

112TH CONGRESS
1ST SESSION

H. R. 1249

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

IN THE HOUSE OF REPRESENTATIVES

MARCH 30, 2011

Mr. SMITH of Texas (for himself, Mr. GOODLATTE, and Mr. ISSA) introduced the following bill; which was referred to the Committee on the Judiciary, and in addition to the Committee on the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

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

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

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

4 (a) SHORT TITLE.—This Act may be cited as the
5 “America Invents Act”.

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

- Sec. 1. Short title; table of contents.
- Sec. 2. First inventor to file.
- Sec. 3. Inventor’s oath or declaration.
- Sec. 4. Defense to infringement based on earlier inventor.
- Sec. 5. Post-grant review proceedings.

- Sec. 6. Patent Trial and Appeal Board.
- Sec. 7. Preissuance submissions by third parties.
- Sec. 8. Venue.
- Sec. 9. Fee setting authority.
- Sec. 10. Fees for patent services.
- Sec. 11. Supplemental examination.
- Sec. 12. Funding agreements.
- Sec. 13. Tax strategies deemed within the prior art.
- Sec. 14. Best mode requirement.
- Sec. 15. Marking.
- Sec. 16. Advice of counsel.
- Sec. 17. Ownership; assignment.
- Sec. 18. Transitional program for covered business method patents.
- Sec. 19. Clarification of jurisdiction.
- 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. Patent Ombudsman Program for small business concerns.
- Sec. 25. Priority examination for technologies important to American competitiveness.
- Sec. 26. Designation of Detroit satellite office.
- Sec. 27. Effective date.
- Sec. 28. Budgetary effects.

1 SEC. 2. FIRST INVENTOR TO FILE.

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

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

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

11 “(h) The term ‘joint research agreement’ means a
12 written contract, grant, or cooperative agreement entered
13 into by 2 or more persons or entities for the performance

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

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

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

8 “(B) the filing date of the earliest application
9 for which the patent or application is entitled, as to
10 such invention, to a right of priority under section
11 119, 365(a), or 365(b) or to the benefit of an earlier
12 filing date under section 120, 121, or 365(c).

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

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

20 (b) CONDITIONS FOR PATENTABILITY.—

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

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

24 “(a) NOVELTY; PRIOR ART.—A person shall be enti-
25 tled to a patent unless—

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

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

12 “(b) EXCEPTIONS.—

13 “(1) DISCLOSURES MADE 1 YEAR OR LESS BE-
14 FORE THE EFFECTIVE FILING DATE OF THE
15 CLAIMED INVENTION.—A disclosure made 1 year or
16 less before the effective filing date of a claimed in-
17 vention shall not be prior art to the claimed inven-
18 tion under subsection (a)(1) if—

19 “(A) the disclosure was made by the inven-
20 tor or joint inventor or by another who obtained
21 the subject matter disclosed directly or indi-
22 rectly from the inventor or a joint inventor; or

23 “(B) the subject matter disclosed had, be-
24 fore such disclosure, been publicly disclosed by
25 the inventor or a joint inventor or another who

1 obtained the subject matter disclosed directly or
2 indirectly from the inventor or a joint inventor.

3 “(2) DISCLOSURES APPEARING IN APPLICA-
4 TIONS AND PATENTS.—A disclosure shall not be
5 prior art to a claimed invention under subsection
6 (a)(2) if—

7 “(A) the subject matter disclosed was ob-
8 tained directly or indirectly from the inventor or
9 a joint inventor;

10 “(B) the subject matter disclosed had, be-
11 fore such subject matter was effectively filed
12 under subsection (a)(2), been publicly disclosed
13 by the inventor or a joint inventor or another
14 who obtained the subject matter disclosed di-
15 rectly or indirectly from the inventor or a joint
16 inventor; or

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

22 “(c) COMMON OWNERSHIP UNDER JOINT RESEARCH
23 AGREEMENTS.—Subject matter disclosed and a claimed
24 invention shall be deemed to have been owned by the same
25 person or subject to an obligation of assignment to the

1 same person in applying the provisions of subsection
2 (b)(2)(C) if—

3 “(1) the subject matter disclosed was developed
4 and the claimed invention was made by, or on behalf
5 of, 1 or more parties to a joint research agreement
6 that was in effect on or before the effective filing
7 date of the claimed invention;

8 “(2) the claimed invention was made as a result
9 of activities undertaken within the scope of the joint
10 research agreement; and

11 “(3) the application for patent for the claimed
12 invention discloses or is amended to disclose the
13 names of the parties to the joint research agree-
14 ment.

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

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

1 “(2) if the patent or application for patent is
2 entitled to claim a right of priority under section
3 119, 365(a), or 365(b), or to claim the benefit of an
4 earlier filing date under section 120, 121, or 365(c),
5 based upon 1 or more prior filed applications for
6 patent, as of the filing date of the earliest such ap-
7 plication that describes the subject matter.”.

8 (2) CONTINUITY OF INTENT UNDER THE CRE-
9 ATE ACT.—The enactment of section 102(c) of title
10 35, United States Code, under paragraph (1) of this
11 subsection is done with the same intent to promote
12 joint research activities that was expressed, includ-
13 ing in the legislative history, through the enactment
14 of the Cooperative Research and Technology En-
15 hancement Act of 2004 (Public Law 108–453; the
16 “CREATE Act”), the amendments of which are
17 stricken by subsection (c) of this section. The United
18 States Patent and Trademark Office shall admin-
19 ister section 102(c) of title 35, United States Code,
20 in a manner consistent with the legislative history of
21 the CREATE Act that was relevant to its adminis-
22 tration by the United States Patent and Trademark
23 Office.

24 (3) CONFORMING AMENDMENT.—The item re-
25 lating to section 102 in the table of sections for

1 chapter 10 of title 35, United States Code, is
2 amended to read as follows:

“102. Conditions for patentability; novelty.”.

3 (c) CONDITIONS FOR PATENTABILITY; NONOBVIOUS
4 SUBJECT MATTER.—Section 103 of title 35, United
5 States Code, is amended to read as follows:

6 **“§ 103. Conditions for patentability; nonobvious sub-**
7 **ject matter**

8 “A patent for a claimed invention may not be ob-
9 tained, notwithstanding that the claimed invention is not
10 identically disclosed as set forth in section 102, if the dif-
11 ferences between the claimed invention and the prior art
12 are such that the claimed invention as a whole would have
13 been obvious before the effective filing date of the claimed
14 invention to a person having ordinary skill in the art to
15 which the claimed invention pertains. Patentability shall
16 not be negated by the manner in which the invention was
17 made.”.

18 (d) REPEAL OF REQUIREMENTS FOR INVENTIONS
19 MADE ABROAD.—Section 104 of title 35, United States
20 Code, and the item relating to that section in the table
21 of sections for chapter 10 of title 35, United States Code,
22 are repealed.

23 (e) REPEAL OF STATUTORY INVENTION REGISTRA-
24 TION.—

1 (1) IN GENERAL.—Section 157 of title 35,
2 United States Code, and the item relating to that
3 section in the table of sections for chapter 14 of title
4 35, United States Code, are repealed.

5 (2) REMOVAL OF CROSS REFERENCES.—Section
6 111(b)(8) of title 35, United States Code, is amend-
7 ed by striking “sections 115, 131, 135, and 157”
8 and inserting “sections 131 and 135”.

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

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

20 (g) CONFORMING AMENDMENTS.—

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

24 (2) LIMITATION ON REMEDIES.—Section
25 287(c)(4) of title 35, United States Code, is amend-

1 ed by striking “the earliest effective filing date of
2 which is prior to” and inserting “which has an effec-
3 tive filing date before”.

4 (3) INTERNATIONAL APPLICATION DESIG-
5 NATING THE UNITED STATES: EFFECT.—Section
6 363 of title 35, United States Code, is amended by
7 striking “except as otherwise provided in section
8 102(e) of this title”.

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

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

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

23 (7) INVENTIONS MADE WITH FEDERAL ASSIST-
24 ANCE.—Section 202(c) of title 35, United States
25 Code, is amended—

1 (A) in paragraph (2)—

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

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

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

16 (h) DERIVED PATENTS.—

17 (1) IN GENERAL.—Section 291 of title 35,
18 United States Code, is amended to read as follows:

19 **“§ 291. Derived Patents**

20 “(a) IN GENERAL.—The owner of a patent may have
21 relief by civil action against the owner of another patent
22 that claims the same invention and has an earlier effective
23 filing date if the invention claimed in such other patent
24 was derived from the inventor of the invention claimed in

1 the patent owned by the person seeking relief under this
2 section.

3 “(b) FILING LIMITATION.—An action under this sec-
4 tion may be filed only before the end of the 1-year period
5 beginning on the date of the issuance of the first patent
6 containing a claim to the allegedly derived invention and
7 naming an individual alleged to have derived such inven-
8 tion as the inventor or joint inventor.”.

9 (2) CONFORMING AMENDMENT.—The item re-
10 lating to section 291 in the table of sections for
11 chapter 29 of title 35, United States Code, is
12 amended to read as follows:

“291. Derived patents.”.

13 (i) DERIVATION PROCEEDINGS.—Section 135 of title
14 35, United States Code, is amended to read as follows:

15 **“§ 135. Derivation proceedings**

16 “(a) INSTITUTION OF PROCEEDING.—An applicant
17 for patent may file a petition to institute a derivation pro-
18 ceeding in the Office. The petition shall set forth with par-
19 ticularity the basis for finding that an inventor named in
20 an earlier application derived the claimed invention from
21 an inventor named in the petitioner’s application and,
22 without authorization, the earlier application claiming
23 such invention was filed. Any such petition may be filed
24 only within the 1-year period beginning the date of the
25 first publication of a claim to an invention that is the same

1 or substantially the same as the earlier application’s claim
2 to the invention, shall be made under oath, and shall be
3 supported by substantial evidence. Whenever the Director
4 determines that a petition filed under this subsection dem-
5 onstrates that the standards for instituting a derivation
6 proceeding are met, the Director may institute a deriva-
7 tion proceeding. The determination by the Director wheth-
8 er to institute a derivation proceeding shall be final and
9 nonappealable.

10 “(b) DETERMINATION BY PATENT TRIAL AND AP-
11 PEAL BOARD.—In a derivation proceeding instituted
12 under subsection (a), the Patent Trial and Appeal Board
13 shall determine whether an inventor named in the earlier
14 application derived the claimed invention from an inventor
15 named in the petitioner’s application and, without author-
16 ization, the earlier application claiming such invention was
17 filed. The Director shall prescribe regulations setting forth
18 standards for the conduct of derivation proceedings.

19 “(c) DEFERRAL OF DECISION.—The Patent Trial
20 and Appeal Board may defer action on a petition for a
21 derivation proceeding until the expiration of the 3-month
22 period beginning on the date on which the Director issues
23 a patent that includes the claimed invention that is the
24 subject of the petition. The Patent Trial and Appeal
25 Board also may defer action on a petition for a derivation

1 proceeding, or stay the proceeding after it has been insti-
2 tuted, until the termination of a proceeding under chapter
3 30, 31, or 32 involving the patent of the earlier applicant.

4 “(d) EFFECT OF FINAL DECISION.—The final deci-
5 sion of the Patent Trial and Appeal Board, if adverse to
6 claims in an application for patent, shall constitute the
7 final refusal by the Office on those claims. The final deci-
8 sion of the Patent Trial and Appeal Board, if adverse to
9 claims in a patent, shall, if no appeal or other review of
10 the decision has been or can be taken or had, constitute
11 cancellation of those claims, and notice of such cancella-
12 tion shall be endorsed on copies of the patent distributed
13 after such cancellation.

14 “(e) SETTLEMENT.—Parties to a proceeding insti-
15 tuted under subsection (a) may terminate the proceeding
16 by filing a written statement reflecting the agreement of
17 the parties as to the correct inventors of the claimed inven-
18 tion in dispute. Unless the Patent Trial and Appeal Board
19 finds the agreement to be inconsistent with the evidence
20 of record, if any, it shall take action consistent with the
21 agreement. Any written settlement or understanding of
22 the parties shall be filed with the Director. At the request
23 of a party to the proceeding, the agreement or under-
24 standing shall be treated as business confidential informa-
25 tion, shall be kept separate from the file of the involved

1 patents or applications, and shall be made available only
2 to Government agencies on written request, or to any per-
3 son on a showing of good cause.

4 “(f) ARBITRATION.—Parties to a proceeding insti-
5 tuted under subsection (a) may, within such time as may
6 be specified by the Director by regulation, determine such
7 contest or any aspect thereof by arbitration. Such arbitra-
8 tion shall be governed by the provisions of title 9, to the
9 extent such title is not inconsistent with this section. The
10 parties shall give notice of any arbitration award to the
11 Director, and such award shall, as between the parties to
12 the arbitration, be dispositive of the issues to which it re-
13 lates. The arbitration award shall be unenforceable until
14 such notice is given. Nothing in this subsection shall pre-
15 clude the Director from determining the patentability of
16 the claimed inventions involved in the proceeding.”.

17 (j) ELIMINATION OF REFERENCES TO INTER-
18 FERENCES.—(1) Sections 134, 145, 146, 154, 305, and
19 314 of title 35, United States Code, are each amended
20 by striking “Board of Patent Appeals and Interferences”
21 each place it appears and inserting “Patent Trial and Ap-
22 peal Board”.

23 (2)(A) Sections 146 and 157(a) of title 35, United
24 States Code, are each amended—

1 (i) by striking “an interference” each place
2 it appears and inserting “a derivation pro-
3 ceeding”; and

4 (ii) by striking “interference” each addi-
5 tional place it appears and inserting “derivation
6 proceeding”.

7 (B) The subparagraph heading for section
8 154(b)(1)(C) of title 35, United States Code, is
9 amended to read as follows:

10 “(C) GUARANTEE OF ADJUSTMENTS
11 FOR DELAYS DUE TO DERIVATION PRO-
12 CEEDINGS, SECRECY ORDERS, AND AP-
13 PEALS.—”.

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

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

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

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

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

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

“135. Derivation proceedings.”.

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

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

4 (k) STATUTE OF LIMITATIONS.—

5 (1) IN GENERAL.—Section 32 of title 35,
6 United States Code, is amended by inserting be-
7 tween the third and fourth sentences the following:
8 “A proceeding under this section shall be com-
9 menced not later than the earlier of either the date
10 that is 10 years after the date on which the mis-
11 conduct forming the basis for the proceeding oc-
12 curred, or 1 year after the date on which the mis-
13 conduct forming the basis for the proceeding is
14 made known to an officer or employee of the Office
15 as prescribed in the regulations established under
16 section 2(b)(2)(D).”.

17 (2) REPORT TO CONGRESS.—The Director shall
18 provide on a biennial basis to the Judiciary Commit-
19 tees of the Senate and House of Representatives a
20 report providing a short description of incidents
21 made known to an officer or employee of the Office
22 as prescribed in the regulations established under
23 section 2(b)(2)(D) of title 35, United States Code,
24 that reflect substantial evidence of misconduct be-
25 fore the Office but for which the Office was barred

1 from commencing a proceeding under section 32 of
2 title 35, United States Code, by the time limitation
3 established by the fourth sentence of that section.

4 (3) EFFECTIVE DATE.—The amendment made
5 by paragraph (1) shall apply in any case in which
6 the time period for instituting a proceeding under
7 section 32 of title 35, United State Code, had not
8 lapsed before the date of the enactment of this Act.

9 (I) SMALL BUSINESS STUDY.—

10 (1) DEFINITIONS.—In this subsection—

11 (A) the term “Chief Counsel” means the
12 Chief Counsel for Advocacy of the Small Busi-
13 ness Administration;

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

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

20 (2) STUDY.—

21 (A) IN GENERAL.—The Chief Counsel, in
22 consultation with the General Counsel, shall
23 conduct a study of the effects of eliminating the
24 use of dates of invention in determining wheth-

1 er an applicant is entitled to a patent under
2 title 35, United States Code.

3 (B) AREAS OF STUDY.—The study con-
4 ducted under subparagraph (A) shall include
5 examination of the effects of eliminating the use
6 of invention dates, including examining—

7 (i) how the change would affect the
8 ability of small business concerns to obtain
9 patents and their costs of obtaining pat-
10 ents;

11 (ii) whether the change would create,
12 mitigate, or exacerbate any disadvantages
13 for applicants for patents that are small
14 business concerns relative to applicants for
15 patents that are not small business con-
16 cerns, and whether the change would cre-
17 ate any advantages for applicants for pat-
18 ents that are small business concerns rel-
19 ative to applicants for patents that are not
20 small business concerns;

21 (iii) the cost savings and other poten-
22 tial benefits to small business concerns of
23 the change; and

24 (iv) the feasibility and costs and bene-
25 fits to small business concerns of alter-

1 native means of determining whether an
2 applicant is entitled to a patent under title
3 35, United States Code.

4 (3) REPORT.—Not later than the date that is
5 1 year after the date of the enactment of this Act,
6 the Chief Counsel shall submit to the Committee on
7 Small Business and Entrepreneurship and the Com-
8 mittee on the Judiciary of the Senate and the Com-
9 mittee on Small Business and the Committee on the
10 Judiciary of the House of Representatives a report
11 regarding the results of the study under paragraph
12 (2).

13 (m) REPORT ON PRIOR USER RIGHTS.—

14 (1) IN GENERAL.—Not later than the end of
15 the 4-month period beginning on the date of the en-
16 actment of this Act, the Director shall report, to the
17 Committee on the Judiciary of the Senate and the
18 Committee on the Judiciary of the House of Rep-
19 resentatives, the findings and recommendations of
20 the Director on the operation of prior user rights in
21 selected countries in the industrialized world. The
22 report shall include the following:

23 (A) A comparison between patent laws of
24 the United States and the laws of other indus-
25 trialized countries, including members of the

1 European Union and Japan, Canada, and Aus-
2 tralia.

3 (B) An analysis of the effect of prior user
4 rights on innovation rates in the selected coun-
5 tries.

6 (C) An analysis of the correlation, if any,
7 between prior user rights and start-up enter-
8 prises and the ability to attract venture capital
9 to start new companies.

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

13 (E) An analysis of legal and constitutional
14 issues, if any, that arise from placing trade se-
15 cret law in patent law.

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

19 (2) CONSULTATION WITH OTHER AGENCIES.—
20 In preparing the report required under paragraph
21 (1), the Director shall consult with the United
22 States Trade Representative, the Secretary of State,
23 and the Attorney General.

24 (n) EFFECTIVE DATE.—

1 (1) IN GENERAL.—Except as otherwise pro-
2 vided in this section, the amendments made by this
3 section shall take effect upon the expiration of the
4 18-month period beginning on the date of the enact-
5 ment of this Act, and shall apply to any application
6 for patent, and to any patent issuing thereon, that
7 contains or contained at any time—

8 (A) a claim to a claimed invention that has
9 an effective filing date as defined in section
10 100(i) of title 35, United States Code, that is
11 on or after the effective date described in this
12 paragraph; or

13 (B) a specific reference under section 120,
14 121, or 365(c) of title 35, United States Code,
15 to any patent or application that contains or
16 contained at any time such a claim.

17 (2) INTERFERING PATENTS.—The provisions of
18 sections 102(g), 135, and 291 of title 35, United
19 States Code, as in effect on the day before the date
20 of the enactment of this Act, shall apply to each
21 claim of an application for patent, and any patent
22 issued thereon, for which the amendments made by
23 this section also apply, if such application or patent
24 contains or contained at any time—

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

6 (B) a specific reference under section 120,
7 121, or 365(c) of title 35, United States Code,
8 to any patent or application that contains or
9 contained at any time such a claim.

10 **SEC. 3. INVENTOR'S OATH OR DECLARATION.**

11 (a) INVENTOR'S OATH OR DECLARATION.—

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

14 **“§ 115. Inventor's oath or declaration**

15 “(a) NAMING THE INVENTOR; INVENTOR'S OATH OR
16 DECLARATION.—An application for patent that is filed
17 under section 111(a) or commences the national stage
18 under section 371 shall include, or be amended to include,
19 the name of the inventor for any invention claimed in the
20 application. Except as otherwise provided in this section,
21 each individual who is the inventor or a joint inventor of
22 a claimed invention in an application for patent shall exe-
23 cute an oath or declaration in connection with the applica-
24 tion.

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

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

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

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

12 “(d) SUBSTITUTE STATEMENT.—

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

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

22 “(A) is unable to file the oath or declara-
23 tion under subsection (a) because the indi-
24 vidual—

25 “(i) is deceased;

1 “(ii) is under legal incapacity; or

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

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

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

9 “(A) identify the individual with respect to
10 whom the statement applies;

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

15 “(C) contain any additional information,
16 including any showing, required by the Direc-
17 tor.

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

24 “(f) TIME FOR FILING.—A notice of allowance under
25 section 151 may be provided to an applicant for patent

1 only if the applicant for patent has filed each required
2 oath or declaration under subsection (a) or has filed a sub-
3 stitute statement under subsection (d) or recorded an as-
4 signment meeting the requirements of subsection (e).

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

7 “(1) EXCEPTION.—The requirements under
8 this section shall not apply to an individual with re-
9 spect to an application for patent in which the indi-
10 vidual is named as the inventor or a joint inventor
11 and who claims the benefit under section 120, 121,
12 or 365(c) of the filing of an earlier-filed application,
13 if—

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

18 “(B) a substitute statement meeting the
19 requirements of subsection (d) was filed in the
20 earlier filed application with respect to the indi-
21 vidual; or

22 “(C) an assignment meeting the require-
23 ments of subsection (e) was executed with re-
24 spect to the earlier-filed application by the indi-

1 vidual and was recorded in connection with the
2 earlier-filed application.

3 “(2) COPIES OF OATHS, DECLARATIONS, STATE-
4 MENTS, OR ASSIGNMENTS.—Notwithstanding para-
5 graph (1), the Director may require that a copy of
6 the executed oath or declaration, the substitute
7 statement, or the assignment filed in the earlier-filed
8 application be included in the later-filed application.

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

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

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

1 other statement equivalent to those required by this
2 section in connection with the application for patent
3 or any patent issuing thereon.

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

8 “(i) ACKNOWLEDGMENT OF PENALTIES.—Any dec-
9 laration or statement filed pursuant to this section shall
10 contain an acknowledgment that any willful false state-
11 ment made in such declaration or statement is punishable
12 under section 1001 of title 18 by fine or imprisonment
13 of not more than 5 years, or both.”.

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

18 (3) REQUIREMENTS FOR NONPROVISIONAL AP-
19 PPLICATIONS.—Section 111(a) of title 35, United
20 States Code, is amended—

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

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

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

3 (4) CONFORMING AMENDMENT.—The item re-
4 lating to section 115 in the table of sections for
5 chapter 11 of title 35, United States Code, is
6 amended to read as follows:

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

7 (b) FILING BY OTHER THAN INVENTOR.—

8 (1) IN GENERAL.—Section 118 of title 35,
9 United States Code, is amended to read as follows:

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

11 “A person to whom the inventor has assigned or is
12 under an obligation to assign the invention may make an
13 application for patent. A person who otherwise shows suf-
14 ficient proprietary interest in the matter may make an ap-
15 plication for patent on behalf of and as agent for the in-
16 ventor on proof of the pertinent facts and a showing that
17 such action is appropriate to preserve the rights of the
18 parties. If the Director grants a patent on an application
19 filed under this section by a person other than the inven-
20 tor, the patent shall be granted to the real party in inter-
21 est and upon such notice to the inventor as the Director
22 considers to be sufficient.”.

23 (2) CONFORMING AMENDMENT.—Section 251
24 of title 35, United States Code, is amended in the
25 third undesignated paragraph by inserting “or the

1 application for the original patent was filed by the
2 assignee of the entire interest” after “claims of the
3 original patent”.

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

6 (1) in the first undesignated paragraph—

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

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

13 (2) in the second undesignated paragraph—

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

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

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

23 (4) in the fourth undesignated paragraph, by
24 striking “Subject to the following paragraph,” and

1 inserting “(d) REFERENCE IN DEPENDENT
2 FORMS.—Subject to subsection (e),”;

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

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

9 (d) CONFORMING AMENDMENTS.—

10 (1) Sections 111(b)(1)(A) is amended by strik-
11 ing “the first paragraph of section 112 of this title”
12 and inserting “section 112(a)”.

13 (2) Section 111(b)(2) is amended by striking
14 “the second through fifth paragraphs of section
15 112,” and inserting “subsections (b) through (e) of
16 section 112,”.

17 (e) EFFECTIVE DATE.—The amendments made by
18 this section shall take effect upon the expiration of the
19 1-year period beginning on the date of the enactment of
20 this Act and shall apply to any patent application that
21 is filed on or after that effective date.

22 **SEC. 4. DEFENSE TO INFRINGEMENT BASED ON EARLIER**
23 **INVENTOR.**

24 Section 273 of title 35, United States Code, is
25 amended as follows:

1 (1) Subsection (a) is amended—

2 (A) in paragraph (1), by striking “use of
3 a method in” and inserting “use of the subject
4 matter of a patent in or outside” ;

5 (B) by striking paragraph (3); and

6 (C) by redesignating paragraph (4) as
7 paragraph (3).

8 (2) Subsection (b) is amended—

9 (A) in paragraph (1), by striking “for a
10 method”;

11 (B) in paragraph (2), by striking “pat-
12 ented method” and inserting “patented proc-
13 ess”;

14 (C) in paragraph (3)—

15 (i) by striking subparagraph (A);

16 (ii) by redesignating subparagraphs
17 (B) and (C) as subparagraph (A) and (C),
18 respectively; and

19 (iii) by adding at the end the fol-
20 lowing:

21 “(D) FUNDING.—

22 “(i) DEFENSE NOT AVAILABLE IN
23 CERTAIN CASES.—A person may not assert
24 the defense under this section if the sub-
25 ject matter of the patent on which the de-

1 fense is based was developed pursuant to a
2 funding agreement under chapter 18 of
3 this title or by a nonprofit institution of
4 higher education, or a technology transfer
5 organization affiliated with such an institu-
6 tion, that did not receive funding from a
7 private business enterprise in support of
8 that development.

9 “(ii) DEFINITIONS.—In this subpara-
10 graph—

11 “(I) the term ‘institution of high-
12 er education’ has the meaning given
13 that term in section 101(a) of the
14 Higher Education Act of 1965 (20
15 U.S.C. 1001(a)); and

16 “(II) the term ‘technology trans-
17 fer organization’ means an organiza-
18 tion the primary purpose of which is
19 to facilitate the commercialization of
20 technologies developed by one or more
21 institutions of higher education.”; and

22 (D) by amending paragraph (6) to read as
23 follows:

24 “(6) PERSONAL DEFENSE.—

1 “(A) IN GENERAL.—The defense under
 2 this section may be asserted only by the person
 3 who performed or caused the performance of
 4 the acts necessary to establish the defense, as
 5 well as any other entity that controls, is con-
 6 trolled by, or is under common control with
 7 such person, and, except for any transfer to the
 8 patent owner, the right to assert the defense
 9 shall not be licensed or assigned or transferred
 10 to another person except as an ancillary and
 11 subordinate part of a good faith assignment or
 12 transfer for other reasons of the entire enter-
 13 prise or line of business to which the defense
 14 relates.

15 “(B) EXCEPTION.—Notwithstanding sub-
 16 paragraph (A), any person may, on the person’s
 17 own behalf, assert a defense based on the ex-
 18 haustion of rights provided under paragraph
 19 (2), including any necessary elements thereof.”.

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

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

23 **“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.

“320. Request for stay of certain proceedings.

1 **“§ 311. Inter partes review**

2 “(a) IN GENERAL.—Subject to the provisions of this
3 chapter, a person who is not the owner of a patent may
4 file with the Office a petition to institute an inter partes
5 review of the patent. The Director shall establish, by regu-
6 lation, fees to be paid by the person requesting the review,
7 in such amounts as the Director determines to be reason-
8 able, considering the aggregate costs of the review.

9 “(b) SCOPE.—A petitioner in an inter partes review
10 may request to cancel as unpatentable 1 or more claims
11 of a patent only on a ground that could be raised under
12 section 102 or 103 and only on the basis of prior art con-
13 sisting of patents or printed publications.

14 “(c) FILING DEADLINE.—A petition for inter partes
15 review shall be filed after the later of either—

16 “(1) the date that is 12 months after the grant
17 of a patent or issuance of a reissue of a patent; or

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

1 **“§ 312. Petitions**

2 “(a) REQUIREMENTS OF PETITION.—A petition filed
3 under section 311 may be considered only if—

4 “(1) the petition is accompanied by payment of
5 the fee established by the Director under section
6 311;

7 “(2) the petition identifies all real parties in in-
8 terest;

9 “(3) the petition identifies, in writing and with
10 particularity, each claim challenged, the grounds on
11 which the challenge to each claim is based, and the
12 evidence that supports the grounds for the challenge
13 to each claim, including—

14 “(A) copies of patents and printed publica-
15 tions that the petitioner relies upon in support
16 of the petition; and

17 “(B) affidavits or declarations of sup-
18 porting evidence and opinions, if the petitioner
19 relies on expert opinions;

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

22 “(5) the petitioner provides copies of any of the
23 documents required under paragraphs (2), (3), and
24 (4) to the patent owner or, if applicable, the des-
25 ignated representative of the patent owner.

1 “(b) PUBLIC AVAILABILITY.—As soon as practicable
2 after the receipt of a petition under section 311, the Direc-
3 tor shall make the petition available to the public.

4 **“§ 313. Preliminary response to petition**

5 “(a) PRELIMINARY RESPONSE.—If an inter partes
6 review petition is filed under section 311, the patent owner
7 shall have the right to file a preliminary response within
8 a time period set by the Director.

9 “(b) CONTENT OF RESPONSE.—A preliminary re-
10 sponse to a petition for inter partes review shall set forth
11 reasons why no inter partes review should be instituted
12 based upon the failure of the petition to meet any require-
13 ment of this chapter.

14 **“§ 314. Institution of inter partes review**

15 “(a) THRESHOLD.—The Director may not authorize
16 an inter partes review to commence unless the Director
17 determines that the information presented in the petition
18 filed under section 311 and any response filed under sec-
19 tion 313 shows that a substantial new question of patent-
20 ability exists.

21 “(b) TIMING.—The Director shall determine whether
22 to institute an inter partes review under this chapter pur-
23 suant to a petition filed under section 311 within 3 months
24 after—

1 “(1) receiving a preliminary response to the pe-
2 tition under section 313; or

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

5 “(c) NOTICE.—The Director shall notify the peti-
6 tioner and patent owner, in writing, of the Director’s de-
7 termination under subsection (a), and shall make such no-
8 tice available to the public as soon as is practicable. Such
9 notice shall include the date on which the review shall
10 commence.

11 “(d) NO APPEAL.—The determination by the Direc-
12 tor whether to institute an inter partes review under this
13 section shall be final and nonappealable.

14 **“§ 315. Relation to other proceedings or actions**

15 “(a) INFRINGER’S CIVIL ACTION.—

16 “(1) INTER PARTES REVIEW BARRED BY CIVIL
17 ACTION.—An inter partes review may not be insti-
18 tuted if, before the date on which the petition for
19 such a review is filed, the petitioner, real party in
20 interest, or privy of the petitioner filed a civil action
21 challenging the validity of a claim of the patent.

22 “(2) STAY OF CIVIL ACTION.—If the petitioner,
23 real party in interest, or privy of the petitioner files
24 a civil action challenging the validity of a claim of
25 the patent on or after the date on which the peti-

1 tioner files a petition for inter partes review of the
2 patent, that civil action shall be automatically stayed
3 until either—

4 “(A) the patent owner requests to lift the
5 stay;

6 “(B) the patent owner files a civil action or
7 counterclaim alleging that the petitioner, real
8 party in interest, or privy of the petitioner has
9 infringed the patent; or

10 “(C) the petitioner, real party in interest,
11 or privy of the petitioner requests to dismiss the
12 civil action.

13 “(3) TREATMENT OF COUNTERCLAIM.—A coun-
14 terclaim challenging the validity of a claim of a pat-
15 ent does not constitute a civil action challenging the
16 validity of a claim of a patent for purposes of this
17 subsection.

18 “(b) PATENT OWNER’S ACTION.—An inter partes re-
19 view may not be instituted if the petition requesting the
20 proceeding is filed more than 9 months after the date on
21 which the petitioner, real party in interest, or privy of the
22 petitioner is served with a complaint alleging infringement
23 of the patent. The time limitation set forth in the pre-
24 ceding sentence shall not apply to a request for joinder
25 under subsection (c).

1 “(c) JOINDER.—If the Director institutes an inter
2 partes review, the Director, in his or her discretion, may
3 join as a party to that inter partes review any person who
4 properly files a petition under section 311 that the Direc-
5 tor, after receiving a preliminary response under section
6 313 or the expiration of the time for filing such a re-
7 sponse, determines warrants the institution of an inter
8 partes review under section 314.

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

17 “(e) ESTOPPEL.—

18 “(1) PROCEEDINGS BEFORE THE OFFICE.—The
19 petitioner in an inter partes review under this chap-
20 ter, or the real party in interest or privy of the peti-
21 tioner, may not request or maintain a proceeding be-
22 fore the Office with respect to a claim on any
23 ground that the petitioner raised or reasonably could
24 have raised during an inter partes review of the

1 claim that resulted in a final written decision under
2 section 318(a).

3 “(2) CIVIL ACTIONS AND OTHER PRO-
4 CEEDINGS.—The petitioner in an inter partes review
5 under this chapter, or the real party in interest or
6 privy of the petitioner, may not assert either in a
7 civil action arising in whole or in part under section
8 1338 of title 28 or in a proceeding before the Inter-
9 national Trade Commission under section 337 of the
10 Tariff Act of 1930 that a claim in a patent is invalid
11 on any ground that the petitioner raised or reason-
12 ably could have raised during an inter partes review
13 of the claim that resulted in a final written decision
14 under section 318(a).

15 **“§ 316. Conduct of inter partes review**

16 “(a) REGULATIONS.—The Director shall prescribe
17 regulations—

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

1 “(2) setting forth the standards for the showing
2 of sufficient grounds to institute a review under sec-
3 tion 314(a);

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

7 “(4) in accordance with section 2(b)(2), estab-
8 lishing and governing inter partes review under this
9 chapter and the relationship of such review to other
10 proceedings under this title;

11 “(5) setting a time period for requesting joinder
12 under section 315(c);

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

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

18 “(B) what is otherwise necessary in the in-
19 terest of justice;

20 “(7) prescribing sanctions for abuse of dis-
21 covery, abuse of process, or any other improper use
22 of the proceeding, such as to harass or to cause un-
23 necessary delay or an unnecessary increase in the
24 cost of the proceeding;

1 “(8) providing for protective orders governing
2 the exchange and submission of confidential infor-
3 mation;

4 “(9) providing for the filing by the patent
5 owner of a response to the petition under section
6 313 after an inter partes review has been instituted,
7 and requiring that the patent owner file with such
8 response, through affidavits or declarations, any ad-
9 ditional factual evidence and expert opinions on
10 which the patent owner relies in support of the re-
11 sponse;

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

21 “(11) providing either party with the right to
22 an oral hearing as part of the proceeding; and

23 “(12) requiring that the final determination in
24 an inter partes review be issued not later than 1
25 year after the date on which the Director notices the

1 institution of a review under this chapter, except
2 that the Director may, for good cause shown, extend
3 the 1-year period by not more than 6 months, and
4 may adjust the time periods in this paragraph in the
5 case of joinder under section 315(c).

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

12 “(c) PATENT TRIAL AND APPEAL BOARD.—The Pat-
13 ent Trial and Appeal Board shall, in accordance with sec-
14 tion 6, conduct each proceeding authorized by the Direc-
15 tor.

16 “(d) AMENDMENT OF THE PATENT.—

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

21 “(A) Cancel any challenged patent claim.

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

24 “(2) ADDITIONAL MOTIONS.—Additional mo-
25 tions to amend may be permitted upon the joint re-

1 quest of the petitioner and the patent owner to ma-
2 terially advance the settlement of a proceeding under
3 section 317, or as permitted by regulations pre-
4 scribed by the Director.

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

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

12 **“§ 317. Settlement**

13 “(a) IN GENERAL.—An inter partes review instituted
14 under this chapter shall be terminated with respect to any
15 petitioner upon the joint request of the petitioner and the
16 patent owner, unless the Office has decided the merits of
17 the proceeding before the request for termination is filed.
18 If the inter partes review is terminated with respect to
19 a petitioner under this section, no estoppel under section
20 315(e) shall apply to that petitioner. If no petitioner re-
21 mains in the inter partes review, the Office may terminate
22 the review or proceed to a final written decision under sec-
23 tion 318(a).

24 “(b) AGREEMENTS IN WRITING.—Any agreement or
25 understanding between the patent owner and a petitioner,

1 including any collateral agreements referred to in such
2 agreement or understanding, made in connection with, or
3 in contemplation of, the termination of an inter partes re-
4 view under this section shall be in writing and a true copy
5 of such agreement or understanding shall be filed in the
6 Office before the termination of the inter partes review
7 as between the parties. If any party filing such agreement
8 or understanding so requests, the copy shall be kept sepa-
9 rate from the file of the inter partes review, and shall be
10 made available only to Federal Government agencies upon
11 written request, or to any other person on a showing of
12 good cause.

13 **“§ 318. Decision of the Board**

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

20 “(b) CERTIFICATE.—If the Patent Trial and Appeal
21 Board issues a final written decision under subsection (a)
22 and the time for appeal has expired or any appeal has
23 terminated, the Director shall issue and publish a certifi-
24 cate canceling any claim of the patent finally determined
25 to be unpatentable, confirming any claim of the patent de-

1 terminated to be patentable, and incorporating in the patent
2 by operation of the certificate any new or amended claim
3 determined to be patentable.

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

9 **“§ 319. Appeal**

10 “A party dissatisfied with the final written decision
11 of the Patent Trial and Appeal Board under section
12 318(a) may appeal the decision pursuant to sections 141
13 through 144. Any party to the inter partes review shall
14 have the right to be a party to the appeal.

15 **“§ 320. Request for stay of certain proceedings**

16 “If a party seeks a stay of a civil action alleging in-
17 fringement of a patent under section 281, or a proceeding
18 before the International Trade Commission under section
19 337 of the Tariff Act of 1930, relating to an inter partes
20 review under this chapter, the court shall decide whether
21 to enter a stay based on—

22 “(1) whether a stay, or the denial thereof, will
23 simplify the issues in question and streamline the
24 trial;

1 “(2) whether discovery is complete and whether
2 a trial date has been set;

3 “(3) whether a stay, or the denial thereof,
4 would unduly prejudice the nonmoving party or
5 present a clear tactical advantage for the moving
6 party; and

7 “(4) whether a stay, or the denial thereof, will
8 reduce the burden of litigation on the parties and on
9 the court.”.

10 (b) CONFORMING AMENDMENT.—The table of chap-
11 ters for part III of title 35, United States Code, is amend-
12 ed by striking the item relating to chapter 31 and insert-
13 ing the following:

“31. Inter Partes Review 311.”

14 (c) REGULATIONS AND EFFECTIVE DATE.—

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

20 (2) APPLICABILITY.—

21 (A) IN GENERAL.—The amendments made
22 by subsection (a) shall take effect upon the ex-
23 piration of the 1-year period beginning on the
24 date of the enactment of this Act and shall

1 apply to any patent issued before, on, or after
2 that effective date.

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

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

17 **“CHAPTER 32—POST-GRANT REVIEW**

- “Sec.
- “321. Post-grant review.
- “322. Petitions.
- “323. Preliminary response to petition.
- “324. Institution of post-grant review.
- “325. Relation to other proceedings or actions.
- “326. Conduct of post-grant review.
- “327. Settlement.
- “328. Decision of the Board.
- “329. Appeal.
- “330. Request for stay of certain proceedings.

18 **“§ 321. Post-grant review**

19 “(a) IN GENERAL.—Subject to the provisions of this
20 chapter, a person who is not the patent owner may file

1 with the Office a petition to institute a post-grant review
2 of a patent. The Director shall establish, by regulation,
3 fees to be paid by the person requesting the review, in
4 such amounts as the Director determines to be reasonable,
5 considering the aggregate costs of the post-grant review.

6 “(b) SCOPE.—A petitioner in a post-grant review may
7 request to cancel as unpatentable 1 or more claims of a
8 patent on any ground that could be raised under para-
9 graph (2) or (3) of section 282(b) (relating to invalidity
10 of the patent or any claim).

11 “(c) FILING DEADLINE.—A petition for a post-grant
12 review may only be filed not later than the date that is
13 12 months after the date of the grant of the patent or
14 of the issuance of a reissue patent (as the case may be).

15 **“§ 322. Petitions**

16 “(a) REQUIREMENTS OF PETITION.—A petition filed
17 under section 321 may be considered only if—

18 “(1) the petition is accompanied by payment of
19 the fee established by the Director under section
20 321;

21 “(2) the petition identifies all real parties in in-
22 terest;

23 “(3) the petition identifies, in writing and with
24 particularity, each claim challenged, the grounds on
25 which the challenge to each claim is based, and the

1 evidence that supports the grounds for the challenge
2 to each claim, including—

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

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

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

12 “(5) the petitioner provides copies of any of the
13 documents required under paragraphs (2), (3), and
14 (4) to the patent owner or, if applicable, the des-
15 ignated representative of the patent owner.

16 “(b) PUBLIC AVAILABILITY.—As soon as practicable
17 after the receipt of a petition under section 321, the Direc-
18 tor shall make the petition available to the public.

19 **“§ 323. Preliminary response to petition**

20 “(a) PRELIMINARY RESPONSE.—If a post-grant re-
21 view petition is filed under section 321, the patent owner
22 shall have the right to file a preliminary response to the
23 petition within 2 months after the date on which the peti-
24 tion is filed.

1 “(b) CONTENT OF RESPONSE.—A preliminary re-
2 sponse to a petition for post-grant review shall set forth
3 reasons why no post-grant review should be instituted
4 based upon the failure of the petition to meet any require-
5 ment of this chapter.

6 **“§ 324. Institution of post-grant review**

7 “(a) THRESHOLD.—The Director may not authorize
8 a post-grant review to commence unless the Director de-
9 termines that the information presented in the petition
10 filed under section 321, if such information is not rebut-
11 ted, would demonstrate that it is more likely than not that
12 at least 1 of the claims challenged in the petition is
13 unpatentable.

14 “(b) ADDITIONAL GROUNDS.—The determination re-
15 quired under subsection (a) may also be satisfied by a
16 showing that the petition raises a novel or unsettled legal
17 question that is important to other patents or patent ap-
18 plications.

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

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

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

3 “(d) NOTICE.—The Director shall notify the peti-
4 tioner and patent owner, in writing, of the Director’s de-
5 termination under subsection (a) or (b), and shall make
6 such notice available to the public as soon as is prac-
7 ticable. The Director shall make each notice of the institu-
8 tion of a post-grant review available to the public. Such
9 notice shall include the date on which the review shall
10 commence.

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

14 **“§ 325. Relation to other proceedings or actions**

15 “(a) INFRINGER’S CIVIL ACTION.—

16 “(1) POST-GRANT REVIEW BARRED BY CIVIL
17 ACTION.—A post-grant review may not be instituted
18 under this chapter if, before the date on which the
19 petition for such a review is filed, the petitioner, real
20 party in interest, or privy of the petitioner filed a
21 civil action challenging the validity of a claim of the
22 patent.

23 “(2) STAY OF CIVIL ACTION.—If the petitioner,
24 real party in interest, or privy of the petitioner files
25 a civil action challenging the validity of a claim of

1 the patent on or after the date on which the peti-
2 tioner files a petition for post-grant review of the
3 patent, that civil action shall be automatically stayed
4 until either—

5 “(A) the patent owner requests to lift the
6 stay;

7 “(B) the patent owner files a civil action or
8 counterclaim alleging that the petitioner, real
9 party in interest, or privy of the petitioner has
10 infringed the patent; or

11 “(C) the petitioner, real party in interest,
12 or privy of the petitioner requests to dismiss his
13 civil action.

14 “(3) TREATMENT OF COUNTERCLAIM.—A coun-
15 terclaim challenging the validity of a claim of a pat-
16 ent does not constitute a civil action challenging the
17 validity of a claim of a patent for purposes of this
18 subsection.

19 “(b) PRELIMINARY INJUNCTIONS.—If a civil action
20 alleging infringement of a patent is filed within 3 months
21 after the date on which the patent is granted, the court
22 may not stay its consideration of the patent owner’s mo-
23 tion for a preliminary injunction against infringement of
24 the patent on the basis that a petition for post-grant re-

1 view has been filed under this chapter or that such a post-
2 grant review has been instituted under this chapter.

3 “(c) JOINDER.—If more than 1 petition for a post-
4 grant review under this chapter is properly filed against
5 the same patent and the Director determines that more
6 than 1 of these petitions warrants the institution of a post-
7 grant review under section 324, the Director may consoli-
8 date such reviews into a single post-grant review.

9 “(d) MULTIPLE PROCEEDINGS.—Notwithstanding
10 sections 135(a), 251, and 252, and chapter 30, during the
11 pendency of any post-grant review under this chapter, if
12 another proceeding or matter involving the patent is be-
13 fore the Office, the Director may determine the manner
14 in which the post-grant review or other proceeding or mat-
15 ter may proceed, including providing for the stay, transfer,
16 consolidation, or termination of any such matter or pro-
17 ceeding. In determining whether to institute or order a
18 proceeding under this chapter, chapter 30, or chapter 31,
19 the Director may take into account whether, and reject
20 the petition or request because, the same or substantially
21 the same prior art or arguments previously were presented
22 to the Office.

23 “(e) ESTOPPEL.—

24 “(1) PROCEEDINGS BEFORE THE OFFICE.—The
25 petitioner in a post-grant review under this chapter,

1 or the real party in interest or privy of the peti-
2 tioner, may not request or maintain a proceeding be-
3 fore the Office with respect to a claim on any
4 ground that the petitioner raised or reasonably could
5 have raised during a post-grant review of the claim
6 that resulted in a final written decision under sec-
7 tion 328(a).

8 “(2) CIVIL ACTIONS AND OTHER PRO-
9 CEEDINGS.—The petitioner in a post-grant review
10 under this chapter, or the real party in interest or
11 privy of the petitioner, may not assert either in a
12 civil action arising in whole or in part under section
13 1338 of title 28 or in a proceeding before the Inter-
14 national Trade Commission under section 337 of the
15 Tariff Act of 1930 that a claim in a patent is invalid
16 on any ground that the petitioner raised during a
17 post-grant review of the claim that resulted in a
18 final written decision under section 328(a).

19 “(f) REISSUE PATENTS.—A post-grant review may
20 not be instituted under this chapter if the petition requests
21 cancellation of a claim in a reissue patent that is identical
22 to or narrower than a claim in the original patent from
23 which the reissue patent was issued, and the time limita-
24 tions in section 321(c) would bar filing a petition for a
25 post-grant review for such original patent.

1 **“§ 326. Conduct of post-grant review**

2 “(a) REGULATIONS.—The Director shall prescribe
3 regulations—

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

10 “(2) setting forth the standards for the showing
11 of sufficient grounds to institute a review under sub-
12 sections (a) and (b) of section 324;

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

16 “(4) in accordance with section 2(b)(2), estab-
17 lishing and governing a post-grant review under this
18 chapter and the relationship of such review to other
19 proceedings under this title;

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

25 “(6) prescribing sanctions for abuse of dis-
26 covery, abuse of process, or any other improper use

1 of the proceeding, such as to harass or to cause un-
2 necessary delay or an unnecessary increase in the
3 cost of the proceeding;

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

7 “(8) allowing the patent owner to file a re-
8 sponse to the petition after a post-grant review has
9 been instituted, and requiring that the patent owner
10 file with such response, through affidavits or dec-
11 larations, any additional factual evidence and expert
12 opinions on which the patent owner relies in support
13 of the response;

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

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

24 “(11) requiring that the final determination in
25 any post-grant review be issued not later than 1

1 year after the date on which the Director notices the
2 institution of a proceeding under this chapter, except
3 that the Director may, for good cause shown, extend
4 the 1-year period by not more than 6 months, and
5 may adjust the time periods in this paragraph in the
6 case of joinder under section 325(c).

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

13 “(c) PATENT TRIAL AND APPEAL BOARD.—The Pat-
14 ent Trial and Appeal Board shall, in accordance with sec-
15 tion 6, conduct each proceeding authorized by the Direc-
16 tor.

17 “(d) AMENDMENT OF THE PATENT.—

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

22 “(A) Cancel any challenged patent claim.

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

1 “(2) ADDITIONAL MOTIONS.—Additional mo-
2 tions to amend may be permitted upon the joint re-
3 quest of the petitioner and the patent owner to ma-
4 terially advance the settlement of a proceeding under
5 section 327, or upon the request of the patent owner
6 for good cause shown.

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

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

14 **“§ 327. Settlement**

15 “(a) IN GENERAL.—A post-grant review instituted
16 under this chapter shall be terminated with respect to any
17 petitioner upon the joint request of the petitioner and the
18 patent owner, unless the Office has decided the merits of
19 the proceeding before the request for termination is filed.
20 If the post-grant review is terminated with respect to a
21 petitioner under this section, no estoppel under section
22 325(e) shall apply to that petitioner. If no petitioner re-
23 mains in the post-grant review, the Office may terminate
24 the post-grant review or proceed to a final written decision
25 under section 328(a).

1 “(b) AGREEMENTS IN WRITING.—Any agreement or
2 understanding between the patent owner and a petitioner,
3 including any collateral agreements referred to in such
4 agreement or understanding, made in connection with, or
5 in contemplation of, the termination of a post-grant review
6 under this section shall be in writing, and a true copy of
7 such agreement or understanding shall be filed in the Of-
8 fice before the termination of the post-grant review as be-
9 tween the parties. If any party filing such agreement or
10 understanding so requests, the copy shall be kept separate
11 from the file of the post-grant review, and shall be made
12 available only to Federal Government agencies upon writ-
13 ten request, or to any other person on a showing of good
14 cause.

15 **“§ 328. Decision of the Board**

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

22 “(b) CERTIFICATE.—If the Patent Trial and Appeal
23 Board issues a final written decision under subsection (a)
24 and the time for appeal has expired or any appeal has
25 terminated, the Director shall issue and publish a certifi-

1 cate canceling any claim of the patent finally determined
2 to be unpatentable, confirming any claim of the patent de-
3 termined to be patentable, and incorporating in the patent
4 by operation of the certificate any new or amended claim
5 determined to be patentable.

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

11 **“§ 329. Appeal**

12 “A party dissatisfied with the final written decision
13 of the Patent Trial and Appeal Board under section
14 328(a) may appeal the decision pursuant to sections 141
15 through 144. Any party to the post-grant review shall have
16 the right to be a party to the appeal.

17 **“§ 330. Request for stay of certain proceedings**

18 “If a party seeks a stay of a civil action alleging in-
19 fringement of a patent under section 281, or a proceeding
20 before the International Trade Commission under section
21 337 of the Tariff Act of 1930, relating to a post-grant
22 review under this chapter, the court shall decide whether
23 to enter a stay based on—

1 “(1) whether a stay, or the denial thereof, will
2 simplify the issues in question and streamline the
3 trial;

4 “(2) whether discovery is complete and whether
5 a trial date has been set;

6 “(3) whether a stay, or the denial thereof,
7 would unduly prejudice the nonmoving party or
8 present a clear tactical advantage for the moving
9 party; and

10 “(4) whether a stay, or the denial thereof, will
11 reduce the burden of litigation on the parties and on
12 the court.”.

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

“32. Post-Grant Review 321.”

16 (f) REGULATIONS AND EFFECTIVE DATE.—

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

22 (2) APPLICABILITY.—

23 (A) IN GENERAL.—The amendments made
24 by subsection (d) shall take effect upon the ex-

1 piration of the 1-year period beginning on the
2 date of the enactment of this Act and, except
3 as provided in section 18 and in paragraph (3),
4 shall apply to any patent that is described in
5 section 2(n)(1).

6 (B) LIMITATION.—The Director may im-
7 pose a limit on the number of post-grant re-
8 views that may be instituted under chapter 32
9 of title 35, United States Code, during each of
10 the 4 years following the effective date set forth
11 in subparagraph (A).

12 (3) PENDING INTERFERENCES.—

13 (A) PROCEDURES IN GENERAL.—The Di-
14 rector shall determine, and include in the regu-
15 lations issued under paragraph (1), the proce-
16 dures under which an interference commenced
17 before the effective date set forth in paragraph
18 (2) is to proceed, including whether such inter-
19 ference—

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

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

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

10 (C) APPEALS.—The authorization to ap-
11 peal or have remedy from derivation pro-
12 ceedings in sections 141(d) and 146 of title 35,
13 United States Code, and the jurisdiction to en-
14 tertain appeals from derivation proceedings in
15 section 1295(a)(4)(A) of title 28, United States
16 Code, shall be deemed to extend to any final de-
17 cision in an interference that is commenced be-
18 fore the effective date set forth in paragraph
19 (2) of this subsection and that is not dismissed
20 pursuant to this paragraph.

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

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

1 **“§ 301. Citation of prior art and written statements**

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

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

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

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

19 “(c) ADDITIONAL INFORMATION.—A party that sub-
20 mits a written statement pursuant to subsection (a)(2)
21 shall include any other documents, pleadings, or evidence
22 from the proceeding in which the statement was filed that
23 addresses the written statement.

24 “(d) LIMITATIONS.—A written statement submitted
25 pursuant to subsection (a)(2), and additional information
26 submitted pursuant to subsection (c), shall not be consid-

1 ered by the Office for any purpose other than to determine
2 the proper meaning of a patent claim in a proceeding that
3 is ordered or instituted pursuant to section 304, 314, or
4 324. If any such written statement or additional informa-
5 tion is subject to an applicable protective order, it shall
6 be redacted to exclude information that is subject to that
7 order.

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

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

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

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

21 (h) REEXAMINATION.—

22 (1) DETERMINATION BY DIRECTOR.—

23 (A) IN GENERAL.—Section 303(a) of title
24 35, United States Code, is amended by striking

1 “section 301 of this title” and inserting “sec-
2 tion 301 or 302”.

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

9 (2) APPEAL.—

10 (A) IN GENERAL.—Section 306 of title 35,
11 United States Code, is amended by striking
12 “145” and inserting “144”.

13 (B) EFFECTIVE DATE.—The amendment
14 made by this paragraph shall take effect on the
15 date of the enactment of this Act and shall
16 apply to any appeal of a reexamination that is
17 pending before the Board of Patent Appeals
18 and Interferences or the Patent Trial and Ap-
19 peal Board on or after the date of the enact-
20 ment of this Act.

21 **SEC. 6. PATENT TRIAL AND APPEAL BOARD.**

22 (a) COMPOSITION AND DUTIES.—

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

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

2 “(a) IN GENERAL.—There shall be in the Office a
3 Patent Trial and Appeal Board. The Director, the Deputy
4 Director, the Commissioner for Patents, the Commissioner
5 for Trademarks, and the administrative patent judges
6 shall constitute the Patent Trial and Appeal Board. The
7 administrative patent judges shall be persons of competent
8 legal knowledge and scientific ability who are appointed
9 by the Secretary, in consultation with the Director. Any
10 reference in any Federal law, Executive order, rule, regu-
11 lation, or delegation of authority, or any document of or
12 pertaining to the Board of Patent Appeals and Inter-
13 ferences is deemed to refer to the Patent Trial and Appeal
14 Board.

15 “(b) DUTIES.—The Patent Trial and Appeal Board
16 shall—

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

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

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

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

1 “(c) 3-MEMBER PANELS.—Each appeal, derivation
2 proceeding, post-grant review, and inter partes review
3 shall be heard by at least 3 members of the Patent Trial
4 and Appeal Board, who shall be designated by the Direc-
5 tor. Only the Patent Trial and Appeal Board may grant
6 rehearings.

7 “(d) TREATMENT OF PRIOR APPOINTMENTS.—The
8 Secretary of Commerce may, in the Secretary’s discretion,
9 deem the appointment of an administrative patent judge
10 who, before the date of the enactment of this subsection,
11 held office pursuant to an appointment by the Director
12 to take effect on the date on which the Director initially
13 appointed the administrative patent judge. It shall be a
14 defense to a challenge to the appointment of an adminis-
15 trative patent judge on the basis of the judge’s having
16 been originally appointed by the Director that the admin-
17 istrative patent judge so appointed was acting as a de
18 facto officer.”.

19 (2) CONFORMING AMENDMENT.—The item re-
20 lating to section 6 in the table of sections for chap-
21 ter 1 of title 35, United States Code, is amended to
22 read as follows:

“6. Patent Trial and Appeal Board.”.

23 (b) ADMINISTRATIVE APPEALS.—Section 134 of title
24 35, United States Code, is amended—

1 appeal the Board’s decision only to the United States
2 Court of Appeals for the Federal Circuit.

3 “(d) DERIVATION PROCEEDINGS.—A party to a deri-
4 vation proceeding who is dissatisfied with the final deci-
5 sion of the Patent Trial and Appeal Board in the pro-
6 ceeding may appeal the decision to the United States
7 Court of Appeals for the Federal Circuit, but such appeal
8 shall be dismissed if any adverse party to such derivation
9 proceeding, within 20 days after the appellant has filed
10 notice of appeal in accordance with section 142, files no-
11 tice with the Director that the party elects to have all fur-
12 ther proceedings conducted as provided in section 146. If
13 the appellant does not, within 30 days after the filing of
14 such notice by the adverse party, file a civil action under
15 section 146, the Board’s decision shall govern the further
16 proceedings in the case.”.

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

20 “(A) the Patent Trial and Appeal Board of
21 the United States Patent and Trademark Office
22 with respect to a patent application, derivation
23 proceeding, reexamination, post-grant review, or
24 inter partes review at the instance of a party
25 who exercised that party’s right to participate

1 in the applicable proceeding before or appeal to
2 the Board, except that an applicant or a party
3 to a derivation proceeding may also have rem-
4 edy by civil action pursuant to section 145 or
5 146 of title 35; an appeal under this subpara-
6 graph of a decision of the Board with respect
7 to an application or derivation proceeding shall
8 waive the right of such applicant or party to
9 proceed under section 145 or 146 of title 35;”.

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

12 (A) by striking the third sentence and in-
13 serting the following: “In an ex parte case, the
14 Director shall submit to the court in writing the
15 grounds for the decision of the Patent and
16 Trademark Office, addressing all of the issues
17 raised in the appeal. The Director shall have
18 the right to intervene in an appeal from a deci-
19 sion entered by the Patent Trial and Appeal
20 Board in a derivation proceeding under section
21 135 or in an inter partes or post-grant review
22 under chapter 31 or 32.”; and

23 (B) by striking the last sentence.

24 (d) EFFECTIVE DATE.—The amendments made by
25 this section shall take effect upon the expiration of the

1 1-year period beginning on the date of the enactment of
2 this Act and shall apply to proceedings commenced on or
3 after that effective date, except that—

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

14 (2) the provisions of sections 6, 134, and 141
15 of title 35, United States Code, as in effect on the
16 day before the date of the enactment of this Act
17 shall continue to apply to inter partes reexamina-
18 tions that are requested under section 311 of such
19 title before the effective date of the amendments
20 made by this section;

21 (3) the Patent Trial and Appeal Board may be
22 deemed to be the Board of Patent Appeals and
23 Interferences for purposes of appeals of inter partes
24 reexaminations that are requested under section 311

1 of title 35, United States Code, before the effective
2 date of the amendments made by this section; and

3 (4) the Director's right under the fourth sen-
4 tence of section 143 of title 35, United States Code,
5 as amended by subsection (c)(3) of this section, to
6 intervene in an appeal from a decision entered by
7 the Patent Trial and Appeal Board shall be deemed
8 to extend to inter partes reexaminations that are re-
9 quested under section 311 of such title before the ef-
10 fective date of the amendments made by this section.

11 **SEC. 7. PREISSUANCE SUBMISSIONS BY THIRD PARTIES.**

12 (a) IN GENERAL.—Section 122 of title 35, United
13 States Code, is amended by adding at the end the fol-
14 lowing:

15 “(e) PREISSUANCE SUBMISSIONS BY THIRD PAR-
16 TIES.—

17 “(1) IN GENERAL.—Any third party may sub-
18 mit for consideration and inclusion in the record of
19 a patent application, any patent, published patent
20 application, or other printed publication of potential
21 relevance to the examination of the application, if
22 such submission is made in writing before the earlier
23 of—

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

4 “(B) the later of—

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

8 “(ii) the date of the first rejection
9 under section 132 of any claim by the ex-
10 aminer during the examination of the ap-
11 plication for patent.

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

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

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

18 “(C) include a statement by the person
19 making such submission affirming that the sub-
20 mission was made in compliance with this sec-
21 tion.”.

22 (b) EFFECTIVE DATE.—The amendments made by
23 this section shall take effect upon the expiration of the
24 1-year period beginning on the date of the enactment of

1 this Act and shall apply to any patent application filed
2 before, on, or after that effective date.

3 **SEC. 8. VENUE.**

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

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

16 **SEC. 9. FEE SETTING AUTHORITY.**

17 (a) FEE SETTING.—

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

24 (2) FEES TO RECOVER COSTS.—Fees may be
25 set or adjusted under paragraph (1) only to recover

1 the aggregate estimated costs to the Office for pro-
2 cessing, activities, services, and materials relating to
3 patents (in the case of patent fees) and trademarks
4 (in the case of trademark fees), including adminis-
5 trative costs of the Office with respect to such pat-
6 ent or trademark fees (as the case may be).

7 (b) SMALL AND MICRO ENTITIES.—The fees set or
8 adjusted under subsection (a) for filing, searching, exam-
9 ining, issuing, appealing, and maintaining patent applica-
10 tions and patents shall be reduced by 50 percent with re-
11 spect to the application of such fees to any small entity
12 that qualifies for reduced fees under section 41(h)(1) of
13 title 35, United States Code, and shall be reduced by 75
14 percent with respect to the application of such fees to any
15 micro entity as defined in section 123 of that title (as
16 added by subsection (f) of this section).

17 (c) REDUCTION OF FEES IN CERTAIN FISCAL
18 YEARS.—In each fiscal year, the Director—

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

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

1 (d) ROLE OF THE PUBLIC ADVISORY COMMITTEE.—

2 The Director shall—

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

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

12 (B) require that, during that 30-day period, the
13 relevant advisory committee hold a public hearing
14 relating to such proposal; and

15 (C) assist the relevant advisory committee in
16 carrying out that public hearing, including by offer-
17 ing the use of the resources of the Office to notify
18 and promote the hearing to the public and interested
19 stakeholders;

20 (3) require the relevant advisory committee to
21 make available to the public a written report setting
22 forth in detail the comments, advice, and rec-
23 ommendations of the committee regarding the pro-
24 posed fee; and

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

5 (e) PUBLICATION IN THE FEDERAL REGISTER.—

6 (1) PUBLICATION AND RATIONALE.—The Director shall—
7

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

10 (B) include, in such publication, the specific
11 rationale and purpose for the proposal, including the possible
12 expectations or benefits resulting from the proposed change; and
13

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

20 (2) PUBLIC COMMENT PERIOD.—The Director
21 shall, in the publication under paragraph (1), provide the public
22 a period of not less than 45 days in
23 which to submit comments on the proposed change
24 in fees.

1 (3) PUBLICATION OF FINAL RULE.—The final
2 rule setting or adjusting a fee under this section
3 shall be published in the Federal Register and in the
4 Official Gazette of the Patent and Trademark Of-
5 fice.

6 (4) CONGRESSIONAL COMMENT PERIOD.—A fee
7 set or adjusted under subsection (a) may not become
8 effective—

9 (A) before the end of the 45-day period be-
10 ginning on the day after the date on which the
11 Director publishes the final rule adjusting or
12 setting the fee under paragraph (3); or

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

15 (5) RULE OF CONSTRUCTION.—Rules pre-
16 scribed under this section shall not diminish—

17 (A) the rights of an applicant for a patent
18 under title 35, United States Code, or for a
19 trademark under the Trademark Act of 1946;
20 or

21 (B) any rights under a ratified treaty.

22 (f) RETENTION OF AUTHORITY.—The Director re-
23 tains the authority under subsection (a) to set or adjust
24 fees only during such period as the Patent and Trademark

1 Office remains an agency within the Department of Com-
2 merce.

3 (g) MICRO ENTITY DEFINED.—

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

7 **“§ 123. Micro entity defined.**

8 “(a) IN GENERAL.—For purposes of this title, the
9 term ‘micro entity’ means an applicant who makes a cer-
10 tification that the applicant—

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

13 “(2) has not been named as an inventor on
14 more than 4 previously filed patent applications,
15 other than applications filed in another country, pro-
16 visional applications under section 111(b), or inter-
17 national applications filed under the treaty defined
18 in section 351(a) for which the basic national fee
19 under section 41(a) was not paid;

20 “(3) did not, in the calendar year preceding the
21 calendar year in which the examination fee for the
22 application is being paid, have a gross income, as de-
23 fined in section 61(a) of the Internal Revenue Code
24 of 1986, exceeding 3 times the median household in-

1 come for that preceding calendar year, as reported
2 by the Bureau of the Census; and

3 “(4) has not assigned, granted, or conveyed,
4 and is not under an obligation by contract or law to
5 assign, grant, or convey, a license or other ownership
6 interest in the application concerned to an entity
7 that, in the calendar year preceding the calendar
8 year in which the examination fee for the application
9 is being paid, had a gross income, as defined in sec-
10 tion 61(a) of the Internal Revenue Code of 1986, ex-
11 ceeding 3 times the median household income for
12 that preceding calendar year, as most recently re-
13 ported by the Bureau of the Census.

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

21 “(c) FOREIGN CURRENCY EXCHANGE RATE.—If an
22 applicant’s or entity’s gross income in the preceding year
23 is not in United States dollars, the average currency ex-
24 change rate, as reported by the Internal Revenue Service,
25 during the preceding year shall be used to determine

1 whether the applicant's or entity's gross income exceeds
2 the threshold specified in paragraphs (3) or (4) of sub-
3 section (a).

4 “(d) PUBLIC INSTITUTIONS OF HIGHER EDU-
5 CATION.—

6 “(1) IN GENERAL.—For purposes of this sec-
7 tion, a micro entity shall include an applicant who
8 certifies that—

9 “(A) the applicant's employer, from which
10 the applicant obtains the majority of the appli-
11 cant's income, is an institution of higher edu-
12 cation, as defined in section 101 of the Higher
13 Education Act of 1965 (20 U.S.C. 1001), that
14 is a public institution; or

15 “(B) the applicant has assigned, granted,
16 conveyed, or is under an obligation by contract
17 or law to assign, grant, or convey, a license or
18 other ownership interest in the particular appli-
19 cation to such State public institution.

20 “(2) DIRECTOR'S AUTHORITY.—The Director
21 may, in the Director's discretion, impose income lim-
22 its, annual filing limits, or other limits on who may
23 qualify as a micro entity pursuant to this subsection
24 if the Director determines that such additional limits
25 are reasonably necessary to avoid an undue impact

1 on other patent applicants or owners or are other-
2 wise reasonably necessary and appropriate. At least
3 3 months before any limits proposed to be imposed
4 pursuant to this paragraph shall take effect, the Di-
5 rector shall inform the Committee on the Judiciary
6 of the House of Representatives and the Committee
7 on the Judiciary of the Senate of any such proposed
8 limits.”.

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

“123. Micro entity defined.”.

12 (h) ELECTRONIC FILING INCENTIVE.—

13 (1) IN GENERAL.—Notwithstanding any other
14 provision of this section, a fee of \$400 shall be es-
15 tablished for each application for an original patent,
16 except for a design, plant, or provisional application,
17 that is not filed by electronic means as prescribed by
18 the Director. The fee established by this subsection
19 shall be reduced by 50 percent for small entities that
20 qualify for reduced fees under section 41(h)(1) of
21 title 35, United States Code. All fees paid under this
22 subsection shall be deposited in the Treasury as an
23 offsetting receipt that shall not be available for obli-
24 gation or expenditure.

1 (2) EFFECTIVE DATE.—This subsection shall
2 take effect upon the expiration of the 60-day period
3 beginning on the date of the enactment of this Act.

4 (i) EFFECTIVE DATE.—This section and the amend-
5 ments made by this section shall take effect on the date
6 of the enactment of this Act.

7 **SEC. 10. FEES FOR PATENT SERVICES.**

8 (a) GENERAL PATENT SERVICES.—Subsections (a)
9 and (b) of section 41 of title 35, United States Code, are
10 amended to read as follows:

11 “(a) GENERAL FEES.—The Director shall charge the
12 following fees:

13 “(1) FILING AND BASIC NATIONAL FEES.—

14 “(A) On filing each application for an
15 original patent, except for design, plant, or pro-
16 visional applications, \$330.

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

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

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

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

1 “(F) The basic national fee for each inter-
2 national application filed under the treaty de-
3 fined in section 351(a) entering the national
4 stage under section 371, \$330.

5 “(G) In addition, excluding any sequence
6 listing or computer program listing filed in an
7 electronic medium as prescribed by the Direc-
8 tor, for any application the specification and
9 drawings of which exceed 100 sheets of paper
10 (or equivalent as prescribed by the Director if
11 filed in an electronic medium), \$270 for each
12 additional 50 sheets of paper (or equivalent as
13 prescribed by the Director if filed in an elec-
14 tronic medium) or fraction thereof.

15 “(2) EXCESS CLAIMS FEES.—

16 “(A) IN GENERAL.—In addition to the fee
17 specified in paragraph (1)—

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

21 “(ii) on filing or on presentation at
22 any other time, \$52 for each claim (wheth-
23 er dependent or independent) in excess of
24 20; and

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

3 “(B) MULTIPLE DEPENDENT CLAIMS.—
4 For the purpose of computing fees under sub-
5 paragraph (A), a multiple dependent claim re-
6 ferred to in section 112 or any claim depending
7 therefrom shall be considered as separate de-
8 pendent claims in accordance with the number
9 of claims to which reference is made.

10 “(C) REFUNDS; ERRORS IN PAYMENT.—
11 The Director may by regulation provide for a
12 refund of any part of the fee specified in sub-
13 paragraph (A) for any claim that is canceled
14 before an examination on the merits, as pre-
15 scribed by the Director, has been made of the
16 application under section 131. Errors in pay-
17 ment of the additional fees under this para-
18 graph may be rectified in accordance with regu-
19 lations prescribed by the Director.

20 “(3) EXAMINATION FEES.—

21 “(A) IN GENERAL.—

22 “(i) For examination of each applica-
23 tion for an original patent, except for de-
24 sign, plant, provisional, or international
25 applications, \$220.

1 “(ii) For examination of each applica-
2 tion for an original design patent, \$140.

3 “(iii) For examination of each applica-
4 tion for an original plant patent, \$170.

5 “(iv) For examination of the national
6 stage of each international application,
7 \$220.

8 “(v) For examination of each applica-
9 tion for the reissue of a patent, \$650.

10 “(B) APPLICABILITY OF OTHER FEE PRO-
11 VISIONS.—The provisions of paragraphs (3) and
12 (4) of section 111(a) relating to the payment of
13 the fee for filing the application shall apply to
14 the payment of the fee specified in subpara-
15 graph (A) with respect to an application filed
16 under section 111(a). The provisions of section
17 371(d) relating to the payment of the national
18 fee shall apply to the payment of the fee speci-
19 fied in subparagraph (A) with respect to an
20 international application.

21 “(4) ISSUE FEES.—

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

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

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

3 “(D) For issuing each reissue patent,
4 \$1,510.

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

7 “(6) APPEAL FEES.—

8 “(A) On filing an appeal from the exam-
9 iner to the Patent Trial and Appeal Board,
10 \$540.

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

15 “(7) REVIVAL FEES.—On filing each petition
16 for the revival of an unintentionally abandoned ap-
17 plication for a patent, for the unintentionally delayed
18 payment of the fee for issuing each patent, or for an
19 unintentionally delayed response by the patent owner
20 in any reexamination proceeding, \$1,620, unless the
21 petition is filed under section 133 or 151, in which
22 case the fee shall be \$540.

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

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

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

3 “(C) on filing a third or subsequent peti-
4 tion, \$620.

5 “(b) MAINTENANCE FEES.—

6 “(1) IN GENERAL.—The Director shall charge
7 the following fees for maintaining in force all pat-
8 ents based on applications filed on or after Decem-
9 ber 12, 1980:

10 “(A) Three years and 6 months after
11 grant, \$980.

12 “(B) Seven years and 6 months after
13 grant, \$2,480.

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

16 “(2) GRACE PERIOD; SURCHARGE.—Unless pay-
17 ment of the applicable maintenance fee under para-
18 graph (1) is received in the Office on or before the
19 date the fee is due or within a grace period of 6
20 months thereafter, the patent shall expire as of the
21 end of such grace period. The Director may require
22 the payment of a surcharge as a condition of accept-
23 ing within such 6-month grace period the payment
24 of an applicable maintenance fee.

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

4 (b) DELAYS IN PAYMENT.—Subsection (c) of section
5 41 of title 35, United States Code, is amended—

6 (1) by striking “(c)(1) The Director” and in-
7 serting:

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

10 “(1) ACCEPTANCE.—The Director”; and

11 (2) by striking “(2) A patent” and inserting
12 “(2) EFFECT ON RIGHTS OF OTHERS.—A patent”.

13 (c) PATENT SEARCH FEES.—Subsection (d) of sec-
14 tion 41 of title 35, United States Code, is amended to
15 read as follows:

16 “(d) PATENT SEARCH AND OTHER FEES.—

17 “(1) PATENT SEARCH FEES.—

18 “(A) IN GENERAL.—The Director shall
19 charge the fees specified under subparagraph
20 (B) for the search of each application for a pat-
21 ent, except for provisional applications. The Di-
22 rector shall adjust the fees charged under this
23 paragraph to ensure that the fees recover an
24 amount not to exceed the estimated average
25 cost to the Office of searching applications for

1 patent either by acquiring a search report from
2 a qualified search authority, or by causing a
3 search by Office personnel to be made, of each
4 application for patent.

5 “(B) SPECIFIC FEES.—The fees referred
6 to in subparagraph (A) are—

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

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

12 “(iii) \$330 for each application for an
13 original plant patent;

14 “(iv) \$540 for the national stage of
15 each international application; and

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

18 “(C) APPLICABILITY OF OTHER PROVI-
19 SIONS.—The provisions of paragraphs (3) and
20 (4) of section 111(a) relating to the payment of
21 the fee for filing the application shall apply to
22 the payment of the fee specified in this para-
23 graph with respect to an application filed under
24 section 111(a). The provisions of section 371(d)
25 relating to the payment of the national fee shall

1 apply to the payment of the fee specified in this
2 paragraph with respect to an international ap-
3 plication.

4 “(D) REFUNDS.—The Director may by
5 regulation provide for a refund of any part of
6 the fee specified in this paragraph for any ap-
7 plicant who files a written declaration of ex-
8 press abandonment as prescribed by the Direc-
9 tor before an examination has been made of the
10 application under section 131.

11 “(E) APPLICATIONS SUBJECT TO SECRECY
12 ORDER.—A search of an application that is the
13 subject of a secrecy order under section 181 or
14 otherwise involves classified information may be
15 conducted only by Office personnel.

16 “(F) CONFLICTS OF INTEREST.—A quali-
17 fied search authority that is a commercial enti-
18 ty may not conduct a search of a patent appli-
19 cation if the entity has any direct or indirect fi-
20 nancial interest in any patent or in any pending
21 or imminent application for patent filed or to be
22 filed in the Office.

23 “(2) OTHER FEES.—

24 “(A) IN GENERAL.—The Director shall es-
25 tablish fees for all other processing, services, or

1 materials relating to patents not specified in
2 this section to recover the estimated average
3 cost to the Office of such processing, services,
4 or materials, except that the Director shall
5 charge the following fees for the following serv-
6 ices:

7 “(i) For recording a document affect-
8 ing title, \$40 per property.

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

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

13 “(B) COPIES FOR LIBRARIES.—The yearly
14 fee for providing a library specified in section
15 12 with uncertified printed copies of the speci-
16 fications and drawings for all patents in that
17 year shall be \$50.”

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

21 “(h) FEES FOR SMALL ENTITIES.—

22 “(1) REDUCTIONS IN FEES.—Subject to para-
23 graph (3), fees charged under subsections (a), (b),
24 and (d)(1) shall be reduced by 50 percent with re-
25 spect to their application to any small business con-

1 cern as defined under section 3 of the Small Busi-
2 ness Act, and to any independent inventor or non-
3 profit organization as defined in regulations issued
4 by the Director.

5 “(2) SURCHARGES AND OTHER FEES.—With re-
6 spect to its application to any entity described in
7 paragraph (1), any surcharge or fee charged under
8 subsection (c) or (d) shall not be higher than the
9 surcharge or fee required of any other entity under
10 the same or substantially similar circumstances.

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

17 (e) TECHNICAL AMENDMENTS.—Section 41 of title
18 35, United States Code, is amended—

19 (1) in subsection (e), in the first sentence, by
20 striking “The Director” and inserting “WAIVER OF
21 FEES; COPIES REGARDING NOTICE.—The Direc-
22 tor”;

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

25 (3) by repealing subsection (g); and

1 (4) in subsection (i)—

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

4 “(i) ELECTRONIC PATENT AND TRADEMARK
5 DATA.—

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

8 (B) by striking “(2) The Director” and in-
9 serting the following:

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

12 (C) by striking “(3) The Director” and in-
13 serting the following:

14 “(3) ACCESS FEES.—The Director”; and

15 (D) by striking “(4) The Director” and in-
16 serting the following:

17 “(4) ANNUAL REPORT TO CONGRESS.—The Di-
18 rector”.

19 (f) ADJUSTMENT OF TRADEMARK FEES.—Section
20 802(a) of division B of the Consolidated Appropriations
21 Act, 2005 (Public Law 108–447) is amended—

22 (1) in the first sentence, by striking “During
23 fiscal years 2005, 2006 and 2007,” and inserting
24 “Until such time as the Director sets or adjusts the
25 fees otherwise,”; and

1 (2) in the second sentence, by striking “During
2 fiscal years 2005, 2006, and 2007, the” and insert-
3 ing “The”.

4 (g) EFFECTIVE DATE, APPLICABILITY, AND TRANSI-
5 TION PROVISIONS.—Section 803(a) of division B of the
6 Consolidated Appropriations Act, 2005 (Public Law 108–
7 447) Division B of Public Law 108–447 is amended by
8 striking “and shall apply only with respect to the remain-
9 ing portion of fiscal year 2005 and fiscal year 2006”.

10 (h) ELECTRONIC FILING INCENTIVE.—

11 (1) IN GENERAL.—Notwithstanding any other
12 provision of this section, a fee of \$400 shall be es-
13 tablished for each application for an original patent,
14 except for a design, plant, or provisional application,
15 that is not filed by electronic means as prescribed by
16 the Director. The fee established by this subsection
17 shall be reduced by 50 percent for small entities that
18 qualify for reduced fees under section 41(h)(1) of
19 title 35, United States Code. All fees paid under this
20 subsection shall be deposited in the Treasury as an
21 offsetting receipt that shall not be available for obli-
22 gation or expenditure.

23 (2) EFFECTIVE DATE.—This subsection shall
24 take effect upon the expiration of the 60-day period
25 beginning on the date of the enactment of this Act.

1 (i) REDUCTION IN FEES FOR SMALL ENTITY PAT-
2 ENTS.—The Director shall reduce fees for providing
3 prioritized examination of utility and plant patent applica-
4 tions by 50 percent for small entities that qualify for re-
5 duced fees under section 41(h)(1) of title 35, United
6 States Code, so long as the fees of the prioritized examina-
7 tion program are set to recover the estimated cost of the
8 program.

9 (j) EFFECTIVE DATE.—Except as provided in sub-
10 section (h), this section and the amendments made by this
11 section shall take effect on the date of the enactment of
12 this Act.

13 **SEC. 11. SUPPLEMENTAL EXAMINATION.**

14 (a) IN GENERAL.—Chapter 25 of title 35, United
15 States Code, is amended by adding at the end the fol-
16 lowing:

17 **“§ 257. Supplemental examinations to consider, re-**
18 **consider, or correct information**

19 “(a) REQUEST FOR SUPPLEMENTAL EXAMINA-
20 TION.—A patent owner may request supplemental exam-
21 ination of a patent in the Office to consider, reconsider,
22 or correct information believed to be relevant to the pat-
23 ent, in accordance with such requirements as the Director
24 may establish. Within 3 months after the date a request
25 for supplemental examination meeting the requirements of

1 this section is received, the Director shall conduct the sup-
2 plemental examination and shall conclude such examina-
3 tion by issuing a certificate indicating whether the infor-
4 mation presented in the request raises a substantial new
5 question of patentability.

6 “(b) REEXAMINATION ORDERED.—If the certificate
7 issued under subsection (a) indicates that a substantial
8 new question of patentability is raised by 1 or more items
9 of information in the request, the Director shall order re-
10 examination of the patent. The reexamination shall be
11 conducted according to procedures established by chapter
12 30, except that the patent owner shall not have the right
13 to file a statement pursuant to section 304. During the
14 reexamination, the Director shall address each substantial
15 new question of patentability identified during the supple-
16 mental examination, notwithstanding the limitations in
17 chapter 30 relating to patents and printed publication or
18 any other provision of such chapter.

19 “(c) EFFECT.—

20 “(1) IN GENERAL.—A patent shall not be held
21 unenforceable on the basis of conduct relating to in-
22 formation that had not been considered, was inad-
23 equately considered, or was incorrect in a prior ex-
24 amination of the patent if the information was con-
25 sidered, reconsidered, or corrected during a supple-

1 mental examination of the patent. The making of a
2 request under subsection (a), or the absence thereof,
3 shall not be relevant to enforceability of the patent
4 under section 282.

5 “(2) EXCEPTIONS.—

6 “(A) PRIOR ALLEGATIONS.—Paragraph
7 (1) shall not apply to an allegation pled with
8 particularity, or set forth with particularity in
9 a notice received by the patent owner under sec-
10 tion 505(j)(2)(B)(iv)(II) of the Federal Food,
11 Drug, and Cosmetic Act (21 U.S.C.
12 355(j)(2)(B)(iv)(II)), before the date of a sup-
13 plemental examination request under subsection
14 (a) to consider, reconsider, or correct informa-
15 tion forming the basis for the allegation.

16 “(B) PATENT ENFORCEMENT ACTIONS.—

17 In an action brought under section 337(a) of
18 the Tariff Act of 1930 (19 U.S.C. 1337(a)), or
19 section 281 of this title, paragraph (1) shall not
20 apply to any defense raised in the action that
21 is based upon information that was considered,
22 reconsidered, or corrected pursuant to a supple-
23 mental examination request under subsection
24 (a), unless the supplemental examination, and
25 any reexamination ordered pursuant to the re-

1 quest, are concluded before the date on which
2 the action is brought.

3 “(d) FEES AND REGULATIONS.—

4 “(1) FEES.—The Director shall, by regulation,
5 establish fees for the submission of a request for
6 supplemental examination of a patent, and to con-
7 sider each item of information submitted in the re-
8 quest. If reexamination is ordered under subsection
9 (b), fees established and applicable to ex parte reex-
10 amination proceedings under chapter 30 shall be
11 paid, in addition to fees applicable to supplemental
12 examination.

13 “(2) REGULATIONS.—The Director shall issue
14 regulations governing the form, content, and other
15 requirements of requests for supplemental examina-
16 tion, and establishing procedures for reviewing infor-
17 mation submitted in such requests.

18 “(e) RULE OF CONSTRUCTION.—Nothing in this sec-
19 tion shall be construed—

20 “(1) to preclude the imposition of sanctions
21 based upon criminal or antitrust laws (including sec-
22 tion 1001(a) of title 18, the first section of the Clay-
23 ton Act, and section 5 of the Federal Trade Com-
24 mission Act to the extent that section relates to un-
25 fair methods of competition);

1 (b) EFFECTIVE DATE.—The amendments made by
2 this section shall take effect on the date of enactment of
3 this Act and shall apply to any patent issued before, on,
4 or after that date.

5 **SEC. 13. TAX STRATEGIES DEEMED WITHIN THE PRIOR**
6 **ART.**

7 (a) IN GENERAL.—For purposes of evaluating an in-
8 vention under section 102 or 103 of title 35, United States
9 Code, any strategy for reducing, avoiding, or deferring tax
10 liability, whether known or unknown at the time of the
11 invention or application for patent, shall be deemed insuf-
12 ficient to differentiate a claimed invention from the prior
13 art.

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

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

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

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

6 (d) **RULE OF CONSTRUCTION.**—Nothing in this sec-
7 tion shall be construed to imply that other business meth-
8 ods are patentable or that other business-method patents
9 are valid.

10 (e) **EFFECTIVE DATE; APPLICABILITY.**—This section
11 shall take effect on the date of enactment of this Act and
12 shall apply to any patent application pending, and any
13 patent issued, on or after that date.

14 **SEC. 14. BEST MODE REQUIREMENT.**

15 (a) **IN GENERAL.**—Section 282 of title 35, United
16 State Code, is amended in its second undesignated para-
17 graph by striking paragraph (3) and inserting the fol-
18 lowing:

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

21 “(A) any requirement of section 112, ex-
22 cept that the failure to disclose the best mode
23 shall not be a basis on which any claim of a
24 patent may be canceled or held invalid or other-
25 wise unenforceable; or

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

2 (b) CONFORMING AMENDMENT.—Sections 119(e)(1)
3 and 120 of title 35, United States Code, are each amended
4 by striking “the first paragraph of section 112 of this
5 title” and inserting “section 112(a) (other than the re-
6 quirement to disclose the best mode)”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall take effect upon the date of the enact-
9 ment of this Act and shall apply to proceedings com-
10 menced on or after that date.

11 **SEC. 15. MARKING.**

12 (a) VIRTUAL MARKING.—

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

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

25 (b) FALSE MARKING.—

1 (1) CIVIL PENALTY.—Section 292(a) of title
2 35, United States Code, is amended by adding at
3 the end the following: “Only the United States may
4 sue for the penalty authorized by this subsection.”.

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

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

12 (3) EFFECTIVE DATE.—The amendments made
13 by this subsection shall apply to any case that is
14 pending on, or commenced on or after, the date of
15 the enactment of this Act.

16 **SEC. 16. ADVICE OF COUNSEL.**

17 (a) IN GENERAL.—Chapter 29 of title 35, United
18 States Code, is amended by adding at the end the fol-
19 lowing:

20 **“§ 298. Advice of counsel**

21 “The failure of an infringer to obtain the advice of
22 counsel with respect to any allegedly infringed patent, or
23 the failure of the infringer to present such advice to the
24 court or jury, may not be used to prove that the accused

1 infringer willfully infringed the patent or that the in-
2 fringer intended to induce infringement of the patent.”.

3 (b) CONFORMING AMENDMENT.—The table of sec-
4 tions for chapter 29 of title 35, United States Code, is
5 amended by adding at the end the following:

“298. Advice of counsel.”.

6 **SEC. 17. OWNERSHIP; ASSIGNMENT.**

7 The fourth undesignated paragraph of section 261 of
8 title 35, United States Code, is amended by inserting be-
9 fore the period the following: “and identifies all real par-
10 ties in interest and those entities that control, directly or
11 indirectly, such real parties in interest”.

12 **SEC. 18. TRANSITIONAL PROGRAM FOR COVERED BUSI-**
13 **NESS METHOD PATENTS.**

14 (a) REFERENCES.—Except as otherwise expressly
15 provided, wherever in this section language is expressed
16 in terms of a section or chapter, the reference shall be
17 considered to be made to that section or chapter in title
18 35, United States Code.

19 (b) TRANSITIONAL PROGRAM.—

20 (1) ESTABLISHMENT.—Not later than the date
21 that is 1 year after the date of the enactment of this
22 Act, the Director shall issue regulations establishing
23 and implementing a transitional post-grant review
24 proceeding for review of the validity of covered busi-
25 ness method patents. The transitional proceeding

1 implemented pursuant to this subsection shall be re-
2 garded as, and shall employ the standards and pro-
3 cedures of, a post-grant review under chapter 32,
4 subject to the following:

5 (A) Section 321(c) and subsections (b),
6 (e)(2), and (f) of section 325 shall not apply to
7 a transitional proceeding.

8 (B) A person may not file a petition for a
9 transitional proceeding with respect to a cov-
10 ered business method patent unless the person
11 or the person's real party in interest has been
12 sued for infringement of the patent or has been
13 charged with infringement under that patent.

14 (C) A petitioner in a transitional pro-
15 ceeding who challenges the validity of 1 or more
16 claims in a covered business method patent on
17 a ground raised under section 102 or 103, as
18 in effect on the day before the date of the en-
19 actment of this Act, may support such ground
20 only on the basis of—

21 (i) prior art that is described by sec-
22 tion 102(a) (as in effect on the day before
23 the date of the enactment of this Act); or

24 (ii) prior art that—

1 (I) discloses the invention more
2 than 1 year before the date of the ap-
3 plication for patent in the United
4 States; and

5 (II) would be described by section
6 102(a) (as in effect on the day before
7 the date of the enactment of this Act)
8 if the disclosure had been made by an-
9 other before the invention thereof by
10 the applicant for patent.

11 (D) The petitioner in a transitional pro-
12 ceeding, or the petitioner's real party in inter-
13 est, may not assert, either in a civil action aris-
14 ing in whole or in part under section 1338 of
15 title 28, United States Code, or in a proceeding
16 before the International Trade Commission,
17 that a claim in a patent is invalid on any
18 ground that the petitioner raised during a tran-
19 sitional proceeding that resulted in a final writ-
20 ten decision.

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

24 (2) EFFECTIVE DATE.—The regulations issued
25 under paragraph (1) shall take effect upon the expi-

1 ration of the 1-year period beginning on the date of
2 the enactment of this Act and shall apply to any
3 covered business method patent issued before, on, or
4 after such effective date, except that the regulations
5 shall not apply to a patent described in the first sen-
6 tence of section 5(f)(2) of this Act during the period
7 that a petition for post-grant review of that patent
8 would satisfy the requirements of section 321(c).

9 (3) SUNSET.—

10 (A) IN GENERAL.—This subsection, and
11 the regulations issued under this subsection, are
12 repealed effective upon the expiration of the 4-
13 year period beginning on the date that the reg-
14 ulations issued under to paragraph (1) take ef-
15 fect.

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

23 (c) REQUEST FOR STAY.—

24 (1) IN GENERAL.—If a party seeks a stay of a
25 civil action alleging infringement of a patent under

1 section 281 relating to a transitional proceeding for
2 that patent, the court shall decide whether to enter
3 a stay based on—

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

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

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

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

16 (2) REVIEW.—A party may take an immediate
17 interlocutory appeal from a district court’s decision
18 under paragraph (1). The United States Court of
19 Appeals for the Federal Circuit shall review de novo
20 the district court’s decision to ensure consistent ap-
21 plication of established precedent.

22 (d) VENUE OF INFRINGEMENT ACTIONS.—Notwith-
23 standing section 1400(b) of title 28, United States Code,
24 an action for infringement under section 281 of title 35,

1 United States Code, of a covered business method patent
2 may be brought only in a judicial district—

3 (1) where the defendant has its principal place
4 of business or is incorporated;

5 (2) where the defendant has committed acts of
6 infringement and has a regular and established place
7 of business;

8 (3) where the defendant has agreed or con-
9 sented to be sued; or

10 (4) for foreign defendants that do not meet the
11 requirements of paragraphs (1) or (2), in accordance
12 with section 1391(d) of title 28, United States Code.

13 (e) ATTORNEY'S FEES AND COSTS.—In an action for
14 infringement under section 281 of title 35, United States
15 Code, of a covered business method patent, the prevailing
16 party shall be entitled to reasonable attorney's fees and
17 costs.

18 (f) ATM EXEMPTION FOR VENUE PURPOSES.—In an
19 action for infringement under section 281 of title 35,
20 United States Code, of a covered business method patent,
21 an automated teller machine shall not be deemed to be
22 a physical facility for purposes of section 1400(b)(2) of
23 title 28, United States Code.

24 (g) DEFINITION.—

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

9 (2) REGULATIONS.—To assist in implementing
10 the transitional proceeding authorized by this sub-
11 section, the Director shall issue regulations for de-
12 termining whether a patent is for a technological in-
13 vention.

14 (h) RULE OF CONSTRUCTION.—Nothing in this sec-
15 tion shall be construed as amending or interpreting cat-
16 egories of patent-eligible subject matter set forth under
17 section 101.

18 **SEC. 19. CLARIFICATION OF JURISDICTION.**

19 (a) STATE COURT JURISDICTION.—Section 1338(a)
20 of title 28, United States Code, is amended by striking
21 the second sentence and inserting the following: “No State
22 court shall have jurisdiction over any claim for relief aris-
23 ing under any Act of Congress relating to patents, plant
24 variety protection, or copyrights.”.

1 (b) COURT OF APPEALS FOR THE FEDERAL CIR-
2 CUIT.—Section 1295(a)(1) of title 28, United States Code,
3 is amended to read as follows:

4 “(1) of an appeal from a final decision of a dis-
5 trict court of the United States, the District Court
6 of Guam, the District Court of the Virgin Islands,
7 or the District Court of the Northern Mariana Is-
8 lands, in any civil action arising under, or in any
9 civil action in which a party has asserted a compul-
10 sory counterclaim arising under, any Act of Con-
11 gress relating to patents or plant variety protec-
12 tion;”.

13 (c) REMOVAL.—

14 (1) IN GENERAL.—Chapter 89 of title 28,
15 United States Code, is amended by adding at the
16 end the following new section:

17 “§ 1454. **Patent, plant variety protection, and copy-**
18 **right cases**

19 “(a) IN GENERAL.—A civil action in which any party
20 asserts a claim for relief arising under any Act of Con-
21 gress relating to patents, plant variety protection, or copy-
22 rights may be removed to the district court of the United
23 States for the district and division embracing the place
24 where the action is pending.

1 “(b) SPECIAL RULES.—The removal of an action
2 under this section shall be made in accordance with sec-
3 tion 1446 of this chapter, except that if the removal is
4 based solely on this section—

5 “(1) the action may be removed by any party;
6 and

7 “(2) the time limitations contained in section
8 1446(b) may be extended at any time for cause
9 shown.

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

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

18 “(1) shall remand all claims that are neither a
19 basis for removal under subsection (a) nor within
20 the original or supplemental jurisdiction of the dis-
21 trict court under any Act of Congress; and

22 “(2) may, under the circumstances specified in
23 section 1367(c), remand any claims within the sup-
24 plemental jurisdiction of the district court under sec-
25 tion 1367.”.

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

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

5 (d) TRANSFER BY COURT OF APPEALS FOR THE
6 FEDERAL CIRCUIT.—

7 (1) IN GENERAL.—Chapter 99 of title 28,
8 United States Code, is amended by adding at the
9 end the following new section:

10 **“§ 1632. Transfer by the Court of Appeals for the Fed-**
11 **eral Circuit**

12 “When a case is appealed to the Court of Appeals
13 for the Federal Circuit under section 1295(a)(1), and no
14 claim for relief arising under any Act of Congress relating
15 to patents or plant variety protection is the subject of the
16 appeal by any party, the Court of Appeals for the Federal
17 Circuit shall transfer the appeal to the court of appeals
18 for the regional circuit embracing the district from which
19 the appeal has been taken.”.

20 (2) CONFORMING AMENDMENT.—The table of
21 sections for chapter 99 of title 28, United States
22 Code, is amended by adding at the end the following
23 new item:

“1632. Transfer by the Court of Appeals for the Federal Circuit.”.

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

4 **SEC. 20. TECHNICAL AMENDMENTS.**

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

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

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

14 (3) in the third undesignated paragraph—

15 (A) by striking “Whenever” and in-
16 sserting “(c) CORRECTION OF ERRORS IN
17 APPLICATION.—Whenever”;

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

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

23 (1) in the first undesignated paragraph—

1 (A) by striking “Except when” and insert-
2 ing “(a) FILING IN FOREIGN COUNTRY.—Ex-
3 cept when”; and

4 (B) by striking “and without deceptive in-
5 tent”;

6 (2) in the second undesignated paragraph, by
7 striking “The term” and inserting “(b) APPLICA-
8 TION.—The term”; and

9 (3) in the third undesignated paragraph, by
10 striking “The scope” and inserting “(c) SUBSE-
11 QUENT MODIFICATIONS, AMENDMENTS, AND SUP-
12 PLEMENTS.—The scope”.

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

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

18 (1) in the first undesignated paragraph—

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

21 (B) by striking “without any deceptive in-
22 tention”;

23 (2) in the second undesignated paragraph, by
24 striking “The Director” and inserting “(b) MUL-
25 TIPLE REISSUED PATENTS.—The Director”;

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

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

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

10 (1) in the first undesignated paragraph, by
11 striking “Whenever, without any deceptive inten-
12 tion,” and inserting “(a) IN GENERAL.—Whenever”;
13 and

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

18 (f) CORRECTION OF NAMED INVENTOR.—Section
19 256 of title 35, United States Code, is amended—

20 (1) in the first undesignated paragraph—

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

23 (B) by striking “and such error arose with-
24 out any deceptive intention on his part”; and

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

4 (g) OWNERSHIP; ASSIGNMENT.—The fourth undesignated
5 paragraph of section 261 of title 35, United States
6 Code, is amended by inserting before the period the following:
7 “and identifies all real parties in interest”.

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

10 (1) in the first undesignated paragraph—

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

13 (B) by striking the third sentence;

14 (2) in the second undesignated paragraph, by
15 striking “The following” and inserting “(b) DEFENSES.—The following”; and

17 (3) in the third undesignated paragraph—

18 (A) by striking “In actions involving the
19 validity or infringement of a patent” and inserting
20 “(c) NOTICE OF ACTIONS; ACTIONS DURING EXTENSION OF PATENT TERM.—In an action
21 involving the validity or infringement of
22 patent, the party asserting infringement shall
23 identify, in the pleadings or otherwise in writing
24

1 to the adverse party, all of its real parties in in-
2 terest, and”;

3 (B) by striking “Claims Court” and insert-
4 ing “Court of Federal Claims”.

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

8 (j) REVISER’S NOTES.—

9 (1) Section 3(e)(2) of title 35, United States
10 Code, is amended by striking “this Act,” and insert-
11 ing “that Act,”.

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

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

17 (B) in subsection (c)(7)—

18 (i) in subparagraph (D), by striking
19 “except where it proves” and all that fol-
20 lows through “small business firms; and”
21 and inserting: “except where it is deter-
22 mined to be infeasible following a reason-
23 able inquiry, a preference in the licensing
24 of subject inventions shall be given to
25 small business firms; and”;

1 (ii) in subparagraph (E)(i), by strik-
2 ing “as described above in this clause
3 (D);” and inserting “described above in
4 this clause;”.

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

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

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

14 (k) UNNECESSARY REFERENCES.—

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

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

22 (A) Section 1(c).

23 (B) Section 100.

24 (C) Section 101.

25 (D) Subsections (a) and (b) of section 105.

1 (E) The first instance of the use of such
2 term in section 111(b)(8).

3 (F) Section 157(a), in the matter pre-
4 ceding paragraph (1).

5 (G) Section 161.

6 (H) Section 164.

7 (I) Section 171.

8 (J) Section 251(e), as so designated by
9 this section.

10 (K) Section 261.

11 (L) Subsections (a), (g), and (h) of section
12 271.

13 (M) Section 287(b)(1).

14 (N) Section 289.

15 (O) The first instance of the use of such
16 term in section 375(a).

17 (I) EFFECTIVE DATE.—The amendments made by
18 this section shall take effect upon the expiration of the
19 1-year period beginning on the date of the enactment of
20 this Act and shall apply to proceedings commenced on or
21 after that effective date.

22 **SEC. 21. TRAVEL EXPENSES AND PAYMENT OF ADMINIS-**
23 **TRATIVE JUDGES.**

24 (a) AUTHORITY TO COVER CERTAIN TRAVEL RE-
25 LATED EXPENSES.—Section 2(b)(11) of title 35, United

1 States Code, is amended by inserting “, and the Office
2 is authorized to expend funds to cover the subsistence ex-
3 penses and travel-related expenses, including per diem,
4 lodging costs, and transportation costs, of non-federal em-
5 ployees attending such programs” after “world”.

6 (b) PAYMENT OF ADMINISTRATIVE JUDGES.—Sec-
7 tion 3(b) of title 35, United States Code, is amended by
8 adding at the end the following:

9 “(6) ADMINISTRATIVE PATENT JUDGES AND
10 ADMINISTRATIVE TRADEMARK JUDGES.—The Direc-
11 tor has the authority to fix the rate of basic pay for
12 the administrative patent judges appointed pursuant
13 to section 6 of this title and the administrative
14 trademark judges appointed pursuant to section 17
15 of the Trademark Act of 1946 (15 U.S.C. 1067) at
16 not greater than the rate of basic pay payable for
17 Level III of the Executive Schedule. The payment of
18 a rate of basic pay under this paragraph shall not
19 be subject to the pay limitation of section 5306(e)
20 or 5373 of title 5.”.

21 **SEC. 22. PATENT AND TRADEMARK OFFICE FUNDING.**

22 (a) DEFINITION.—In this section, the term “Fund”
23 means the United States Patent and Trademark Office
24 Public Enterprise Fund established under subsection (c).

25 (b) FUNDING.—

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

3 (A) in subsection (b), by striking “Patent
4 and Trademark Office Appropriation Account”
5 and inserting “United States Patent and
6 Trademark Office Public Enterprise Fund”;
7 and

8 (B) in subsection (c), in the first sen-
9 tence—

10 (i) by striking “To the extent” and all
11 that follows through “fees” and inserting
12 “Fees”; and

13 (ii) by striking “shall be collected by
14 and shall be available to the Director” and
15 inserting “shall be collected by the Direc-
16 tor and shall be available until expended”.

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

19 (A) October 1, 2011; or

20 (B) the first day of the first fiscal year
21 that begins after the date of the enactment of
22 this Act.

23 (c) USPTO REVOLVING FUND.—

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

1 to be known as the “United States Patent and
2 Trademark Office Public Enterprise Fund”.
3 Amounts shall be deposited in the Fund as an off-
4 setting receipt and shall be available for use by the
5 Director without fiscal year limitation.

6 (2) DERIVATION OF RESOURCES.—There shall
7 be deposited into the Fund, on and after the effec-
8 tive date set forth in subsection (b)(2)—

9 (A) any fees collected under sections 41,
10 42, and 376 of title 35, United States Code, ex-
11 cept that—

12 (i) notwithstanding any other provi-
13 sion of law, if such fees are collected by,
14 and payable to, the Director, the Director
15 shall transfer such amounts to the Fund;
16 and

17 (ii) no funds collected pursuant to sec-
18 tion 9(h) of this Act or section 1(a)(2) of
19 Public Law 111–45 shall be deposited in
20 the Fund; and

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

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

1 (A) all expenses to the extent consistent
2 with the limitation on the use of fees set forth
3 in section 42(c) of title 35, United States Code,
4 including all administrative and operating ex-
5 penses, determined in the discretion of the Di-
6 rector to be ordinary and reasonable, incurred
7 by the Director for the continued operation of
8 all services, programs, activities, and duties of
9 the Office relating to patents and trademarks,
10 as such services, programs, activities, and du-
11 ties are described under—

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

13 (ii) the Trademark Act of 1946; and

14 (B) all expenses incurred pursuant to any
15 obligation, representation, or other commitment
16 of the Office.

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

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

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

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

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

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

11 (e) ANNUAL SPENDING PLAN.—

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

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

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

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

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

6 (f) AUDIT.—The Director shall, on an annual basis,
7 provide for an independent audit of the financial state-
8 ments of the Office. Such audit shall be conducted in ac-
9 cordance with generally acceptable accounting procedures.

10 (g) BUDGET.—The Fund shall prepare and submit
11 each year to the President a business-type budget in a
12 manner, and before a date, as the President prescribes by
13 regulation for the budget program.

14 **SEC. 23. SATELLITE OFFICES.**

15 (a) ESTABLISHMENT.—Subject to available re-
16 sources, the Director shall, by not later than the date that
17 is 3 years after the date of the enactment of this Act es-
18 tablish 3 or more satellite offices in the United States to
19 carry out the responsibilities of the Patent and Trademark
20 Office.

21 (b) PURPOSE.—The purpose of the satellite offices
22 established under subsection (a) are to—

23 (1) increase outreach activities to better connect
24 patent filers and innovators with the Patent and
25 Trademark Office;

- 1 (2) enhance patent examiner retention;
- 2 (3) improve recruitment of patent examiners;
- 3 and
- 4 (4) decrease the number of patent applications
- 5 waiting for examination and improve the quality of
- 6 patent examination.

7 (c) REQUIRED CONSIDERATIONS.—

8 (1) IN GENERAL.—In selecting the location of

9 each satellite office to be established under sub-

10 section (a), the Director—

11 (A) shall ensure geographic diversity

12 among the offices, including by ensuring that

13 such offices are established in different States

14 and regions throughout the Nation;

15 (B) may rely upon any previous evalua-

16 tions by the Patent and Trademark Office of

17 potential locales for satellite offices, including

18 any evaluations prepared as part of the Office's

19 Nationwide Workforce Program that resulted in

20 the 2010 selection of Detroit, Michigan, as the

21 first ever satellite office of the Office.

22 (2) OPEN SELECTION PROCESS.—Nothing in

23 paragraph (1) shall constrain the Patent and Trade-

24 mark Office to only consider its evaluations in se-

25 lecting the Detroit, Michigan, satellite office.

1 (d) REPORT TO CONGRESS.—Not later than the end
2 of the first 3 fiscal years that begin after the date of the
3 enactment of this Act, the Director shall submit a report
4 to Congress on—

5 (1) the rationale of the Director in selecting the
6 location of any satellite office required under sub-
7 section (a);

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

10 (3) whether the operation of existing satellite
11 offices is achieving the purposes required under sub-
12 section (b).

13 **SEC. 24. PATENT OMBUDSMAN PROGRAM FOR SMALL BUSI-**
14 **NESS CONCERNS.**

15 Subject to available resources, the Director may es-
16 tablish in the Office a Patent Ombudsman Program. The
17 duties of the Program’s staff shall include providing sup-
18 port and services relating to patent filings to small busi-
19 ness concerns.

20 **SEC. 25. PRIORITY EXAMINATION FOR TECHNOLOGIES IM-**
21 **PORTANT TO AMERICAN COMPETITIVENESS.**

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

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

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

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

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

14 **SEC. 26. DESIGNATION OF DETROIT SATELLITE OFFICE.**

15 (a) DESIGNATION.—The satellite office of the United
16 States Patent and Trademark Office to be located in De-
17 troit, Michigan, shall be known and designated as the
18 “Elijah J. McCoy United States Patent and Trademark
19 Office”.

20 (b) REFERENCES.—Any reference in a law, map, reg-
21 ulation, document, paper, or other record of the United
22 States to the satellite office of the United States Patent
23 and Trademark Office to be located in Detroit, Michigan,
24 referred to in subsection (a) shall be deemed to be a ref-

1 erence to the “Elijah J. McCoy United States Patent and
2 Trademark Office”.

3 **SEC. 27. EFFECTIVE DATE.**

4 Except as otherwise provided in this Act, the provi-
5 sions of this Act shall take effect 1 year after the date
6 of the enactment of this Act and shall apply to any patent
7 issued on or after that effective date.

8 **SEC. 28. BUDGETARY EFFECTS.**

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

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