (e) of section 112,”.  

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect upon the expiration of the 1-year period beginning on the date of the enactment of this Act and shall apply to any patent application that is filed on or after that effective date.  

SEC. 5. DEFENSE TO INFRINGEMENT BASED ON PRIOR COMMERCIAL USE.  

(a) IN GENERAL.—Section 273 of title 35, United States Code, is amended to read as follows:  

“§273. Defense to infringement based on prior commercial use  

“(a) IN GENERAL.—A person shall be entitled to a defense under section 282(b) with respect to subject matter consisting of a process, or consisting of a machine, manufacture, or composition of matter used in a manufacturing or other commercial process, that would otherwise
infringe a claimed invention being asserted against the
person if—

“(1) such person, acting in good faith, commer-
cially used the subject matter in the United States,
either in connection with an internal commercial use
or an actual arm’s length sale or other arm’s length
commercial transfer of a useful end result of such
commercial use; and

“(2) such commercial use occurred at least 1
year before the earlier of either—

“(A) the effective filing date of the claimed
invention; or

“(B) the date on which the claimed inven-
tion was disclosed to the public in a manner
that qualified for the exception from prior art
under section 102(b).

“(b) BURDEN OF PROOF.—A person asserting a de-

defense under this section shall have the burden of estab-

lishing the defense by clear and convincing evidence.

“(c) ADDITIONAL COMMERCIAL USES.—

“(1) PREMARKETING REGULATORY REVIEW.—

Subject matter for which commercial marketing or
use is subject to a premarketing regulatory review
period during which the safety or efficacy of the sub-
ject matter is established, including any period speci-
fied in section 156(g), shall be deemed to be com-
mercially used for purposes of subsection (a)(1) dur-
ing such regulatory review period.

“(2) NONPROFIT LABORATORY USE.—A use of
subject matter by a nonprofit research laboratory or
other nonprofit entity, such as a university or hos-
pital, for which the public is the intended bene-
ficiary, shall be deemed to be a commercial use for
purposes of subsection (a)(1), except that a defense
under this section may be asserted pursuant to this
paragraph only for continued and noncommercial
use by and in the laboratory or other nonprofit enti-
ty.

“(d) EXHAUSTION OF RIGHTS.—Notwithstanding
subsection (e)(1), the sale or other disposition of a useful
end result by a person entitled to assert a defense under
this section in connection with a patent with respect to
that useful end result shall exhaust the patent owner’s
rights under the patent to the extent that such rights
would have been exhausted had such sale or other disposi-
tion been made by the patent owner.

“(e) LIMITATIONS AND EXCEPTIONS.—

“(1) PERSONAL DEFENSE.—

“(A) IN GENERAL.—A defense under this
section may be asserted only by the person who
performed or directed the performance of the
commercial use described in subsection (a), or
by an entity that controls, is controlled by, or
is under common control with such person.

“(B) TRANSFER OF RIGHT.—Except for
any transfer to the patent owner, the right to
assert a defense under this section shall not be
licensed or assigned or transferred to another
person except as an ancillary and subordinate
part of a good-faith assignment or transfer for
other reasons of the entire enterprise or line of
business to which the defense relates.

“(C) RESTRICTION ON SITES.—A defense
under this section, when acquired by a person
as part of an assignment or transfer described
in subparagraph (B), may only be asserted for
uses at sites where the subject matter that
would otherwise infringe a claimed invention is
in use before the later of the effective filing
date of the claimed invention or the date of the
assignment or transfer of such enterprise or
line of business.

“(2) DERIVATION.—A person may not assert a
defense under this section if the subject matter on
which the defense is based was derived from the patentee or persons in privity with the patentee.

“(3) NOT A GENERAL LICENSE.—The defense asserted by a person under this section is not a general license under all claims of the patent at issue, but extends only to the specific subject matter for which it has been established that a commercial use that qualifies under this section occurred, except that the defense shall also extend to variations in the quantity or volume of use of the claimed subject matter, and to improvements in the claimed subject matter that do not infringe additional specifically claimed subject matter of the patent.

“(4) ABANDONMENT OF USE.—A person who has abandoned commercial use (that qualifies under this section) of subject matter may not rely on activities performed before the date of such abandonment in establishing a defense under this section with respect to actions taken on or after the date of such abandonment.

“(5) UNIVERSITY EXCEPTION.—

“(A) IN GENERAL.—A person commercially using subject matter to which subsection (a) applies may not assert a defense under this section if the claimed invention with respect to
which the defense is asserted was, at the time 
the invention was made, owned or subject to an 
obligation of assignment to either an institution 
of higher education (as defined in section 
101(a) of the Higher Education Act of 1965 
(20 U.S.C. 1001(a)), or a technology transfer 
organization whose primary purpose is to facili-
tate the commercialization of technologies devel-
oped by one or more such institutions of higher 
education.

“(B) EXCEPTION.—Subparagraph (A) 
shall not apply if any of the activities required 
to reduce to practice the subject matter of the 
claimed invention could not have been under-
taken using funds provided by the Federal Gov-
ernment.

“(f) UNREASONABLE ASSERTION OF DEFENSE.—If 
the defense under this section is pleaded by a person who 
is found to infringe the patent and who subsequently fails 
to demonstrate a reasonable basis for asserting the de-
fense, the court shall find the case exceptional for the pur-
pose of awarding attorney fees under section 285.

“(g) INVALIDITY.—A patent shall not be deemed to 
be invalid under section 102 or 103 solely because a de-
fense is raised or established under this section.”. 

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(b) CONFORMING AMENDMENT.—The item relating
to section 273 in the table of sections for chapter 28 of
title 35, United States Code, is amended to read as fol-
lows:

“273. Defense to infringement based on prior commercial use.”.

(c) EFFECTIVE DATE.—The amendments made by
this section shall apply to any patent issued on or after
the date of the enactment of this Act.

SEC. 6. POST-GRA NT REVIEW PROCEEDINGS.

(a) INTER PARTES REVIEW.—Chapter 31 of title 35,
United States Code, is amended to read as follows:

“CHAPTER 31—INTER PARTES REVIEW

“Sec.
“311. Inter partes review.
“312. Petitions.
“313. Preliminary response to petition.
“314. Institution of inter partes review.
“315. Relation to other proceedings or actions.
“316. Conduct of inter partes review.
“317. Settlement.
“318. Decision of the Board.
“319. Appeal.

§ 311. Inter partes review

“(a) IN GENERAL.—Subject to the provisions of this
chapter, a person who is not the owner of a patent may
file with the Office a petition to institute an inter partes
review of the patent. The Director shall establish, by regu-
lation, fees to be paid by the person requesting the review,
in such amounts as the Director determines to be reason-
able, considering the aggregate costs of the review.
“(b) Scope.—A petitioner in an inter partes review may request to cancel as unpatentable 1 or more claims of a patent only on a ground that could be raised under section 102 or 103 and only on the basis of prior art consisting of patents or printed publications.

“(c) Filing Deadline.—A petition for inter partes review shall be filed after the later of either—

“(1) the date that is 9 months after the grant of a patent or issuance of a reissue of a patent; or

“(2) if a post-grant review is instituted under chapter 32, the date of the termination of such post-grant review.

§ 312. Petitions

“(a) Requirements of Petition.—A petition filed under section 311 may be considered only if—

“(1) the petition is accompanied by payment of the fee established by the Director under section 311;

“(2) the petition identifies all real parties in interest;

“(3) the petition identifies, in writing and with particularity, each claim challenged, the grounds on which the challenge to each claim is based, and the evidence that supports the grounds for the challenge to each claim, including—
“(A) copies of patents and printed publications that the petitioner relies upon in support of the petition; and

“(B) affidavits or declarations of supporting evidence and opinions, if the petitioner relies on expert opinions;

“(4) the petition provides such other information as the Director may require by regulation; and

“(5) the petitioner provides copies of any of the documents required under paragraphs (2), (3), and (4) to the patent owner or, if applicable, the designated representative of the patent owner.

“(b) Public Availability.—As soon as practicable after the receipt of a petition under section 311, the Director shall make the petition available to the public.

§ 313. Preliminary response to petition

“If an inter partes review petition is filed under section 311, the patent owner shall have the right to file a preliminary response to the petition, within a time period set by the Director, that sets forth reasons why no inter partes review should be instituted based upon the failure of the petition to meet any requirement of this chapter.

§ 314. Institution of inter partes review

“(a) Threshold.—The Director may not authorize an inter partes review to be instituted unless the Director
determines that the information presented in the petition filed under section 311 and any response filed under section 313 shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.

“(b) TIMING.—The Director shall determine whether to institute an inter partes review under this chapter pursuant to a petition filed under section 311 within 3 months after—

“(1) receiving a preliminary response to the petition under section 313; or

“(2) if no such preliminary response is filed, the last date on which such response may be filed.

“(c) NOTICE.—The Director shall notify the petitioner and patent owner, in writing, of the Director’s determination under subsection (a), and shall make such notice available to the public as soon as is practicable. Such notice shall include the date on which the review shall commence.

“(d) NO APPEAL.—The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.

“§ 315. Relation to other proceedings or actions

“(a) INFRINGER’S CIVIL ACTION.—
“(1) INTER PARTES REVIEW BARRED BY CIVIL ACTION.—An inter partes review may not be instituted if, before the date on which the petition for such a review is filed, the petitioner or real party in interest filed a civil action challenging the validity of a claim of the patent.

“(2) STAY OF CIVIL ACTION.—If the petitioner or real party in interest files a civil action challenging the validity of a claim of the patent on or after the date on which the petitioner files a petition for inter partes review of the patent, that civil action shall be automatically stayed until either—

“(A) the patent owner moves the court to lift the stay;

“(B) the patent owner files a civil action or counterclaim alleging that the petitioner or real party in interest has infringed the patent; or

“(C) the petitioner or real party in interest moves the court to dismiss the civil action.

“(3) TREATMENT OF COUNTERCLAIM.—A counterclaim challenging the validity of a claim of a patent does not constitute a civil action challenging the validity of a claim of a patent for purposes of this subsection.
“(b) Patent Owner’s Action.—An inter partes re-
view may not be instituted if the petition requesting the
proceeding is filed more than 1 year after the date on
which the petitioner, real party in interest, or privy of the
petitioner is served with a complaint alleging infringement
of the patent. The time limitation set forth in the pre-
ceding sentence shall not apply to a request for joinder
under subsection (c).

“(c) Joinder.—If the Director institutes an inter
partes review, the Director, in his or her discretion, may
join as a party to that inter partes review any person who
properly files a petition under section 311 that the Direc-
tor, after receiving a preliminary response under section
313 or the expiration of the time for filing such a re-
response, determines warrants the institution of an inter
partes review under section 314.

“(d) Multiple Proceedings.—Notwithstanding
sections 135(a), 251, and 252, and chapter 30, during the
pendency of an inter partes review, if another proceeding
or matter involving the patent is before the Office, the
Director may determine the manner in which the inter
partes review or other proceeding or matter may proceed,
including providing for stay, transfer, consolidation, or
termination of any such matter or proceeding.

“(e) Estoppel.—

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“(1) PROCEEDINGS BEFORE THE OFFICE.—The
petitioner in an inter partes review of a claim in a
patent under this chapter that results in a final
written decision under section 318(a), or the real
party in interest or privy of the petitioner, may not
request or maintain a proceeding before the Office
with respect to that claim on any ground that the
petitioner raised or reasonably could have raised
during that inter partes review.

“(2) CIVIL ACTIONS AND OTHER PRO-
CEEDINGS.—The petitioner in an inter partes review
of a claim in a patent under this chapter that results
in a final written decision under section 318(a), or
the real party in interest or privy of the petitioner,
may not assert either in a civil action arising in
whole or in part under section 1338 of title 28 or
in a proceeding before the International Trade Com-
mmission under section 337 of the Tariff Act of 1930
that the claim is invalid on any ground that the peti-
tioner raised or reasonably could have raised during
that inter partes review.

§ 316. Conduct of inter partes review

“(a) REGULATIONS.—The Director shall prescribe
regulations—
“(1) providing that the file of any proceeding under this chapter shall be made available to the public, except that any petition or document filed with the intent that it be sealed shall, if accompanied by a motion to seal, be treated as sealed pending the outcome of the ruling on the motion;

“(2) setting forth the standards for the showing of sufficient grounds to institute a review under section 314(a);

“(3) establishing procedures for the submission of supplemental information after the petition is filed;

“(4) establishing and governing inter partes review under this chapter and the relationship of such review to other proceedings under this title;

“(5) setting forth standards and procedures for discovery of relevant evidence, including that such discovery shall be limited to—

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

“(B) what is otherwise necessary in the interest of justice;

“(6) prescribing sanctions for abuse of discovery, abuse of process, or any other improper use of the proceeding, such as to harass or to cause un-
necessary delay or an unnecessary increase in the
cost of the proceeding;

“(7) providing for protective orders governing
the exchange and submission of confidential infor-
mation;

“(8) providing for the filing by the patent
owner of a response to the petition under section
313 after an inter partes review has been instituted,
and requiring that the patent owner file with such
response, through affidavits or declarations, any ad-
ditional factual evidence and expert opinions on
which the patent owner relies in support of the re-
response;

“(9) setting forth standards and procedures for
allowing the patent owner to move to amend the pat-
ent under subsection (d) to cancel a challenged claim
or propose a reasonable number of substitute claims,
and ensuring that any information submitted by the
patent owner in support of any amendment entered
under subsection (d) is made available to the public
as part of the prosecution history of the patent;

“(10) providing either party with the right to
an oral hearing as part of the proceeding;

“(11) requiring that the final determination in
an inter partes review be issued not later than 1
year after the date on which the Director notices the
institution of a review under this chapter, except
that the Director may, for good cause shown, extend
the 1-year period by not more than 6 months, and
may adjust the time periods in this paragraph in the
case of joinder under section 315(e);

“(12) setting a time period for requesting join-
der under section 315(e); and

“(13) providing the petitioner with at least 1
opportunity to file written comments within a time
period established by the Director.

“(b) CONSIDERATIONS.—In prescribing regulations
under this section, the Director shall consider the effect
of any such regulation on the economy, the integrity of
the patent system, the efficient administration of the Of-
fice, and the ability of the Office to timely complete pro-
ceedings instituted under this chapter.

“(c) PATENT TRIAL AND APPEAL BOARD.—The Pat-
et Trial and Appeal Board shall, in accordance with sec-
tion 6, conduct each inter partes review instituted under
this chapter.

“(d) AMENDMENT OF THE PATENT.—

“(1) IN GENERAL.—During an inter partes re-
view instituted under this chapter, the patent owner
may file 1 motion to amend the patent in 1 or more
of the following ways:

“(A) Cancel any challenged patent claim.

“(B) For each challenged claim, propose a
reasonable number of substitute claims.

“(2) ADDITIONAL MOTIONS.—Additional mo-
tions to amend may be permitted upon the joint re-
quest of the petitioner and the patent owner to ma-
terially advance the settlement of a proceeding under
section 317, or as permitted by regulations pre-
scribed by the Director.

“(3) SCOPE OF CLAIMS.—An amendment under
this subsection may not enlarge the scope of the
claims of the patent or introduce new matter.

“(e) EVIDENTIARY STANDARDS.—In an inter partes
review instituted under this chapter, the petitioner shall
have the burden of proving a proposition of
unpatentability by a preponderance of the evidence.

“§ 317. Settlement

“(a) IN GENERAL.—An inter partes review instituted
under this chapter shall be terminated with respect to any
petitioner upon the joint request of the petitioner and the
patent owner, unless the Office has decided the merits of
the proceeding before the request for termination is filed.
If the inter partes review is terminated with respect to

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a petitioner under this section, no estoppel under section 315(e) shall attach to the petitioner, or to the real party in interest or privy of the petitioner, on the basis of that petitioner’s institution of that inter partes review. If no petitioner remains in the inter partes review, the Office may terminate the review or proceed to a final written decision under section 318(a).

“(b) AGREEMENTS IN WRITING.—Any agreement or understanding between the patent owner and a petitioner, including any collateral agreements referred to in such agreement or understanding, made in connection with, or in contemplation of, the termination of an inter partes review under this section shall be in writing and a true copy of such agreement or understanding shall be filed in the Office before the termination of the inter partes review as between the parties. At the request of a party to the proceeding, the agreement or understanding shall be treated as business confidential information, shall be kept separate from the file of the involved patents, and shall be made available only to Federal Government agencies on written request, or to any person on a showing of good cause.

“§ 318. Decision of the Board

“(a) FINAL WRITTEN DECISION.—If an inter partes review is instituted and not dismissed under this chapter,
the Patent Trial and Appeal Board shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added under section 316(d).

“(b) CERTIFICATE.—If the Patent Trial and Appeal Board issues a final written decision under subsection (a) and the time for appeal has expired or any appeal has terminated, the Director shall issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable, confirming any claim of the patent determined to be patentable, and incorporating in the patent by operation of the certificate any new or amended claim determined to be patentable.

“(c) INTERVENING RIGHTS.—Any proposed amended or new claim determined to be patentable and incorporated into a patent following an inter partes review under this chapter shall have the same effect as that specified in section 252 for reissued patents on the right of any person who made, purchased, or used within the United States, or imported into the United States, anything patented by such proposed amended or new claim, or who made substantial preparation therefor, before the issuance of a certificate under subsection (b).

“(d) DATA ON LENGTH OF REVIEW.—The Office shall make available to the public data describing the
length of time between the institution of, and the issuance of a final written decision under subsection (a) for, each inter partes review.

“§ 319. Appeal

“A party dissatisfied with the final written decision of the Patent Trial and Appeal Board under section 318(a) may appeal the decision pursuant to sections 141 through 144. Any party to the inter partes review shall have the right to be a party to the appeal.”.

(b) Conforming Amendment.—The table of chapters for part III of title 35, United States Code, is amended by striking the item relating to chapter 31 and inserting the following:

“31. Inter Partes Review .......................................................................... 311”.

(c) Regulations and Effective Date.—

(1) Regulations.—The Director shall, not later than the date that is 1 year after the date of the enactment of this Act, issue regulations to carry out chapter 31 of title 35, United States Code, as amended by subsection (a) of this section.

(2) Applicability.—

(A) In General.—The amendments made by subsection (a) shall take effect upon the expiration of the 1-year period beginning on the date of the enactment of this Act and shall
apply to any patent issued before, on, or after that effective date.

(B) GRADUATED IMPLEMENTATION.—The Director may impose a limit on the number of inter partes reviews that may be instituted under chapter 31 of title 35, United States Code, during each of the first 4 1-year periods in which the amendments made by subsection (a) are in effect, if such number in each year equals or exceeds the number of inter partes re-examinations that are ordered under chapter 31 of title 35, United States Code, in the last fiscal year ending before the effective date of the amendments made by subsection (a).

(3) TRANSITION.—

(A) IN GENERAL.—Chapter 31 of title 35, United States Code, is amended—

(i) in section 312—

(I) in subsection (a)—

(aa) in the first sentence, by striking “a substantial new question of patentability affecting any claim of the patent concerned is raised by the request,” and inserting “the information pre-
sented in the request shows that there is a reasonable likelihood that the requester would prevail with respect to at least 1 of the claims challenged in the request,”; and

(bb) in the second sentence, by striking “The existence of a substantial new question of patentability” and inserting “A showing that there is a reasonable likelihood that the requester would prevail with respect to at least 1 of the claims challenged in the request”; and

(II) in subsection (c), in the second sentence, by striking “no substantial new question of patentability has been raised,” and inserting “the showing required by subsection (a) has not been made,”; and

(ii) in section 313, by striking “a substantial new question of patentability affecting a claim of the patent is raised” and inserting “it has been shown that there is
a reasonable likelihood that the requester
would prevail with respect to at least 1 of
the claims challenged in the request’’.

(B) APPLICATION.—The amendments
made by this paragraph—

(i) shall take effect on the date of the
enactment of this Act; and

(ii) shall apply to requests for inter
partes reexamination that are filed on or
after such date of enactment, but before
the effective date set forth in paragraph
(2)(A) of this subsection.

(C) CONTINUED APPLICABILITY OF PRIOR
PROVISIONS.—The provisions of chapter 31 of
title 35, United States Code, as amended by
this paragraph, shall continue to apply to re-
quests for inter partes reexamination that are
filed before the effective date set forth in para-
graph (2)(A) as if subsection (a) had not been
enacted.

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

“CHAPTER 32—POST-GRANT REVIEW

See.
321. Post-grant review.
322. Petitions.
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§ 321. Post-grant review

(a) In General.—Subject to the provisions of this chapter, a person who is not the owner of a patent may file with the Office a petition to institute a post-grant review of the patent. The Director shall establish, by regulation, fees to be paid by the person requesting the review, in such amounts as the Director determines to be reasonable, considering the aggregate costs of the post-grant review.

(b) Scope.—A petitioner in a post-grant review may request to cancel as unpatentable 1 or more claims of a patent on any ground that could be raised under paragraph (2) or (3) of section 282(b) (relating to invalidity of the patent or any claim).

(c) Filing Deadline.—A petition for a post-grant review may only be filed not later than the date that is 9 months after the date of the grant of the patent or of the issuance of a reissue patent (as the case may be).

§ 322. Petitions

(a) Requirements of Petition.—A petition filed under section 321 may be considered only if—
“(1) the petition is accompanied by payment of
the fee established by the Director under section
321;
“(2) the petition identifies all real parties in in-
terest;
“(3) the petition identifies, in writing and with
particularity, each claim challenged, the grounds on
which the challenge to each claim is based, and the
evidence that supports the grounds for the challenge
to each claim, including—
“(A) copies of patents and printed publica-
tions that the petitioner relies upon in support
of the petition; and
“(B) affidavits or declarations of sup-
porting evidence and opinions, if the petitioner
relies on other factual evidence or on expert
opinions;
“(4) the petition provides such other informa-
tion as the Director may require by regulation; and
“(5) the petitioner provides copies of any of the
documents required under paragraphs (2), (3), and
(4) to the patent owner or, if applicable, the des-
ignated representative of the patent owner.
“(b) PUBLIC AVAILABILITY.—As soon as practicable after the receipt of a petition under section 321, the Director shall make the petition available to the public.

§ 323. Preliminary response to petition

“§ 323. Preliminary response to petition

“§ 324. Institution of post-grant review

“(a) THRESHOLD.—The Director may not authorize a post-grant review to be instituted unless the Director determines that the information presented in the petition filed under section 321, if such information is not rebutted, would demonstrate that it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable.

“(b) ADDITIONAL GROUNDS.—The determination required under subsection (a) may also be satisfied by a showing that the petition raises a novel or unsettled legal question that is important to other patents or patent applications.

“(c) TIMING.—The Director shall determine whether to institute a post-grant review under this chapter pursu-
ant to a petition filed under section 321 within 3 months
after—

“(1) receiving a preliminary response to the pe-
tition under section 323; or

“(2) if no such preliminary response is filed,
the last date on which such response may be filed.

“(d) NOTICE.—The Director shall notify the peti-
tioner and patent owner, in writing, of the Director’s de-
termination under subsection (a) or (b), and shall make
such notice available to the public as soon as is prac-
ticable. Such notice shall include the date on which the
review shall commence.

“(e) NO APPEAL.—The determination by the Direc-
tor whether to institute a post-grant review under this sec-
tion shall be final and nonappealable.

“§ 325. Relation to other proceedings or actions

“(a) Infringer’s Civil Action.—

“(1) Post-grant review barred by civil
action.—A post-grant review may not be instituted
under this chapter if, before the date on which the
petition for such a review is filed, the petitioner or
real party in interest filed a civil action challenging
the validity of a claim of the patent.

“(2) Stay of civil action.—If the petitioner
or real party in interest files a civil action chal-
lenging the validity of a claim of the patent on or after the date on which the petitioner files a petition for post-grant review of the patent, that civil action shall be automatically stayed until either—

“(A) the patent owner moves the court to lift the stay;

“(B) the patent owner files a civil action or counterclaim alleging that the petitioner or real party in interest has infringed the patent; or

“(C) the petitioner or real party in interest moves the court to dismiss the civil action.

“(3) TREATMENT OF COUNTERCLAIM.—A counterclaim challenging the validity of a claim of a patent does not constitute a civil action challenging the validity of a claim of a patent for purposes of this subsection.

“(b) PRELIMINARY INJUNCTIONS.—If a civil action alleging infringement of a patent is filed within 3 months after the date on which the patent is granted, the court may not stay its consideration of the patent owner’s motion for a preliminary injunction against infringement of the patent on the basis that a petition for post-grant review has been filed under this chapter or that such a post-grant review has been instituted under this chapter.
“(c) **JOINDER.**—If more than 1 petition for a post-grant review under this chapter is properly filed against the same patent and the Director determines that more than 1 of these petitions warrants the institution of a post-grant review under section 324, the Director may consolidate such reviews into a single post-grant review.

“(d) **MULTIPLE PROCEEDINGS.**—Notwithstanding sections 135(a), 251, and 252, and chapter 30, during the pendency of any post-grant review under this chapter, if another proceeding or matter involving the patent is before the Office, the Director may determine the manner in which the post-grant review or other proceeding or matter may proceed, including providing for the stay, transfer, consolidation, or termination of any such matter or proceeding. In determining whether to institute or order a proceeding under this chapter, chapter 30, or chapter 31, the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.

“(e) **ESTOPPEL.**—

“(1) **PROCEEDINGS BEFORE THE OFFICE.**—The petitioner in a post-grant review of a claim in a patent under this chapter that results in a final written decision under section 328(a), or the real party in
interest or privy of the petitioner, may not request
or maintain a proceeding before the Office with re-
spect to that claim on any ground that the petitioner
raised or reasonably could have raised during that
post-grant review.

“(2) Civil actions and other pro-
cedings.—The petitioner in a post-grant review of
a claim in a patent under this chapter that results
in a final written decision under section 328(a), or
the real party in interest or privy of the petitioner,
may not assert either in a civil action arising in
whole or in part under section 1338 of title 28 or
in a proceeding before the International Trade Com-
mission under section 337 of the Tariff Act of 1930
that the claim is invalid on any ground that the peti-
tioner raised or reasonably could have raised during
that post-grant review.

“(f) Reissue Patents.—A post-grant review may
not be instituted under this chapter if the petition requests
cancellation of a claim in a reissue patent that is identical
to or narrower than a claim in the original patent from
which the reissue patent was issued, and the time limita-
tions in section 321(e) would bar filing a petition for a
post-grant review for such original patent.
§ 326. Conduct of post-grant review

(a) REGULATIONS.—The Director shall prescribe regulations—

“(1) providing that the file of any proceeding under this chapter shall be made available to the public, except that any petition or document filed with the intent that it be sealed shall, if accompanied by a motion to seal, be treated as sealed pending the outcome of the ruling on the motion;

“(2) setting forth the standards for the showing of sufficient grounds to institute a review under subsections (a) and (b) of section 324;

“(3) establishing procedures for the submission of supplemental information after the petition is filed;

“(4) establishing and governing a post-grant review under this chapter and the relationship of such review to other proceedings under this title;

“(5) setting forth standards and procedures for discovery of relevant evidence, including that such discovery shall be limited to evidence directly related to factual assertions advanced by either party in the proceeding;

“(6) prescribing sanctions for abuse of discovery, abuse of process, or any other improper use of the proceeding, such as to harass or to cause un-
necessary delay or an unnecessary increase in the
cost of the proceeding;

“(7) providing for protective orders governing
the exchange and submission of confidential infor-
mation;

“(8) providing for the filing by the patent
owner of a response to the petition under section
323 after a post-grant review has been instituted,
and requiring that the patent owner file with such
response, through affidavits or declarations, any ad-
ditional factual evidence and expert opinions on
which the patent owner relies in support of the re-
ponse;

“(9) setting forth standards and procedures for
allowing the patent owner to move to amend the pat-
ent under subsection (d) to cancel a challenged claim
or propose a reasonable number of substitute claims,
and ensuring that any information submitted by the
patent owner in support of any amendment entered
under subsection (d) is made available to the public
as part of the prosecution history of the patent;

“(10) providing either party with the right to
an oral hearing as part of the proceeding;

“(11) requiring that the final determination in
any post-grant review be issued not later than 1
year after the date on which the Director notices the institution of a proceeding under this chapter, except that the Director may, for good cause shown, extend the 1-year period by not more than 6 months, and may adjust the time periods in this paragraph in the case of joinder under section 325(e); and

“(12) providing the petitioner with at least 1 opportunity to file written comments within a time period established by the Director.

“(b) CONSIDERATIONS.—In prescribing regulations under this section, the Director shall consider the effect of any such regulation on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings instituted under this chapter.

“(c) PATENT TRIAL AND APPEAL BOARD.—The Patent Trial and Appeal Board shall, in accordance with section 6, conduct each post-grant review instituted under this chapter.

“(d) AMENDMENT OF THE PATENT.—

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

“(A) Cancel any challenged patent claim.
“(B) For each challenged claim, propose a reasonable number of substitute claims.

“(2) ADDITIONAL MOTIONS.—Additional motions to amend may be permitted upon the joint request of the petitioner and the patent owner to materially advance the settlement of a proceeding under section 327, or upon the request of the patent owner for good cause shown.

“(3) SCOPE OF CLAIMS.—An amendment under this subsection may not enlarge the scope of the claims of the patent or introduce new matter.

“(e) EVIDENTIARY STANDARDS.—In a post-grant review instituted under this chapter, the petitioner shall have the burden of proving a proposition of unpatentability by a preponderance of the evidence.

“§ 327. Settlement

“(a) IN GENERAL.—A post-grant review instituted under this chapter shall be terminated with respect to any petitioner upon the joint request of the petitioner and the patent owner, unless the Office has decided the merits of the proceeding before the request for termination is filed. If the post-grant review is terminated with respect to a petitioner under this section, no estoppel under section 325(e) shall attach to the petitioner, or to the real party in interest or privy of the petitioner, on the basis of that
petitioner’s institution of that post-grant review. If no pe-
titioner remains in the post-grant review, the Office may
terminate the post-grant review or proceed to a final writ-
ten decision under section 328(a).

“(b) AGREEMENTS IN WRITING.—Any agreement or
understanding between the patent owner and a petitioner,
including any collateral agreements referred to in such
agreement or understanding, made in connection with, or
in contemplation of, the termination of a post-grant review
under this section shall be in writing, and a true copy of
such agreement or understanding shall be filed in the Of-
fone before the termination of the post-grant review as be-
tween the parties. At the request of a party to the pro-
ceeding, the agreement or understanding shall be treated
as business confidential information, shall be kept sepa-
rate from the file of the involved patents, and shall be
made available only to Federal Government agencies on
written request, or to any person on a showing of good
cause.

§328. Decision of the Board

“(a) FINAL WRITTEN DECISION.—If a post-grant re-
view is instituted and not dismissed under this chapter,
the Patent Trial and Appeal Board shall issue a final writ-
ten decision with respect to the patentability of any patent
claim challenged by the petitioner and any new claim added under section 326(d).

“(b) CERTIFICATE.—If the Patent Trial and Appeal Board issues a final written decision under subsection (a) and the time for appeal has expired or any appeal has terminated, the Director shall issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable, confirming any claim of the patent determined to be patentable, and incorporating in the patent by operation of the certificate any new or amended claim determined to be patentable.

“(c) INTERVENING RIGHTS.—Any proposed amended or new claim determined to be patentable and incorporated into a patent following a post-grant review under this chapter shall have the same effect as that specified in section 252 of this title for reissued patents on the right of any person who made, purchased, or used within the United States, or imported into the United States, anything patented by such proposed amended or new claim, or who made substantial preparation therefor, before the issuance of a certificate under subsection (b).

“(d) DATA ON LENGTH OF REVIEW.—The Office shall make available to the public data describing the length of time between the institution of, and the issuance
of a final written decision under subsection (a) for, each
post-grant review.

“§ 329. Appeal

“A party dissatisfied with the final written decision
of the Patent Trial and Appeal Board under section
328(a) may appeal the decision pursuant to sections 141
through 144. Any party to the post-grant review shall have
the right to be a party to the appeal.”.

(e) CONFORMING AMENDMENT.—The table of chap-
ters for part III of title 35, United States Code, is amend-
ed by adding at the end the following:

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

(f) REGULATIONS AND EFFECTIVE DATE.—

(1) REGULATIONS.—The Director shall, not
later than the date that is 1 year after the date of
the enactment of this Act, issue regulations to carry
out chapter 32 of title 35, United States Code, as
added by subsection (d) of this section.

(2) APPLICABILITY.—

(A) IN GENERAL.—The amendments made
by subsection (d) shall take effect upon the ex-
piration of the 1-year period beginning on the
date of the enactment of this Act and, except
as provided in section 18 and in paragraph (3),
shall apply only to patents described in section
3(n)(1).
(B) LIMITATION.—The Director may impose a limit on the number of post-grant reviews that may be instituted under chapter 32 of title 35, United States Code, during each of the first 4 1-year periods in which the amendments made by subsection (d) are in effect.

(3) PENDING INTERFERENCES.—

(A) Procedures in general.—The Director shall determine, and include in the regulations issued under paragraph (1), the procedures under which an interference commenced before the effective date set forth in paragraph (2)(A) is to proceed, including whether such interference—

(i) is to be dismissed without prejudice to the filing of a petition for a post-grant review under chapter 32 of title 35, United States Code; or

(ii) is to proceed as if this Act had not been enacted.

(B) PROCEEDINGS BY PATENT TRIAL AND APPEAL BOARD.—For purposes of an interference that is commenced before the effective date set forth in paragraph (2)(A), the Director may deem the Patent Trial and Appeal Board
to be the Board of Patent Appeals and Inter-
ferences, and may allow the Patent Trial and
Appeal Board to conduct any further pro-
ceedings in that interference.

(C) APPEALS.—The authorization to ap-
peal or have remedy from derivation pro-
ceedings in sections 141(d) and 146 of title 35,
United States Code, as amended by this Act,
and the jurisdiction to entertain appeals from
derivation proceedings in section 1295(a)(4)(A)
of title 28, United States Code, as amended by
this Act, shall be deemed to extend to any final
decision in an interference that is commenced
before the effective date set forth in paragraph
(2)(A) of this subsection and that is not dis-
missed pursuant to this paragraph.

(g) CITATION OF PRIOR ART AND WRITTEN STATE-
MENTS.—

(1) IN GENERAL.—Section 301 of title 35,
United States Code, is amended to read as follows:

“§ 301. Citation of prior art and written statements

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

“(1) prior art consisting of patents or printed
publications which that person believes to have a
bearing on the patentability of any claim of a particular patent; or

“(2) statements of the patent owner filed in a proceeding before a Federal court or the Office in which the patent owner took a position on the scope of any claim of a particular patent.

“(b) OFFICIAL FILE.—If the person citing prior art or written statements pursuant to subsection (a) explains in writing the pertinence and manner of applying the prior art or written statements to at least 1 claim of the patent, the citation of the prior art or written statements and the explanation thereof shall become a part of the official file of the patent.

“(c) ADDITIONAL INFORMATION.—A party that submits a written statement pursuant to subsection (a)(2) shall include any other documents, pleadings, or evidence from the proceeding in which the statement was filed that addresses the written statement.

“(d) LIMITATIONS.—A written statement submitted pursuant to subsection (a)(2), and additional information submitted pursuant to subsection (c), shall not be considered by the Office for any purpose other than to determine the proper meaning of a patent claim in a proceeding that is ordered or instituted pursuant to section 304, 314, or 324. If any such written statement or additional informa-
tion is subject to an applicable protective order, such statement or information shall be redacted to exclude in-
formation that is subject to that order.

“(e) CONFIDENTIALITY.—Upon the written request of the person citing prior art or written statements pursuant to subsection (a), that person’s identity shall be ex-
cluded from the patent file and kept confidential.”.

(2) CONFORMING AMENDMENT.—The item rel-
ating to section 301 in the table of sections for chapter 30 of title 35, United States Code, is amended to read as follows:

“301. Citation of prior art and written statements.”.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect upon the expira-
tion of the 1-year period beginning on the date of the enactment of this Act and shall apply to any patent issued before, on, or after that effective date.

(h) REEXAMINATION.—

(1) DETERMINATION BY DIRECTOR.—

(A) IN GENERAL.—Section 303(a) of title 35, United States Code, is amended by striking “section 301 of this title” and inserting “sec-
tion 301 or 302”.

(B) EFFECTIVE DATE.—The amendment made by this paragraph shall take effect upon the expiration of the 1-year period beginning on
the date of the enactment of this Act and shall
apply to any patent issued before, on, or after
that effective date.

(2) Appeal.—

(A) In general.—Section 306 of title 35, United States Code, is amended by striking “145” and inserting “144”.

(B) Effective date.—The amendment made by this paragraph shall take effect on the date of the enactment of this Act and shall apply to any appeal of a reexamination before the Board of Patent Appeals and Interferences or the Patent Trial and Appeal Board that is pending on, or brought on or after, the date of

SEC. 7. PATENT TRIAL AND APPEAL BOARD.

(a) Composition and Duties.—

(1) In general.—Section 6 of title 35, United States Code, is amended to read as follows:

“§ 6. Patent Trial and Appeal Board

“(a) In General.—There shall be in the Office a Patent Trial and Appeal Board. The Director, the Deputy Director, the Commissioner for Patents, the Commissioner for Trademarks, and the administrative patent judges shall constitute the Patent Trial and Appeal Board. The
administrative patent judges shall be persons of competent legal knowledge and scientific ability who are appointed by the Secretary, in consultation with the Director. Any reference in any Federal law, Executive order, rule, regulation, or delegation of authority, or any document of or pertaining to the Board of Patent Appeals and Interferences is deemed to refer to the Patent Trial and Appeal Board.

“(b) Duties.—The Patent Trial and Appeal Board shall—

“(1) on written appeal of an applicant, review adverse decisions of examiners upon applications for patents pursuant to section 134(a);

“(2) review appeals of reexaminations pursuant to section 134(b);

“(3) conduct derivation proceedings pursuant to section 135; and

“(4) conduct inter partes reviews and post-grant reviews pursuant to chapters 31 and 32.

“(c) 3-Member Panels.—Each appeal, derivation proceeding, post-grant review, and inter partes review shall be heard by at least 3 members of the Patent Trial and Appeal Board, who shall be designated by the Director. Only the Patent Trial and Appeal Board may grant rehearings.
“(d) TREATMENT OF PRIOR APPOINTMENTS.—The Secretary of Commerce may, in the Secretary’s discretion, deem the appointment of an administrative patent judge who, before the date of the enactment of this subsection, held office pursuant to an appointment by the Director to take effect on the date on which the Director initially appointed the administrative patent judge. It shall be a defense to a challenge to the appointment of an administrative patent judge on the basis of the judge’s having been originally appointed by the Director that the administrative patent judge so appointed was acting as a de facto officer.”.

(2) CONFORMING AMENDMENT.—The item relating to section 6 in the table of sections for chapter 1 of title 35, United States Code, is amended to read as follows:

“6. Patent Trial and Appeal Board.”.

(b) ADMINISTRATIVE APPEALS.—Section 134 of title 35, United States Code, is amended—

(1) in subsection (b), by striking “any reexamination proceeding” and inserting “a reexamination”; and

(2) by striking subsection (c).

(e) CIRCUIT APPEALS.—

(1) IN GENERAL.—Section 141 of title 35, United States Code, is amended to read as follows:
§ 141. Appeal to Court of Appeals for the Federal Circuit

(a) EXAMINATIONS.—An applicant who is dissatisfied with the final decision in an appeal to the Patent Trial and Appeal Board under section 134(a) may appeal the Board’s decision to the United States Court of Appeals for the Federal Circuit. By filing such an appeal, the applicant waives his or her right to proceed under section 145.

(b) REEXAMINATIONS.—A patent owner who is dissatisfied with the final decision in an appeal of a reexamination to the Patent Trial and Appeal Board under section 134(b) may appeal the Board’s decision only to the United States Court of Appeals for the Federal Circuit.

(c) POST-GRANT AND INTER PARTES REVIEWS.—A party to an inter partes review or a post-grant review who is dissatisfied with the final written decision of the Patent Trial and Appeal Board under section 318(a) or 328(a) (as the case may be) may appeal the Board’s decision only to the United States Court of Appeals for the Federal Circuit.

(d) DERIVATION PROCEEDINGS.—A party to a derivation proceeding who is dissatisfied with the final decision of the Patent Trial and Appeal Board in the proceeding may appeal the decision to the United States Court of Appeals for the Federal Circuit, but such appeal
shall be dismissed if any adverse party to such derivation proceeding, within 20 days after the appellant has filed notice of appeal in accordance with section 142, files notice with the Director that the party elects to have all further proceedings conducted as provided in section 146. If the appellant does not, within 30 days after the filing of such notice by the adverse party, file a civil action under section 146, the Board’s decision shall govern the further proceedings in the case.”.

(2) **Jurisdiction.**—Section 1295(a)(4)(A) of title 28, United States Code, is amended to read as follows:

“(A) the Patent Trial and Appeal Board of the United States Patent and Trademark Office with respect to a patent application, derivation proceeding, reexamination, post-grant review, or inter partes review under title 35, at the instance of a party who exercised that party’s right to participate in the applicable proceeding before or appeal to the Board, except that an applicant or a party to a derivation proceeding may also have remedy by civil action pursuant to section 145 or 146 of title 35; an appeal under this subparagraph of a decision of the Board with respect to an application or deriva-
tion proceeding shall waive the right of such ap-
applicant or party to proceed under section 145 or
146 of title 35;”.

(3) PROCEEDINGS ON APPEAL.—Section 143 of
title 35, United States Code, is amended—

(A) by striking the third sentence and in-
serting the following: “In an ex parte case, the
Director shall submit to the court in writing the
grounds for the decision of the Patent and
Trademark Office, addressing all of the issues
raised in the appeal. The Director shall have
the right to intervene in an appeal from a deci-
sion entered by the Patent Trial and Appeal
Board in a derivation proceeding under section
135 or in an inter partes or post-grant review
under chapter 31 or 32.”; and

(B) by striking the last sentence.

(d) CONFORMING AMENDMENTS.—

(1) ATOMIC ENERGY ACT OF 1954.—Section
152 of the Atomic Energy Act of 1954 (42 U.S.C.
2182) is amended in the third undesignated para-
graph—

(A) by striking “Board of Patent Appeals
and Interferences” each place it appears and
inserting “Patent Trial and Appeal Board”;
and
(B) by inserting “and derivation” after “established for interference”.

(2) TITLE 51.—Section 20135 of title 51, United States Code, is amended—

(A) in subsections (e) and (f), by striking “Board of Patent Appeals and Interferences” each place it appears and inserting “Patent Trial and Appeal Board”; and

(B) in subsection (e), by inserting “and derivation” after “established for interference”.

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect upon the expiration of the 1-year period beginning on the date of the enactment of this Act and shall apply to proceedings commenced on or after that effective date, except that—

(1) the extension of jurisdiction to the United States Court of Appeals for the Federal Circuit to entertain appeals of decisions of the Patent Trial and Appeal Board in reexaminations under the amendment made by subsection (c)(2) shall be deemed to take effect on the date of the enactment of this Act and shall extend to any decision of the Board of Patent Appeals and Interferences with re-
spect to a reexamination that is entered before, on, or after the date of the enactment of this Act;

(2) the provisions of sections 6, 134, and 141 of title 35, United States Code, as in effect on the day before the effective date of the amendments made by this section shall continue to apply to inter partes reexaminations that are requested under section 311 of such title before such effective date;

(3) the Patent Trial and Appeal Board may be deemed to be the Board of Patent Appeals and Interferences for purposes of appeals of inter partes reexaminations that are requested under section 311 of title 35, United States Code, before the effective date of the amendments made by this section; and

(4) the Director’s right under the fourth sentence of section 143 of title 35, United States Code, as amended by subsection (c)(3) of this section, to intervene in an appeal from a decision entered by the Patent Trial and Appeal Board shall be deemed to extend to inter partes reexaminations that are requested under section 311 of such title before the effective date of the amendments made by this section.
SEC. 8. PREISSUANCE SUBMISSIONS BY THIRD PARTIES.

(a) In General.—Section 122 of title 35, United States Code, is amended by adding at the end the following:

“(e) Preissuance Submissions by Third Parties.—

“(1) In General.—Any third party may submit for consideration and inclusion in the record of a patent application, any patent, published patent application, or other printed publication of potential relevance to the examination of the application, if such submission is made in writing before the earlier of—

“(A) the date a notice of allowance under section 151 is given or mailed in the application for patent; or

“(B) the later of—

“(i) 6 months after the date on which the application for patent is first published under section 122 by the Office, or

“(ii) the date of the first rejection under section 132 of any claim by the examiner during the examination of the application for patent.

“(2) Other Requirements.—Any submission under paragraph (1) shall—
“(A) set forth a concise description of the asserted relevance of each submitted document;
“(B) be accompanied by such fee as the Director may prescribe; and
“(C) include a statement by the person making such submission affirming that the submission was made in compliance with this section.”.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect upon the expiration of the 1-year period beginning on the date of the enactment of this Act and shall apply to any patent application filed before, on, or after that effective date.

SEC. 9. VENUE.

(a) TECHNICAL AMENDMENTS RELATING TO VENUE.—Sections 32, 145, 146, 154(b)(4)(A), and 293 of title 35, United States Code, and section 21(b)(4) of the Trademark Act of 1946 (15 U.S.C. 1071(b)(4)), are each amended by striking “United States District Court for the District of Columbia” each place that term appears and inserting “United States District Court for the Eastern District of Virginia”.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment
of this Act and shall apply to any civil action commenced on or after that date.

SEC. 10. FEE SETTING AUTHORITY.

(a) Fee Setting.—

(1) IN GENERAL.—The Director may set or adjust by rule any fee established, authorized, or charged under title 35, United States Code, or the Trademark Act of 1946 (15 U.S.C. 1051 et seq.), for any services performed by or materials furnished by, the Office, subject to paragraph (2).

(2) FEES TO RECOVER COSTS.—Fees may be set or adjusted under paragraph (1) only to recover the aggregate estimated costs to the Office for processing, activities, services, and materials relating to patents (in the case of patent fees) and trademarks (in the case of trademark fees), including administrative costs of the Office with respect to such patent or trademark fees (as the case may be).

(b) SMALL AND MICRO ENTITIES.—The fees set or adjusted under subsection (a) for filing, searching, examining, issuing, appealing, and maintaining patent applications and patents shall be reduced by 50 percent with respect to the application of such fees to any small entity that qualifies for reduced fees under section 41(h)(1) of title 35, United States Code, and shall be reduced by 75
percent with respect to the application of such fees to any
micro entity as defined in section 123 of that title (as
added by subsection (g) of this section).

(c) Reduction of Fees in Certain Fiscal
Years.—In each fiscal year, the Director—

(1) shall consult with the Patent Public Advi-
sory Committee and the Trademark Public Advisory
Committee on the advisability of reducing any fees
described in subsection (a); and

(2) after the consultation required under para-
graph (1), may reduce such fees.

(d) Role of the Public Advisory Committee.—
The Director shall—

(1) not less than 45 days before publishing any
proposed fee under subsection (a) in the Federal
Register, submit the proposed fee to the Patent Pub-
lic Advisory Committee or the Trademark Public
Advisory Committee, or both, as appropriate;

(2)(A) provide the relevant advisory committee
described in paragraph (1) a 30-day period following
the submission of any proposed fee, in which to de-
liberate, consider, and comment on such proposal;

(B) require that, during that 30-day period, the
relevant advisory committee hold a public hearing
relating to such proposal; and
(C) assist the relevant advisory committee in carrying out that public hearing, including by offering the use of the resources of the Office to notify and promote the hearing to the public and interested stakeholders;

(3) require the relevant advisory committee to make available to the public a written report setting forth in detail the comments, advice, and recommendations of the committee regarding the proposed fee; and

(4) consider and analyze any comments, advice, or recommendations received from the relevant advisory committee before setting or adjusting (as the case may be) the fee.

(e) PUBLICATION IN THE FEDERAL REGISTER.—

(1) PUBLICATION AND RATIONALE.—The Director shall—

(A) publish any proposed fee change under this section in the Federal Register;

(B) include, in such publication, the specific rationale and purpose for the proposal, including the possible expectations or benefits resulting from the proposed change; and

(C) notify, through the Chair and Ranking Member of the Committees on the Judiciary of
the Senate and the House of Representatives,
the Congress of the proposed change not later
than the date on which the proposed change is
published under subparagraph (A).

(2) Public comment period.—The Director
shall, in the publication under paragraph (1), pro-
vide the public a period of not less than 45 days in
which to submit comments on the proposed change
in fees.

(3) Publication of final rule.—The final
rule setting or adjusting a fee under this section
shall be published in the Federal Register and in the
Official Gazette of the Patent and Trademark Of-

(4) Congressional comment period.—A fee
set or adjusted under subsection (a) may not become
effective—

(A) before the end of the 45-day period be-

Beginning on the day after the date on which the
Director publishes the final rule adjusting or
setting the fee under paragraph (3); or

(B) if a law is enacted disapproving such
fee.

(5) Rule of construction.—Rules pre-
scribed under this section shall not diminish—
(A) the rights of an applicant for a patent under title 35, United States Code, or for a mark under the Trademark Act of 1946; or

(B) any rights under a ratified treaty.

(f) RETENTION OF AUTHORITY.—The Director retains the authority under subsection (a) to set or adjust fees only during such period as the Patent and Trademark Office remains an agency within the Department of Commerce.

(g) MICRO ENTITY DEFINED.—

(1) IN GENERAL.—Chapter 11 of title 35, United States Code, is amended by adding at the end the following new section:

“§ 123. Micro entity defined

“(a) IN GENERAL.—For purposes of this title, the term ‘micro entity’ means an applicant who makes a certification that the applicant—

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

“(2) has not been named as an inventor on more than 4 previously filed patent applications, other than applications filed in another country, provisional applications under section 111(b), or international applications filed under the treaty defined
in section 351(a) for which the basic national fee
under section 41(a) was not paid;

“(3) did not, in the calendar year preceding the
calendar year in which the applicable fee is being
paid, have a gross income, as defined in section
61(a) of the Internal Revenue Code of 1986, exceed-
ing 3 times the median household income for that
preceding calendar year, as most recently reported
by the Bureau of the Census; and

“(4) has not assigned, granted, or conveyed,
and is not under an obligation by contract or law to
assign, grant, or convey, a license or other ownership
interest in the application concerned to an entity
that, in the calendar year preceding the calendar
year in which the applicable fee is being paid, had
a gross income, as defined in section 61(a) of the In-
ternal Revenue Code of 1986, exceeding 3 times the
median household income for that preceding cal-
endar year, as most recently reported by the Bureau
of the Census.

“(b) APPLICATIONS RESULTING FROM PRIOR EM-
PLOYMENT.—An applicant is not considered to be named
on a previously filed application for purposes of subsection
(a)(2) if the applicant has assigned, or is under an obliga-
tion by contract or law to assign, all ownership rights in
the application as the result of the applicant’s previous employment.

“(c) FOREIGN CURRENCY EXCHANGE RATE.—If an applicant’s or entity’s gross income in the preceding calendar year is not in United States dollars, the average currency exchange rate, as reported by the Internal Revenue Service, during that calendar year shall be used to determine whether the applicant’s or entity’s gross income exceeds the threshold specified in paragraphs (3) or (4) of subsection (a).

“(d) INSTITUTIONS OF HIGHER EDUCATION.—For purposes of this section, a micro entity shall include an applicant who certifies that—

“(1) the applicant’s employer, from which the applicant obtains the majority of the applicant’s income, is an institution of higher education as defined in section 101(a) of the Higher Education Act of 1965 (20 U.S.C. 1001(a)); or

“(2) the applicant has assigned, granted, conveyed, or is under an obligation by contract or law, to assign, grant, or convey, a license or other ownership interest in the particular applications to such an institution of higher education.

“(e) DIRECTOR’S AUTHORITY.—In addition to the limits imposed by this section, the Director may, in the
Director’s discretion, impose income limits, annual filing
limits, or other limits on who may qualify as a micro entity
pursuant to this section if the Director determines that
such additional limits are reasonably necessary to avoid
an undue impact on other patent applicants or owners or
are otherwise reasonably necessary and appropriate. At
least 3 months before any limits proposed to be imposed
pursuant to this subsection take effect, the Director shall
inform the Committee on the Judiciary of the House of
Representatives and the Committee on the Judiciary of
the Senate of any such proposed limits.”.

(2) CONFORMING AMENDMENT.—Chapter 11 of
title 35, United States Code, is amended by adding
at the end the following new item:

“123. Micro entity defined.”.

(h) ELECTRONIC FILING INCENTIVE.—

(1) IN GENERAL.—Notwithstanding any other
provision of this section, an additional fee of $400
shall be established for each application for an origi-
nal patent, except for a design, plant, or provisional
application, that is not filed by electronic means as
prescribed by the Director. The fee established by
this subsection shall be reduced by 50 percent for
small entities that qualify for reduced fees under
section 41(h)(1) of title 35, United States Code. All
fees paid under this subsection shall be deposited in
the Treasury as an offsetting receipt that shall not
be available for obligation or expenditure.

(2) **Effective Date.**—This subsection shall
take effect upon the expiration of the 60-day period
beginning on the date of the enactment of this Act.

(i) **Effective Date; Sunset.**—

(1) **Effective Date.**—Except as provided in
subsection (h), this section and the amendments
made by this section shall take effect on the date of
the enactment of this Act.

(2) **Sunset.**—The authority of the Director to
set or adjust any fee under subsection (a) shall ter-
minate upon the expiration of the 7-year period be-
ginning on the date of the enactment of this Act.

(3) **Prior Regulations Not Affected.**—The
termination of authority under this subsection shall
not affect any regulations issued under this section
before the effective date of such termination or any
rulemaking proceeding for the issuance of regula-
tions under this section that is pending on such
date.

**Sec. 11. Fees for Patent Services.**

(a) **General Patent Services.**—Subsections (a)
and (b) of section 41 of title 35, United States Code, are
amended to read as follows:
“(a) GENERAL FEES.—The Director shall charge the following fees:

“(1) FILING AND BASIC NATIONAL FEES.—

“(A) On filing each application for an original patent, except for design, plant, or provisional applications, $330.

“(B) On filing each application for an original design patent, $220.

“(C) On filing each application for an original plant patent, $220.

“(D) On filing each provisional application for an original patent, $220.

“(E) On filing each application for the re-issue of a patent, $330.

“(F) The basic national fee for each international application filed under the treaty defined in section 351(a) entering the national stage under section 371, $330.

“(G) In addition, excluding any sequence listing or computer program listing filed in an electronic medium as prescribed by the Director, for any application the specification and drawings of which exceed 100 sheets of paper (or equivalent as prescribed by the Director if filed in an electronic medium), $270 for each
additional 50 sheets of paper (or equivalent as prescribed by the Director if filed in an electronic medium) or fraction thereof.

“(2) Excess claims fees.—

“(A) In general.—In addition to the fee specified in paragraph (1)—

“(i) on filing or on presentation at any other time, $220 for each claim in independent form in excess of 3;

“(ii) on filing or on presentation at any other time, $52 for each claim (whether dependent or independent) in excess of 20; and

“(iii) for each application containing a multiple dependent claim, $390.

“(B) Multiple dependent claims.—For the purpose of computing fees under subparagraph (A), a multiple dependent claim referred to in section 112 or any claim depending therefrom shall be considered as separate dependent claims in accordance with the number of claims to which reference is made.

“(C) Refunds; errors in payment.—The Director may by regulation provide for a refund of any part of the fee specified in sub-
paragraph (A) for any claim that is canceled before an examination on the merits, as prescribed by the Director, has been made of the application under section 131. Errors in payment of the additional fees under this paragraph may be rectified in accordance with regulations prescribed by the Director.

“(3) EXAMINATION FEES.—

“(A) IN GENERAL.—

“(i) For examination of each application for an original patent, except for design, plant, provisional, or international applications, $220.

“(ii) For examination of each application for an original design patent, $140.

“(iii) For examination of each application for an original plant patent, $170.

“(iv) For examination of the national stage of each international application, $220.

“(v) For examination of each application for the reissue of a patent, $650.

“(B) APPLICABILITY OF OTHER FEE PROVISIONS.—The provisions of paragraphs (3) and (4) of section 111(a) relating to the payment of
the fee for filing the application shall apply to
the payment of the fee specified in subpara-
graph (A) with respect to an application filed
under section 111(a). The provisions of section
371(d) relating to the payment of the national
fee shall apply to the payment of the fee speci-
fied in subparagraph (A) with respect to an
international application.

“(4) ISSUE FEES.—

“(A) For issuing each original patent, ex-
cept for design or plant patents, $1,510.

“(B) For issuing each original design pat-
ent, $860.

“(C) For issuing each original plant pat-
ent, $1,190.

“(D) For issuing each reissue patent,
$1,510.

“(5) DISCLAIMER FEE.—On filing each dis-
claimer, $140.

“(6) APPEAL FEES.—

“(A) On filing an appeal from the exam-
iner to the Patent Trial and Appeal Board,
$540.

“(B) In addition, on filing a brief in sup-
port of the appeal, $540, and on requesting an
oral hearing in the appeal before the Patent Trial and Appeal Board, $1,080.

“(7) REVIVAL FEES.—On filing each petition for the revival of an unintentionally abandoned application for a patent, for the unintentionally delayed payment of the fee for issuing each patent, or for an unintentionally delayed response by the patent owner in any reexamination proceeding, $1,620, unless the petition is filed under section 133 or 151, in which case the fee shall be $540.

“(8) EXTENSION FEES.—For petitions for 1-month extensions of time to take actions required by the Director in an application—

“(A) on filing a first petition, $130;

“(B) on filing a second petition, $360; and

“(C) on filing a third or subsequent petition, $620.

“(b) MAINTENANCE FEES.—

“(1) IN GENERAL.—The Director shall charge the following fees for maintaining in force all patents based on applications filed on or after December 12, 1980:

“(A) Three years and 6 months after grant, $980.
“(B) Seven years and 6 months after grant, $2,480.

“(C) Eleven years and 6 months after grant, $4,110.

“(2) GRACE PERIOD; SURCHARGE.—Unless payment of the applicable maintenance fee under paragraph (1) is received in the Office on or before the date the fee is due or within a grace period of 6 months thereafter, the patent shall expire as of the end of such grace period. The Director may require the payment of a surcharge as a condition of accepting within such 6-month grace period the payment of an applicable maintenance fee.

“(3) NO MAINTENANCE FEE FOR DESIGN OR PLANT PATENT.—No fee may be established for maintaining a design or plant patent in force.”.

(b) DELAYS IN PAYMENT.—Subsection (c) of section 41 of title 35, United States Code, is amended—

(1) by striking “(c)(1) The Director” and inserting:

“(c) DELAYS IN PAYMENT OF MAINTENANCE FEES.—

“(1) ACCEPTANCE.—The Director”; and

(2) by striking “(2) A patent” and inserting:
“(2) Effect on rights of others.—A patent”.

(c) Patent Search Fees.—Subsection (d) of section 41 of title 35, United States Code, is amended to read as follows:

“(d) Patent Search and Other Fees.—

“(1) Patent search fees.—

“(A) In general.—The Director shall charge the fees specified under subparagraph (B) for the search of each application for a patent, except for provisional applications. The Director shall adjust the fees charged under this paragraph to ensure that the fees recover an amount not to exceed the estimated average cost to the Office of searching applications for patent by Office personnel.

“(B) Specific fees.—The fees referred to in subparagraph (A) are—

“(i) $540 for each application for an original patent, except for design, plant, provisional, or international applications;

“(ii) $100 for each application for an original design patent;

“(iii) $330 for each application for an original plant patent;
“(iv) $540 for the national stage of each international application; and

“(v) $540 for each application for the reissue of a patent.

“(C) APPLICABILITY OF OTHER PROVISIONS.—The provisions of paragraphs (3) and (4) of section 111(a) relating to the payment of the fee for filing the application shall apply to the payment of the fee specified in this paragraph with respect to an application filed under section 111(a). The provisions of section 371(d) relating to the payment of the national fee shall apply to the payment of the fee specified in this paragraph with respect to an international application.

“(D) REFUNDS.—The Director may by regulation provide for a refund of any part of the fee specified in this paragraph for any applicant who files a written declaration of express abandonment as prescribed by the Director before an examination has been made of the application under section 131.

“(2) OTHER FEES.—

“(A) IN GENERAL.—The Director shall establish fees for all other processing, services, or
materials relating to patents not specified in this section to recover the estimated average cost to the Office of such processing, services, or materials, except that the Director shall charge the following fees for the following services:

“(i) For recording a document affecting title, $40 per property.

“(ii) For each photocopy, $.25 per page.

“(iii) For each black and white copy of a patent, $3.

“(B) COPIES FOR LIBRARIES.—The yearly fee for providing a library specified in section 12 with uncertified printed copies of the specifications and drawings for all patents in that year shall be $50.”.

(d) FEES FOR SMALL ENTITIES.—Subsection (h) of section 41 of title 35, United States Code, is amended to read as follows:

“(h) FEES FOR SMALL ENTITIES.—

“(1) REDUCTIONS IN FEES.—Subject to paragraph (3), fees charged under subsections (a), (b), and (d)(1) shall be reduced by 50 percent with respect to their application to any small business con-
cern as defined under section 3 of the Small Business Act, and to any independent inventor or non-profit organization as defined in regulations issued by the Director.

“(2) **SURCHARGES AND OTHER FEES.**—With respect to its application to any entity described in paragraph (1), any surcharge or fee charged under subsection (c) or (d) shall not be higher than the surcharge or fee required of any other entity under the same or substantially similar circumstances.

“(3) **REDUCTION FOR ELECTRONIC FILING.**—The fee charged under subsection (a)(1)(A) shall be reduced by 75 percent with respect to its application to any entity to which paragraph (1) applies, if the application is filed by electronic means as prescribed by the Director.”

(e) **TECHNICAL AMENDMENTS.**—Section 41 of title 35, United States Code, is amended—

(1) in subsection (e), in the first sentence, by striking “The Director” and inserting “WAIVER OF FEES; COPIES REGARDING NOTICE.—The Director”;

(2) in subsection (f), by striking “The fees” and inserting “ADJUSTMENT OF FEES.—The fees”;

(3) by repealing subsection (g); and
(4) in subsection (i)—

(A) by striking “(i)(1) The Director” and inserting the following:

“(i) ELECTRONIC PATENT AND TRADEMARK DATA.—

“(1) MAINTENANCE OF COLLECTIONS.—The Director”;

(B) by striking “(2) The Director” and inserting the following:

“(2) AVAILABILITY OF AUTOMATED SEARCH SYSTEMS.—The Director”;

(C) by striking “(3) The Director” and inserting the following:

“(3) ACCESS FEES.—The Director”; and

(D) by striking “(4) The Director” and inserting the following:

“(4) ANNUAL REPORT TO CONGRESS.—The Director”.

(f) ADJUSTMENT OF TRADEMARK FEES.—Section 802(a) of division B of the Consolidated Appropriations Act, 2005 (Public Law 108–447) is amended—

(1) in the first sentence, by striking “During fiscal years 2005, 2006, and 2007,”, and inserting “Until such time as the Director sets or adjusts the fees otherwise,”; and
(2) in the second sentence, by striking “During fiscal years 2005, 2006, and 2007, the” and inserting “The”.

(g) Effective Date, Applicability, and Transition Provisions.—Section 803(a) of division B of the Consolidated Appropriations Act, 2005 (Public Law 108–447) is amended by striking “and shall apply only with respect to the remaining portion of fiscal year 2005 and fiscal year 2006”.

(h) Prioritized Examination Fee.—

(1) In general.—

(A) Fee.—

(i) Prioritized examination fee.—A fee of $4,800 shall be established for filing a request, pursuant to section 2(b)(2)(G) of title 35, United States Code, for prioritized examination of a nonprovisional application for an original utility or plant patent.

(ii) Additional fees.—In addition to the prioritized examination fee under clause (i), the fees due on an application for which prioritized examination is being sought are the filing, search, and examination fees (including any applicable excess
claims and application size fees), processing fee, and publication fee for that application.

(B) REGULATIONS; LIMITATIONS.—

(i) REGULATIONS.—The Director may by regulation prescribe conditions for acceptance of a request under subparagraph (A) and a limit on the number of filings for prioritized examination that may be accepted.

(ii) LIMITATION ON CLAIMS.— Until regulations are prescribed under clause (i), no application for which prioritized examination is requested may contain or be amended to contain more than 4 independent claims or more than 30 total claims.

(iii) LIMITATION ON TOTAL NUMBER OF REQUESTS.— The Director may not accept in any fiscal year more than 10,000 requests for prioritization until regulations are prescribed under this subparagraph setting another limit.

(2) REDUCTION IN FEES FOR SMALL ENTITIES.— The Director shall reduce fees for providing
prioritized examination of nonprovisional applications for original utility and plant patents by 50 percent for small entities that qualify for reduced fees under section 41(h)(1) of title 35, United States Code.

(3) DEPOSIT OF FEES.—All fees paid under this subsection shall be credited to the United States Patent and Trademark Office Appropriation Account, shall remain available until expended, and may be used only for the purposes specified in section 42(c)(3)(A) of title 35, United States Code.

(4) EFFECTIVE DATE AND TERMINATION.—

(A) EFFECTIVE DATE.—This subsection shall take effect on the date that is 10 days after the date of the enactment of this Act.

(B) TERMINATION.—The fee imposed under paragraph (1)(A)(i), and the reduced fee under paragraph (2), shall terminate on the effective date of the setting or adjustment of the fee under paragraph (1)(A)(i) pursuant to the exercise of the authority under section 10 for the first time with respect to that fee.

(i) APPROPRIATION ACCOUNT TRANSITION FEES.—

(1) SURCHARGE.—
(A) IN GENERAL.—There shall be a surcharge of 15 percent, rounded by standard arithmetic rules, on all fees charged or authorized by subsections (a), (b), and (d)(1) of section 41, and section 132(b), of title 35, United States Code. Any surcharge imposed under this subsection is, and shall be construed to be, separate from and in addition to any other surcharge imposed under this Act or any other provision of law.

(B) DEPOSIT OF AMOUNTS.—Amounts collected pursuant to the surcharge imposed under subparagraph (A) shall be credited to the United States Patent and Trademark Appropriation Account, shall remain available until expended, and may be used only for the purposes specified in section 42(c)(3)(A) of title 35, United States Code.

(2) EFFECTIVE DATE AND TERMINATION OF SURCHARGE.—The surcharge provided for in paragraph (1)—

(A) shall take effect on the date that is 10 days after the date of the enactment of this Act; and
(B) shall terminate, with respect to a fee to which paragraph (1)(A) applies, on the effective date of the setting or adjustment of that fee pursuant to the exercise of the authority under section 10 for the first time with respect to that fee.

(j) EFFECTIVE DATE.—Except as otherwise provided in this section, this section and the amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 12. SUPPLEMENTAL EXAMINATION.

(a) IN GENERAL.—Chapter 25 of title 35, United States Code, is amended by adding at the end the following:

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§ 257. Supplemental examinations to consider, reconsider, or correct information

(a) REQUEST FOR SUPPLEMENTAL EXAMINATION.—A patent owner may request supplemental examination of a patent in the Office to consider, reconsider, or correct information believed to be relevant to the patent, in accordance with such requirements as the Director may establish. Within 3 months after the date a request for supplemental examination meeting the requirements of this section is received, the Director shall conduct the supplemental examination and shall conclude such examina-
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tion by issuing a certificate indicating whether the information presented in the request raises a substantial new question of patentability.

“(b) Reexamination Ordered.—If the certificate issued under subsection (a) indicates that a substantial new question of patentability is raised by 1 or more items of information in the request, the Director shall order reexamination of the patent. The reexamination shall be conducted according to procedures established by chapter 30, except that the patent owner shall not have the right to file a statement pursuant to section 304. During the reexamination, the Director shall address each substantial new question of patentability identified during the supplemental examination, notwithstanding the limitations in chapter 30 relating to patents and printed publication or any other provision of such chapter.

“(c) Effect.—

“(1) In general.—A patent shall not be held unenforceable on the basis of conduct relating to information that had not been considered, was inadequately considered, or was incorrect in a prior examination of the patent if the information was considered, reconsidered, or corrected during a supplemental examination of the patent. The making of a request under subsection (a), or the absence thereof,
shall not be relevant to enforceability of the patent under section 282.

“(2) EXCEPTIONS.—

“(A) PRIOR ALLEGATIONS.—Paragraph (1) shall not apply to an allegation pled with particularity in a civil action, or set forth with particularity in a notice received by the patent owner under section 505(j)(2)(B)(iv)(II) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355(j)(2)(B)(iv)(II)), before the date of a supplemental examination request under subsection (a) to consider, reconsider, or correct information forming the basis for the allegation.

“(B) PATENT ENFORCEMENT ACTIONS.—In an action brought under section 337(a) of the Tariff Act of 1930 (19 U.S.C. 1337(a)), or section 281 of this title, paragraph (1) shall not apply to any defense raised in the action that is based upon information that was considered, reconsidered, or corrected pursuant to a supplemental examination request under subsection (a), unless the supplemental examination, and any reexamination ordered pursuant to the request, are concluded before the date on which the action is brought.
“(d) FEES AND REGULATIONS.—

“(1) FEES.—The Director shall, by regulation, establish fees for the submission of a request for supplemental examination of a patent, and to consider each item of information submitted in the request. If reexamination is ordered under subsection (b), fees established and applicable to ex parte reexamination proceedings under chapter 30 shall be paid, in addition to fees applicable to supplemental examination.

“(2) REGULATIONS.—The Director shall issue regulations governing the form, content, and other requirements of requests for supplemental examination, and establishing procedures for reviewing information submitted in such requests.

“(e) FRAUD.—If the Director becomes aware, during the course of a supplemental examination or reexamination proceeding ordered under this section, that a material fraud on the Office may have been committed in connection with the patent that is the subject of the supplemental examination, then in addition to any other actions the Director is authorized to take, including the cancellation of any claims found to be invalid under section 307 as a result of a reexamination ordered under this section, the Director shall also refer the matter to the Attorney General.
for such further action as the Attorney General may deem appropriate. Any such referral shall be treated as confidential, shall not be included in the file of the patent, and shall not be disclosed to the public unless the United States charges a person with a criminal offense in connection with such referral.

“(f) RULE OF CONSTRUCTION.—Nothing in this section shall be construed—

“(1) to preclude the imposition of sanctions based upon criminal or antitrust laws (including section 1001(a) of title 18, the first section of the Clayton Act, and section 5 of the Federal Trade Commission Act to the extent that section relates to unfair methods of competition);

“(2) to limit the authority of the Director to investigate issues of possible misconduct and impose sanctions for misconduct in connection with matters or proceedings before the Office; or

“(3) to limit the authority of the Director to issue regulations under chapter 3 relating to sanctions for misconduct by representatives practicing before the Office.”.

(b) CONFORMING AMENDMENT.—The table of sections for chapter 25 of title 35, United States Code, is amended by adding at the end the following new item:
(e) **Effective Date.**—The amendments made by this section shall take effect upon the expiration of the 1-year period beginning on the date of the enactment of this Act and shall apply to any patent issued before, on, or after that effective date.

**SEC. 13. FUNDING AGREEMENTS.**

(a) **In General.**—Section 202(c)(7)(E)(i) of title 35, United States Code, is amended—

(1) by striking “75 percent” and inserting “15 percent”;

(2) by striking “25 percent” and inserting “85 percent”; and

(3) by striking “as described above in this clause (D);” and inserting “described above in this clause;”.

(b) **Effective Date.**—The amendments made by this section shall take effect on the date of the enactment of this Act and shall apply to any patent issued before, on, or after that date.

**SEC. 14. TAX STRATEGIES DEEMED WITHIN THE PRIOR ART.**

(a) **In General.**—For purposes of evaluating an invention under section 102 or 103 of title 35, United States Code, any strategy for reducing, avoiding, or deferring tax
liability, whether known or unknown at the time of the
invention or application for patent, shall be deemed insuf-
ficient to differentiate a claimed invention from the prior
art.

(b) DEFINITION.—For purposes of this section, the
term “tax liability” refers to any liability for a tax under
any Federal, State, or local law, or the law of any foreign
jurisdiction, including any statute, rule, regulation, or or-
dinance that levies, imposes, or assesses such tax liability.

(c) EXCLUSIONS.—This section does not apply to
that part of an invention that—

(1) is a method, apparatus, technology, com-
puter program product, or system, that is used solely
for preparing a tax or information return or other
tax filing, including one that records, transmits,
transfers, or organizes data related to such filing; or

(2) is a method, apparatus, technology, com-
puter program product, or system used solely for fi-
nancial management, to the extent that it is sever-
able from any tax strategy or does not limit the use
of any tax strategy by any taxpayer or tax advisor.

(d) RULE OF CONSTRUCTION.—Nothing in this sec-
tion shall be construed to imply that other business meth-
ods are patentable or that other business method patents
are valid.
(c) **Effective Date; Applicability.**—This section shall take effect on the date of the enactment of this Act and shall apply to any patent application that is pending on, or filed on or after, that date, and to any patent that is issued on or after that date.

**SEC. 15. Best Mode Requirement.**

(a) **In General.**—Section 282 of title 35, United States Code, is amended in the second undesignated paragraph by striking paragraph (3) and inserting the following:

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

“(A) any requirement of section 112, except that the failure to disclose the best mode shall not be a basis on which any claim of a patent may be canceled or held invalid or otherwise unenforceable; or

“(B) any requirement of section 251.”.

(b) **Conforming Amendment.**—Sections 119(e)(1) and 120 of title 35, United States Code, are each amended by striking “the first paragraph of section 112 of this title” and inserting “section 112(a) (other than the requirement to disclose the best mode)”.

(c) **Effective Date.**—The amendments made by this section shall take effect upon the date of the enact-
ment of this Act and shall apply to proceedings com-

menced on or after that date.

SEC. 16. MARKING.

(a) Virtual Marking.—

(1) In general.—Section 287(a) of title 35, United States Code, is amended by striking “or when,” and inserting “or by fixing thereon the word ‘patent’ or the abbreviation ‘pat.’ together with an address of a posting on the Internet, accessible to the public without charge for accessing the address, that associates the patented article with the number of the patent, or when,”.

(2) Effective date.—The amendment made by this subsection shall apply to any case that is pending on, or commenced on or after, the date of the enactment of this Act.

(3) Report.—Not later than the date that is 3 years after the date of the enactment of this Act, the Director shall submit a report to Congress that provides—

(A) an analysis of the effectiveness of “virtual marking”, as provided in the amendment made by paragraph (1) of this subsection, as an alternative to the physical marking of articles;
(B) an analysis of whether such virtual marking has limited or improved the ability of the general public to access information about patents;

(C) an analysis of the legal issues, if any, that arise from such virtual marking; and

(D) an analysis of the deficiencies, if any, of such virtual marking.

(b) FALSE MARKING.—

(1) CIVIL PENALTY.—Section 292(a) of title 35, United States, Code, is amended by adding at the end the following: “Only the United States may sue for the penalty authorized by this subsection.”.

(2) CIVIL ACTION FOR DAMAGES.—Subsection (b) of section 292 of title 35, United States Code, is amended to read as follows:

“(b) A person who has suffered a competitive injury as a result of a violation of this section may file a civil action in a district court of the United States for recovery of damages adequate to compensate for the injury.”.

(3) EXPIRED PATENTS.—Section 292 of title 35, United States Code, is amended by adding at the end the following:

“(c) The marking of a product, in a manner described in subsection (a), with matter relating to a patent that
covered that product but has expired is not a violation of this section.”.

(4) Effective Date.—The amendments made by this subsection shall apply to all cases, without exception, that are pending on, or commenced on or after, the date of the enactment of this Act.

SEC. 17. ADVICE OF COUNSEL.

(a) In General.—Chapter 29 of title 35, United States Code, is amended by adding at the end the following:

“§ 298. Advice of counsel

“The failure of an infringer to obtain the advice of counsel with respect to any allegedly infringed patent, or the failure of the infringer to present such advice to the court or jury, may not be used to prove that the accused infringer willfully infringed the patent or that the infringer intended to induce infringement of the patent.”.

(b) Conforming Amendment.—The table of sections for chapter 29 of title 35, United States Code, is amended by adding at the end the following:

“298. Advice of counsel.”.

SEC. 18. TRANSITIONAL PROGRAM FOR COVERED BUSINESS METHOD PATENTS.

(a) Transitional Program.—

(1) Establishment.—Not later than the date that is 1 year after the date of the enactment of this Act.
Act, the Director shall issue regulations establishing and implementing a transitional post-grant review proceeding for review of the validity of covered business method patents. The transitional proceeding implemented pursuant to this subsection shall be regarded as, and shall employ the standards and procedures of, a post-grant review under chapter 32 of title 35, United States Code, subject to the following:

(A) Section 321(c) of title 35, United States Code, and subsections (b), (e)(2), and (f) of section 325 of such title shall not apply to a transitional proceeding.

(B) A person may not file a petition for a transitional proceeding with respect to a covered business method patent unless the person or the person’s real party in interest or privy has been sued for infringement of the patent or has been charged with infringement under that patent.

(C) A petitioner in a transitional proceeding who challenges the validity of 1 or more claims in a covered business method patent on a ground raised under section 102 or 103 of title 35, United States Code, as in effect on the
day before the effective date set forth in section 3(n)(1), may support such ground only on the basis of—

(i) prior art that is described by section 102(a) of such title of such title (as in effect on the day before such effective date); or

(ii) prior art that—

(I) discloses the invention more than 1 year before the date of the application for patent in the United States; and

(II) would be described by section 102(a) of such title (as in effect on the day before the effective date set forth in section 3(n)(1)) if the disclosure had been made by another before the invention thereof by the applicant for patent.

(D) The petitioner in a transitional proceeding that results in a final written decision under section 328(a) of title 35, United States Code, with respect to a claim in a covered business method patent, or the petitioner's real party in interest, may not assert, either in a
civil action arising in whole or in part under
section 1338 of title 28, United States Code, or
in a proceeding before the International Trade
Commission under section 337 of the Tariff Act
of 1930 (19 U.S.C. 1337), that the claim is in-
valid on any ground that the petitioner raised
during that transitional proceeding.

(E) The Director may institute a transi-
tional proceeding only for a patent that is a
covered business method patent.

(2) Effective date.—The regulations issued
under paragraph (1) shall take effect upon the expi-
ration of the 1-year period beginning on the date of
the enactment of this Act and shall apply to any
covered business method patent issued before, on, or
after that effective date, except that the regulations
shall not apply to a patent described in section
6(f)(2)(A) of this Act during the period in which a
petition for post-grant review of that patent would
satisfy the requirements of section 321(c) of title 35,
United States Code.

(3) Sunset.—

(A) In general.—This subsection, and
the regulations issued under this subsection, are
repealed effective upon the expiration of the 8-
year period beginning on the date that the reg-
ulations issued under to paragraph (1) take ef-
fect.

(B) APPLICABILITY.—Notwithstanding
subparagraph (A), this subsection and the regu-
lations issued under this subsection shall con-
tinue to apply, after the date of the repeal
under subparagraph (A), to any petition for a
transitional proceeding that is filed before the
date of such repeal.

(b) REQUEST FOR STAY.—

(1) IN GENERAL.—If a party seeks a stay of a
civil action alleging infringement of a patent under
section 281 of title 35, United States Code, relating
to a transitional proceeding for that patent, the
court shall decide whether to enter a stay based
on—

(A) whether a stay, or the denial thereof,
will simplify the issues in question and stream-
line the trial;

(B) whether discovery is complete and
whether a trial date has been set;

(C) whether a stay, or the denial thereof,
would unduly prejudice the nonmoving party or
present a clear tactical advantage for the mov-
ing party; and

(D) whether a stay, or the denial thereof,
will reduce the burden of litigation on the par-
ties and on the court.

(2) REVIEW.—A party may take an immediate
interlocutory appeal from a district court’s decision
under paragraph (1). The United States Court of
Appeals for the Federal Circuit shall review the dis-
trict court’s decision to ensure consistent application
of established precedent, and such review may be de
novo.

(e) ATM EXEMPTION FOR VENUE PURPOSES.—In
an action for infringement under section 281 of title 35,
United States Code, of a covered business method patent,
an automated teller machine shall not be deemed to be
a regular and established place of business for purposes
of section 1400(b) of title 28, United States Code.

(d) DEFINITION.—

(1) IN GENERAL.—For purposes of this section,
the term “covered business method patent” means a
patent that claims a method or corresponding appa-
ratus for performing data processing or other oper-
ations used in the practice, administration, or man-
agement of a financial product or service, except
that the term does not include patents for technological inventions.

(2) REGULATIONS.—To assist in implementing the transitional proceeding authorized by this subsection, the Director shall issue regulations for determining whether a patent is for a technological invention.

(e) RULE OF CONSTRUCTION.—Nothing in this section shall be construed as amending or interpreting categories of patent-eligible subject matter set forth under section 101 of title 35, United States Code.

SEC. 19. JURISDICTION AND PROCEDURAL MATTERS.

(a) STATE COURT JURISDICTION.—Section 1338(a) of title 28, United States Code, is amended by striking the second sentence and inserting the following: “No State court shall have jurisdiction over any claim for relief arising under any Act of Congress relating to patents, plant variety protection, or copyrights. For purposes of this subsection, the term ‘State’ includes any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, American Samoa, Guam, and the Northern Mariana Islands.”.

(b) COURT OF APPEALS FOR THE FEDERAL CIRCUIT.—Section 1295(a)(1) of title 28, United States Code, is amended to read as follows:
“(1) of an appeal from a final decision of a district court of the United States, the District Court of Guam, the District Court of the Virgin Islands, or the District Court of the Northern Mariana Islands, in any civil action arising under, or in any civil action in which a party has asserted a compulsory counterclaim arising under, any Act of Congress relating to patents or plant variety protection;”.

(c) Removal.—

(1) In general.—Chapter 89 of title 28, United States Code, is amended by adding at the end the following new section:

“§ 1454. Patent, plant variety protection, and copyright cases

“(a) In general.—A civil action in which any party asserts a claim for relief arising under any Act of Congress relating to patents, plant variety protection, or copyrights may be removed to the district court of the United States for the district and division embracing the place where the action is pending.

“(b) Special rules.—The removal of an action under this section shall be made in accordance with section 1446, except that if the removal is based solely on this section—
“(1) the action may be removed by any party; and

“(2) the time limitations contained in section 1446(b) may be extended at any time for cause shown.

“(c) CLARIFICATION OF JURISDICTION IN CERTAIN CASES.—The court to which a civil action is removed under this section is not precluded from hearing and determining any claim in the civil action because the State court from which the civil action is removed did not have jurisdiction over that claim.

“(d) REMAND.—If a civil action is removed solely under this section, the district court—

“(1) shall remand all claims that are neither a basis for removal under subsection (a) nor within the original or supplemental jurisdiction of the district court under any Act of Congress; and

“(2) may, under the circumstances specified in section 1367(c), remand any claims within the supplemental jurisdiction of the district court under section 1367.”.

(2) CONFORMING AMENDMENT.—The table of sections for chapter 89 of title 28, United States Code, is amended by adding at the end the following new item:

“1454. Patent, plant variety protection, and copyright cases.”.
(d) PROCEDURAL MATTERS IN PATENT CASES.—

(1) JOINDER OF PARTIES AND STAY OF ACTIONS.—Chapter 29 of title 35, United States Code, as amended by this Act, is further amended by adding at the end the following new section:

§ 299. Joinder of parties

(a) JOINDER OF ACCUSED INFRINGERS.—With respect to any civil action arising under any Act of Congress relating to patents, other than an action or trial in which an act of infringement under section 271(e)(2) has been pled, parties that are accused infringers may be joined in one action as defendants or counterclaim defendants, or have their actions consolidated for trial, or counterclaim defendants only if—

(1) any right to relief is asserted against the parties jointly, severally, or in the alternative with respect to or arising out of the same transaction, occurrence, or series of transactions or occurrences relating to the making, using, importing into the United States, offering for sale, or selling of the same accused product or process; and

(2) questions of fact common to all defendants or counterclaim defendants will arise in the action.

(b) ALLEGATIONS INSUFFICIENT FOR JOINDER.—

For purposes of this subsection, accused infringers may
not be joined in one action as defendants or counterclaim
defendants, or have their actions consolidated for trial,
based solely on allegations that they each have infringed
the patent or patents in suit.

“(c) WAIVER.—A party that is an accused infringer
may waive the limitations set forth in this section with
respect to that party.”.

(2) CONFORMING AMENDMENT.—The table of
sections for chapter 29 of title 35, United States
Code, as amended by this Act, is further amended
by adding at the end the following new item:

“299. Joinder of parties.”.

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

SEC. 20. TECHNICAL AMENDMENTS.

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

(1) in the first undesignated paragraph, by
striking “When” and inserting “(a) JOINT IN-
VENTIONS.—When”;

(2) in the second undesignated paragraph,
by striking “If a joint inventor” and inserting
“(b) OMITTED INVENTOR.—If a joint inven-
tor”; and

(3) in the third undesignated paragraph—
(A) by striking “Whenever” and inserting “(c) CORRECTION OF ERRORS IN APPLICATION.—Whenever”; and

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

(b) FILING OF APPLICATION IN FOREIGN COUNTRY.—Section 184 of title 35, United States Code, is amended—

(1) in the first undesignated paragraph—

(A) by striking “Except when” and inserting “(a) FILING IN FOREIGN COUNTRY.—Except when”; and

(B) by striking “and without deceptive intent”;

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

(3) in the third undesignated paragraph, by striking “The scope” and inserting “(c) SUBSEQUENT MODIFICATIONS, AMENDMENTS, AND SUPPLEMENTS.—The scope”.

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

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

(1) in the first undesignated paragraph—

(A) by striking “Whenever” and inserting “(a) IN GENERAL.—Whenever”; and

(B) by striking “without any deceptive intention”;

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

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

(4) in the last undesignated paragraph, by striking “No reissued patent” and inserting “(d) REISSUE PATENT ENLARGING SCOPE OF CLAIMS.—No reissued patent”.

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

(1) in the first undesignated paragraph, by striking “Whenever, without any deceptive intention,” and inserting “(a) IN GENERAL.—Whenever”; and

(2) in the second undesignated paragraph, by striking “In like manner” and inserting “(b) ADDI-
TIONAL DISCLAIMER OR DEDICATION.—In the manner set forth in subsection (a),”.

(f) CORRECTION OF NAMED INVENTOR.—Section 256 of title 35, United States Code, is amended—

(1) in the first undesignated paragraph—

(A) by striking “Whenever” and inserting “(a) CORRECTION.—Whenever”; and

(B) by striking “and such error arose without any deceptive intention on his part”; and

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

(g) PRESUMPTION OF VALIDITY.—Section 282 of title 35, United States Code, is amended—

(1) in the first undesignated paragraph—

(A) by striking “A patent” and inserting “(a) IN GENERAL.—A patent”; and

(B) by striking the third sentence;

(2) in the second undesignated paragraph—

(A) by striking “The following” and inserting “(b) DEFENSES.—The following”;

(B) in paragraph (1), by striking “unenforceability,” and inserting “unenforceability.”; and
(C) in paragraph (2), by striking “patentability,” and inserting “patentability.”; and

(3) in the third undesignated paragraph—

(A) by striking “In actions involving the validity or infringement of a patent” and inserting “(c) NOTICE OF ACTIONS; ACTIONS DURING EXTENSION OF PATENT TERM.—In an action involving the validity or infringement of a patent”; and

(B) by striking “Claims Court” and inserting “Court of Federal Claims”.

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

(i) REVISER’S NOTES.—

(1) Section 3(e)(2) of title 35, United States Code, is amended by striking “this Act,” and inserting “that Act,”.

(2) Section 202 of title 35, United States Code, is amended—

(A) in subsection (b)(3), by striking “the section 203(b)” and inserting “section 203(b)”;

and

(B) in subsection (c)(7)(D), by striking “except where it proves” and all that follows
through “small business firms; and” and insert-
ing: “except where it is determined to be infea-
sible following a reasonable inquiry, a pref-
ernce in the licensing of subject inventions
shall be given to small business firms; and”.

(3) Section 209(d)(1) of title 35, United States
Code, is amended by striking “nontransferrable”
and inserting “nontransferable”.

(4) Section 287(e)(2)(G) of title 35, United
States Code, is amended by striking “any state” and
inserting “any State”.

(5) Section 371(b) of title 35, United States
Code, is amended by striking “of the treaty” and in-
serting “of the treaty.”.

(j) UNNECESSARY REFERENCES.—

(1) IN GENERAL.—Title 35, United States
Code, is amended by striking “of this title” each
place that term appears.

(2) EXCEPTION.—The amendment made by
paragraph (1) shall not apply to the use of such
term in the following sections of title 35, United
States Code:

(A) Section 1(c).

(B) Section 101.

(C) Subsections (a) and (b) of section 105.
(D) The first instance of the use of such term in section 111(b)(8).

(E) Section 161.

(F) Section 164.

(G) Section 171.

(H) Section 251(c), as so designated by this section.

(I) Section 261.

(J) Subsections (g) and (h) of section 271.

(K) Section 287(b)(1).

(L) Section 289.

(M) The first instance of the use of such term in section 375(a).

(k) ADDITIONAL TECHNICAL AMENDMENTS.—Sections 155 and 155A of title 35, United States Code, and the items relating to those sections in the table of sections for chapter 14 of such title, are repealed.

(l) EFFECTIVE DATE.—The amendments made by this section shall take effect upon the expiration of the 1-year period beginning on the date of the enactment of this Act and shall apply to proceedings commenced on or after that effective date.
SEC. 21. TRAVEL EXPENSES AND PAYMENT OF ADMINISTRATIVE JUDGES.

(a) Authority To Cover Certain Travel Related Expenses.—Section 2(b)(11) of title 35, United States Code, is amended by inserting “, and the Office is authorized to expend funds to cover the subsistence expenses and travel-related expenses, including per diem, lodging costs, and transportation costs, of persons attending such programs who are not Federal employees” after “world”.

(b) Payment of Administrative Judges.—Section 3(b) of title 35, United States Code, is amended by adding at the end the following:

“(6) Administrative patent judges and administrative trademark judges.—The Director may fix the rate of basic pay for the administrative patent judges appointed pursuant to section 6 and the administrative trademark judges appointed pursuant to section 17 of the Trademark Act of 1946 (15 U.S.C. 1067) at not greater than the rate of basic pay payable for level III of the Executive Schedule under section 5314 of title 5. The payment of a rate of basic pay under this paragraph shall not be subject to the pay limitation under section 5306(e) or 5373 of title 5.”.
SEC. 22. PATENT AND TRADEMARK OFFICE FUNDING.

(a) IN GENERAL.—Section 42(c) of title 35, United
States Code, is amended—

(1) by striking “(c)” and inserting “(c)(1)”;

(2) in the first sentence, by striking “shall be
available” and inserting “shall, subject to paragraph
(3), be available”;

(3) by striking the second sentence; and

(4) by adding at the end the following:

“(2) There is established in the Treasury a Patent
and Trademark Fee Reserve Fund. If fee collections by
the Patent and Trademark Office for a fiscal year exceed
the amount appropriated to the Office for that fiscal year,
fees collected in excess of the appropriated amount shall
be deposited in the Patent and Trademark Fee Reserve
Fund. To the extent and in the amounts provided in ap-
propriations Acts, amounts in the Fund shall be made
available until expended only for obligation and expendi-
ture by the Office in accordance with paragraph (3).

“(3)(A) Any fees that are collected under sections 41,
42, and 376, and any surcharges on such fees, may only
be used for expenses of the Office relating to the proc-
cessing of patent applications and for other activities, serv-
ices, and materials relating to patents and to cover a share
of the administrative costs of the Office relating to pat-
ents.
“(B) Any fees that are collected under section 31 of the Trademark Act of 1946, and any surcharges on such fees, may only be used for expenses of the Office relating to the processing of trademark registrations and for other activities, services, and materials relating to trademarks and to cover a share of the administrative costs of the Office relating to trademarks.”.

(b) Effective Date.—The amendments made by this section shall take effect on October 1, 2011.

SEC. 23. SATELLITE OFFICES.

(a) Establishment.—Subject to available resources, the Director shall, by not later than the date that is 3 years after the date of the enactment of this Act, establish 3 or more satellite offices in the United States to carry out the responsibilities of the Office.

(b) Purposes.—The purposes of the satellite offices established under subsection (a) are to—

(1) increase outreach activities to better connect patent filers and innovators with the Office;

(2) enhance patent examiner retention;

(3) improve recruitment of patent examiners;

(4) decrease the number of patent applications waiting for examination; and

(5) improve the quality of patent examination.

(c) Required Considerations.—
(1) **IN GENERAL.**—In selecting the location of each satellite office to be established under subsection (a), the Director—

(A) shall ensure geographic diversity among the offices, including by ensuring that such offices are established in different States and regions throughout the Nation;

(B) may rely upon any previous evaluations by the Office of potential locales for satellite offices, including any evaluations prepared as part of the Office’s Nationwide Workforce Program that resulted in the 2010 selection of Detroit, Michigan, as the first satellite office of the Office;

(C) shall evaluate and consider the extent to which the purposes of satellite offices listed under subsection (b) will be achieved;

(D) shall consider the availability of scientific and technically knowledgeable personnel in the region from which to draw new patent examiners at minimal recruitment cost; and

(E) shall consider the economic impact to the region.

(2) **OPEN SELECTION PROCESS.**—Nothing in paragraph (1) shall constrain the Office to only con-
sider its evaluations in selecting the Detroit, Michigan, satellite office.

(d) Report to Congress.—Not later than the end of the third fiscal year that begins after the date of the enactment of this Act, the Director shall submit a report to Congress on—

(1) the rationale of the Director in selecting the location of any satellite office required under subsection (a), including an explanation of how the selected location will achieve the purposes of satellite offices listed under subsection (b) and how the required considerations listed under subsection (c) were met;

(2) the progress of the Director in establishing all such satellite offices; and

(3) whether the operation of existing satellite offices is achieving the purposes under subsection (b).

SEC. 24. DESIGNATION OF DETROIT SATELLITE OFFICE.

(a) Designation.—The satellite office of the United States Patent and Trademark Office to be located in Detroit, Michigan, shall be known and designated as the “Elijah J. McCoy United States Patent and Trademark Office”.

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(b) REFERENCES.—Any reference in a law, map, reg-
ulation, document, paper, or other record of the United
States to the satellite office of the United States Patent
and Trademark Office to be located in Detroit, Michigan,
referred to in subsection (a) shall be deemed to be a ref-
ERENCE to the “Elijah J. McCoy United States Patent and
Trademark Office”.

SEC. 25. PRIORITY EXAMINATION FOR IMPORTANT TECH-
NOLOGIES.

Section 2(b)(2) of title 35, United States Code, is
amended—

(1) in subparagraph (E), by striking “and”
after the semicolon;

(2) in subparagraph (F), by inserting “and”
after the semicolon; and

(3) by adding at the end the following:

“(G) may, subject to any conditions pre-
scribed by the Director and at the request of
the patent applicant, provide for prioritization
of examination of applications for products,
processes, or technologies that are important to
the national economy or national competitive-
ness without recovering the aggregate extra cost
of providing such prioritization, notwith-
standing section 41 or any other provision of law;”.

SEC. 26. STUDY ON IMPLEMENTATION.

(a) PTO Study.—The Director shall conduct a study on the manner in which this Act and the amendments made by this Act are being implemented by the Office, and on such other aspects of the patent policies and practices of the Federal Government with respect to patent rights, innovation in the United States, competitiveness of United States markets, access by small businesses to capital for investment, and such other issues, as the Director considers appropriate.

(b) Report to Congress.—The Director shall, not later than the date that is 4 years after the date of the enactment of this Act, submit to the Committees on the Judiciary of the House of Representatives and the Senate a report on the results of the study conducted under subsection (a), including recommendations for any changes to laws and regulations that the Director considers appropriate.

SEC. 27. STUDY ON GENETIC TESTING.

(a) In General.—The Director shall conduct a study on effective ways to provide independent, confirming genetic diagnostic test activity where gene patents and exclusive licensing for primary genetic diagnostic tests exist.
(b) **ITEMS INCLUDED IN STUDY.**—The study shall include an examination of at least the following:

1. The impact that the current lack of independent second opinion testing has had on the ability to provide the highest level of medical care to patients and recipients of genetic diagnostic testing, and on inhibiting innovation to existing testing and diagnoses.

2. The effect that providing independent second opinion genetic diagnostic testing would have on the existing patent and license holders of an exclusive genetic test.

3. The impact that current exclusive licensing and patents on genetic testing activity has on the practice of medicine, including but not limited to: the interpretation of testing results and performance of testing procedures.

4. The role that cost and insurance coverage have on access to and provision of genetic diagnostic tests.

(c) **CONFIRMING GENETIC DIAGNOSTIC TEST ACTIVITY DEFINED.**—For purposes of this section, the term “confirming genetic diagnostic test activity” means the performance of a genetic diagnostic test, by a genetic diagnostic test provider, on an individual solely for the purpose
of providing the individual with an independent confirmation of results obtained from another test provider’s prior performance of the test on the individual.

(d) REPORT.—Not later than 9 months after the date of enactment of this Act, the Director shall report to the Committee on the Judiciary of the Senate and the Committee on the Judiciary of the House of Representatives on the findings of the study and provide recommendations for establishing the availability of such independent confirming genetic diagnostic test activity.

SEC. 28. PATENT OMBUDSMAN PROGRAM FOR SMALL BUSINESS CONCERNS.

Using available resources, the Director shall establish and maintain in the Office a Patent Ombudsman Program. The duties of the Program’s staff shall include providing support and services relating to patent filings to small business concerns and independent inventors.

SEC. 29. ESTABLISHMENT OF METHODS FOR STUDYING THE DIVERSITY OF APPLICANTS.

The Director shall, not later than the end of the 6-month period beginning on the date of the enactment of this Act, establish methods for studying the diversity of patent applicants, including those applicants who are minorities, women, or veterans. The Director shall not use
the results of such study to provide any preferential treat-
ment to patent applicants.

SEC. 30. SENSE OF CONGRESS.

It is the sense of Congress that the patent system
should promote industries to continue to develop new tech-
nologies that spur growth and create jobs across the coun-
try which includes protecting the rights of small busi-
nesses and inventors from predatory behavior that could
result in the cutting off of innovation.

SEC. 31. USPTO STUDY ON INTERNATIONAL PATENT PRO-
TECTIONS FOR SMALL BUSINESSES.

(a) Study Required.—The Director, in consulta-
tion with the Secretary of Commerce and the Adminis-
trator of the Small Business Administration, shall, using
the existing resources of the Office, carry out a study—

(1) to determine how the Office, in coordination
with other Federal departments and agencies, can
best help small businesses with international patent
protection; and

(2) whether, in order to help small businesses
pay for the costs of filing, maintaining, and enfor-
cing international patent applications, there should be
established either—

(A) a revolving fund loan program to make
loans to small businesses to defray the costs of
such applications, maintenance, and enforcement and related technical assistance; or

(B) a grant program to defray the costs of such applications, maintenance, and enforcement and related technical assistance.

(b) REPORT.—Not later than 120 days after the date of the enactment of this Act, the Director shall issue a report to the Congress containing—

(1) all findings and determinations made in carrying out the study required under subsection (a);

(2) a statement of whether the determination was made that—

(A) a revolving fund loan program described under subsection (a)(2)(A) should be established;

(B) a grant program described under subsection (a)(2)(B) should be established; or

(C) neither such program should be established; and

(3) any legislative recommendations the Director may have developed in carrying out such study.

SEC. 32. PRO BONO PROGRAM.

(a) IN GENERAL.—The Director shall work with and support intellectual property law associations across the country in the establishment of pro bono programs de-
signed to assist financially under-resourced independent inventors and small businesses.

(b) **EFFECTIVE DATE.**—This section shall take effect on the date of the enactment of this Act.

**SEC. 33. LIMITATION ON ISSUANCE OF PATENTS.**

(a) **LIMITATION.**—Notwithstanding any other provision of law, no patent may issue on a claim directed to or encompassing a human organism.

(b) **EFFECTIVE DATE.**—

(1) **IN GENERAL.**—Subsection (a) shall apply to any application for patent that is pending on, or filed on or after, the date of the enactment of this Act.

(2) **PRIOR APPLICATIONS.**—Subsection (a) shall not affect the validity of any patent issued on an application to which paragraph (1) does not apply.

**SEC. 34. STUDY OF PATENT LITIGATION.**

(a) **GAO STUDY.**—The Comptroller General of the United States shall conduct a study of the consequences of litigation by non-practicing entities, or by patent assertion entities, related to patent claims made under title 35, United States Code, and regulations authorized by that title.

(b) **CONTENTS OF STUDY.**—The study conducted under this section shall include the following:
(1) The annual volume of litigation described in subsection (a) over the 20-year period ending on the date of the enactment of this Act.

(2) The volume of cases comprising such litigation that are found to be without merit after judicial review.

(3) The impacts of such litigation on the time required to resolve patent claims.

(4) The estimated costs, including the estimated cost of defense, associated with such litigation for patent holders, patent licensors, patent licensees, and inventors, and for users of alternate or competing innovations.

(5) The economic impact of such litigation on the economy of the United States, including the impact on inventors, job creation, employers, employees, and consumers.

(6) The benefit to commerce, if any, supplied by non-practicing entities or patent assertion entities that prosecute such litigation.

(c) REPORT TO CONGRESS.—The Comptroller General shall, not later than the date that is 1 year after the date of the enactment of this Act, submit to the Committee on the Judiciary of the House of Representatives and the Committee on the Judiciary of the Senate a report
on the results of the study required under this section, including recommendations for any changes to laws and regulations that will minimize any negative impact of patent litigation that was the subject of such study.

SEC. 35. EFFECTIVE DATE.

Except as otherwise provided in this Act, the provisions of this Act shall take effect upon the expiration of the 1-year period beginning on the date of the enactment of this Act and shall apply to any patent issued on or after that effective date.

SEC. 36. BUDGETARY EFFECTS.

The budgetary effects of this Act, for the purpose of complying with the Statutory Pay-As-You-Go Act of 2010, shall be determined by reference to the latest statement titled “Budgetary Effects of PAYGO Legislation” for this Act, submitted for printing in the Congressional Record by the Chairman of the House Budget Committee, provided that such statement has been submitted prior to the vote on passage.

SEC. 37. CALCULATION OF 60-DAY PERIOD FOR APPLICATION OF PATENT TERM EXTENSION.

(a) In General.—Section 156(d)(1) of title 35, United States Code, is amended by adding at the end the following flush sentence:
“For purposes of determining the date on which a product receives permission under the second sentence of this paragraph, if such permission is transmitted after 4:30 P.M., Eastern Time, on a business day, or is transmitted on a day that is not a business day, the product shall be deemed to receive such permission on the next business day. For purposes of the preceding sentence, the term ‘business day’ means any Monday, Tuesday, Wednesday, Thursday, or Friday, excluding any legal holiday under section 6103 of title 5.”.

(b) APPLICABILITY.—The amendment made by subsection (a) shall apply to any application for extension of a patent term under section 156 of title 35, United States Code, that is pending on, that is filed after, or as to which a decision regarding the application is subject to judicial review on, the date of the enactment of this Act.

Passed the House of Representatives June 23, 2011.

Attest:

Clerk.
AN ACT

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