H. R. 1249

[Report No. 112–98, Part I]

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.

JUNE 1, 2011

Additional sponsors: Mr. Chabot, Mr. Gallegly, and Mr. Duncan of Tennessee.

JUNE 1, 2011

Reported from the Committee on the Judiciary with an amendment.

[Strike out all after the enacting clause and insert the part printed in italic]

JUNE 1, 2011

The Committee on the Budget discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed.

[For text of introduced bill, see copy of bill as introduced on March 30, 2011]
A BILL

To amend title 35, United States Code, to provide for patent reform.
Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) Short Title.—This Act may be cited as the “America Invents Act”.

(b) Table of Contents.—The table of contents for this Act is as follows:

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

SEC. 2. DEFINITIONS.

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

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

(3) **PATENT PUBLIC ADVISORY COMMITTEE.**—The term “Patent Public Advisory Committee” means the Patent Public Advisory Committee established under section 5(a)(1) of title 35, United States Code.

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

(5) **TRADEMARK PUBLIC ADVISORY COMMITTEE.**—The term “Trademark Public Advisory Committee” means the Trademark Public Advisory Committee established under section 5(a)(1) of title 35, United States Code.
SEC. 3. FIRST INVENTOR TO FILE.

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

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

(2) by adding at the end the following:

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

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

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

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

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

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

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

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

(b) CONDITIONS FOR PATENTABILITY.—

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

“§ 102. Conditions for patentability; novelty

“(a) Novelty; Prior Art.—A person shall be entitled to a patent unless—

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

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

“(b) Exceptions.—

“(1) Disclosures made 1 year or less before the effective filing date of the claimed invention.—A disclosure made 1 year or less before the effective filing date of a claimed invention shall not be prior art to the claimed invention under subsection (a)(1) if—

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

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

“(2) Disclosures appearing in applications and patents.—A disclosure shall not be prior art to a claimed invention under subsection (a)(2) if—

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

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

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

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

“(2) the claimed invention was made as a result of activities undertaken within the scope of the joint research agreement; and
“(3) the application for patent for the claimed invention discloses or is amended to disclose the names of the parties to the joint research agreement.

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

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

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

(2) CONTINUITY OF INTENT UNDER THE CREATE ACT.—The enactment of section 102(c) of title 35, United States Code, under paragraph (1) of this subsection is done with the same intent to promote joint research activities that was expressed, including in
the legislative history, through the enactment of the Cooperative Research and Technology Enhancement Act of 2004 (Public Law 108–453; the “CREATE Act”), the amendments of which are stricken by subsection (c) of this section. The United States Patent and Trademark Office shall administer section 102(c) of title 35, United States Code, in a manner consistent with the legislative history of the CREATE Act that was relevant to its administration by the United States Patent and Trademark Office.

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

“102. Conditions for patentability; novelty.”

(c) Conditions for Patentability; Nonobvious Subject Matter.—Section 103 of title 35, United States Code, is amended to read as follows:

“§ 103. Conditions for patentability; non-obvious subject matter

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

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

(e) **REPEAL OF STATUTORY INVENTION REGISTRATION.**—

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

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

(3) **EFFECTIVE DATE.**—The amendments made by this subsection shall take effect upon the expiration of the 18-month period beginning on the date of the enactment of this Act, and shall apply to any request for a statutory invention registration filed on or after that effective date.
(f) **Earlier Filing Date for Inventor and Joint Inventor.**—Section 120 of title 35, United States Code, is amended by striking “which is filed by an inventor or inventors named” and inserting “which names an inventor or joint inventor”.

(g) **Conforming Amendments.**—

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

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

(3) **International Application Designating the United States: Effect.**—Section 363 of title 35, United States Code, is amended by striking “except as otherwise provided in section 102(e) of this title”.

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

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

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

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

(A) in paragraph (2)—

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

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

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

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

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§ 291. Derived Patents

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

(b) **FILING LIMITATION.**—An action under this section may be filed only before the end of the 1-year period beginning on the date of the issuance of the first patent containing a claim to the allegedly derived invention and naming an individual alleged to have derived such invention as the inventor or joint inventor.”.
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(2) **CONFORMING AMENDMENT.**—The item relating to section 291 in the table of sections for chapter 29 of title 35, United States Code, is amended to read as follows:

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“291. Derived patents.”.
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(i) **DERIVATION PROCEEDINGS.**—Section 135 of title 35, United States Code, is amended to read as follows:
§ 135. Derivation proceedings

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

(b) DETERMINATION BY PATENT TRIAL AND APPEAL BOARD.—In a derivation proceeding instituted under subsection (a), the Patent Trial and Appeal Board shall determine whether an inventor named in the earlier application derived the claimed invention from an inventor named in the petitioner’s application and, without authorization, the
earlier application claiming such invention was filed. The
Director shall prescribe regulations setting forth standards
for the conduct of derivation proceedings.

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

“(d) EFFECT OF FINAL DECISION.—The final decision
of the Patent Trial and Appeal Board, if adverse to claims
in an application for patent, shall constitute the final re-

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fusal by the Office on those claims. The final decision of
the Patent Trial and Appeal Board, if adverse to claims
in a patent, shall, if no appeal or other review of the deci-
sion has been or can be taken or had, constitute cancellation
of those claims, and notice of such cancellation shall be en-
dorsed on copies of the patent distributed after such can-
cellation.

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

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

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

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

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

(ii) by striking “the interference” and inserting “the derivation proceeding”.

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

“(C) Guarantee of Adjustments for Delays Due to Derivation Proceedings, Secrecy Orders, and Appeals.”.

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

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

(4) The section heading for section 146 of title 35, United States Code, is amended to read as follows:
§ 146. Civil action in case of derivation proceeding.

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

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

“135. Derivation proceedings.”.

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

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

(h) Statute of Limitations.—

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

(2) Report to Congress.—The Director shall provide on a biennial basis to the Judiciary Committees of the Senate and House of Representatives a report providing a short description of incidents made
known to an officer or employee of the Office as pre-
scribed in the regulations established under section 
2(b)(2)(D) of title 35, United States Code, that reflect 
substantial evidence of misconduct before the Office 
but for which the Office was barred from commencing 
a proceeding under section 32 of title 35, United 
States Code, by the time limitation established by the 
fourth sentence of that section.

(3) Effective Date.—The amendment made by 
paragraph (1) shall apply in any case in which the 
time period for instituting a proceeding under section 
32 of title 35, United States Code, had not lapsed be-
fore the date of the enactment of this Act.

(l) Small Business Study.—

(1) Definitions.—In this subsection—

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

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

(C) the term “small business concern” has 
the meaning given that term under section 3 of 

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

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

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

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

(iv) the feasibility and costs and benefits to small business concerns of alternative means of determining whether an applicant is entitled to a patent under title 35, United States Code.

(3) REPORT.—Not later than the date that is 1 year after the date of the enactment of this Act, the Chief Counsel shall submit to the Committee on Small Business and Entrepreneurship and the Committee on the Judiciary of the Senate and the Committee on Small Business and the Committee on the Judiciary of the House of Representatives a report on the results of the study under paragraph (2).

(m) REPORT ON PRIOR USER RIGHTS.—

(1) IN GENERAL.—Not later than the end of the 4-month period beginning on the date of the enactment of this Act, the Director shall report, to the Committee on the Judiciary of the Senate and the Committee on the Judiciary of the House of Representatives, the findings and recommendations of the Director on the operation of prior user rights in se-
lected countries in the industrialized world. The re-
port shall include the following:

(A) A comparison between patent laws of
the United States and the laws of other industri-
alized countries, including members of the Euro-
pean Union and Japan, Canada, and Australia.

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

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

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

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

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

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

(n) EFFECTIVE DATE.—

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

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

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

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

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

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

(o) STUDY OF PATENT LITIGATION.—

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

(2) CONTENTS OF STUDY.—The study conducted under this subsection shall include the following:

(A) The annual volume of litigation described in paragraph (1) over the 20-year period ending on the date of the enactment of this Act.
(B) The volume of cases comprising such litigation that are found to be without merit after judicial review.

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

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

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

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

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

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

(q) SENSE OF CONGRESS.—It is the sense of the Congress that converting the United States patent registration system from “first inventor to use” to a system of “first inventor to file” will harmonize the United States patent registration system with the patent registration systems commonly used in nearly all other countries throughout the world with whom the United States conducts trade and thereby promote a greater sense of international uniformity and certainty in the procedures used for securing the exclusive rights of inventors to their discoveries.

SEC. 4. INVENTOR’S OATH OR DECLARATION.

(a) INVENTOR’S OATH OR DECLARATION.—

(1) IN GENERAL.—Section 115 of title 35, United States Code, is amended to read as follows:
§ 115. Inventor’s oath or declaration

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

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

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

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

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

(d) Substitute Statement.—

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

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

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

“(i) is deceased;

“(ii) is under legal incapacity; or

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

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

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

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

“(B) set forth the circumstances representing the permitted basis for the filing of the substitute statement in lieu of the oath or declaration under subsection (a); and

“(C) contain any additional information, including any showing, required by the Director.
“(e) Making Required Statements in Assignment of Record.—An individual who is under an obligation of assignment of an application for patent may include the required statements under subsections (b) and (c) in the assignment executed by the individual, in lieu of filing such statements separately.

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

“(g) Earlier-Filed Application Containing Required Statements or Substitute Statement.—

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

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

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

“(2) Copies of Oaths, Declarations, Statements, or Assignments.—Notwithstanding paragraph (1), the Director may require that a copy of the executed oath or declaration, the substitute statement, or the assignment filed in connection with the earlier-filed application be included in the later-filed application.

“(h) Supplemental and Corrected Statements; Filing Additional Statements.—

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

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

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

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

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

(3) REQUIREMENTS FOR NONPROVISIONAL APPLICATIONS.—Section 111(a) of title 35, United States
Code, is amended—

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

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

and

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

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

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

(b) FILING BY OTHER THAN INVENTOR.—

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

“§ 118. Filing by other than inventor

“A person to whom the inventor has assigned or is
under an obligation to assign the invention may make an
application for patent. A person who otherwise shows suf-
cient proprietary interest in the matter may make an ap-
plication for patent on behalf of and as agent for the inven-

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tor on proof of the pertinent facts and a showing that such
action is appropriate to preserve the rights of the parties.
If the Director grants a patent on an application filed
under this section by a person other than the inventor, the
patent shall be granted to the real party in interest and
upon such notice to the inventor as the Director considers
to be sufficient.”.

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

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

(1) in the first undesignated paragraph—

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

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

(2) in the second undesignated paragraph—
(A) by striking “The specification” and inserting “(b) CONCLUSION.—The specification”; and

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

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

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

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

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

(d) CONFORMING AMENDMENTS.—

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

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

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

SEC. 5. DEFENSE TO INFRINGEMENT BASED ON EARLIER INVENTOR.

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

(1) Subsection (a) is amended—

(A) in paragraph (1)—

(i) by striking “use of a method in” and inserting “use of the subject matter of a patent in”; and

(ii) by adding “and” after the semi-colon;

(B) in paragraph (2), by striking the semi-colon at the end of subparagraph (B) and inserting a period; and

(C) by striking paragraphs (3) and (4).

(2) Subsection (b) is amended—
(A) in paragraph (1)—

(i) by striking “for a method”; and

(ii) by striking “at least 1 year” and all that follows through the end and inserting “and commercially used the subject matter at least 1 year before the effective filing date of the claimed invention that is the subject matter of the patent.”;

(B) in paragraph (2), by striking “patented method” and inserting “patented process”;

(C) in paragraph (3)—

(i) by striking subparagraph (A);

(ii) by striking subparagraph (B) and inserting the following:

“(A) DERIVATION AND PRIOR DISCLOSURE TO THE PUBLIC.—A person may not assert the defense under this section if—

“(i) the subject matter on which the defense is based was derived from the patentee or persons in privity with the patentee; or

“(ii) the claimed invention that is the subject of the defense was disclosed to the public in a manner that qualified for the exception from the prior art under section 102(b) and the commercialization date re-

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lied upon under paragraph (1) of this sub-
section for establishing entitlement to the
defense is less than 1 year before the date of
such disclosure to the public;”;

(iii) by redesignating subparagraph
(C) as subparagraph (B); and

(iv) by adding at the end the following:
“(C) FUNDING.—
“(i) DEFENSE NOT AVAILABLE IN CERTAIN CASES.—A person may not assert the
defense under this section if the subject mat-
ter of the patent on which the defense is
based was developed pursuant to a funding
agreement under chapter 18 or by a non-
profit institution of higher education, or a
technology transfer organization affiliated
with such an institution, that did not re-
ceive funding from a private business enter-
prise in support of that development.

“(ii) DEFINITIONS.—In this subpara-
graph—
“(I) the term ‘institution of higher
education’ has the meaning given that
term in section 101(a) of the Higher
Education Act of 1965 (20 U.S.C. 1001(a)); and

“(II) the term ‘technology transfer organization’ means an organization the primary purpose of which is to facilitate the commercialization of technologies developed by one or more institutions of higher education.”; and

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

“(6) PERSONAL DEFENSE.—

“(A) IN GENERAL.—The defense under this section may be asserted only by the person who performed or caused the performance of the acts necessary to establish the defense, as well as any other entity that controls, is controlled by, or is under common control with such person, and, except for any transfer to the patent owner, the right to assert the defense shall not be licensed or assigned or transferred to another person except as an ancillary and subordinate part of a good faith assignment or transfer for other reasons of the entire enterprise or line of business to which the defense relates.
“(B) EXCEPTION.—Notwithstanding subparagraph (A), any person may, on the person’s own behalf, assert a defense based on the exhaustion of rights provided under paragraph (2), including any necessary elements thereof.”.

SEC. 6. POST-GRANT REVIEW PROCEEDINGS.

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

“CHAPTER 31—INTER PARTES REVIEW

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

“§ 311. Inter partes review

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

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

“(c) FILING DEADLINE.—A petition for inter partes re-
view shall be filed after the later of either—

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

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

“§ 312. Petitions

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

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

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

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

“(A) copies of patents and printed publica-
tions that the petitioner relies upon in support of the petition; and
“(B) affidavits or declarations of supporting evidence and opinions, if the petitioner relies on expert opinions;

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

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

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

“§ 313. Preliminary response to petition

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

“§ 314. Institution of inter partes review

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

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

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

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

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

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

“§ 315. Relation to other proceedings or actions

“(a) Infringer’s Civil Action.—

“(1) Inter partes review barred by civil action.—An inter partes review may not be instituted if, before the date on which the petition for such a review is filed, the petitioner, real party in interest,
or privy of the petitioner filed a civil action challeng-
ing the validity of a claim of the patent.

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

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

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

“(C) the petitioner, real party in interest,
or privy of the petitioner moves the court to dis-
miss the civil action.

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

“(b) PATENT OWNER’S ACTION.—An inter partes re-
view may not be instituted if the petition requesting the
proceeding is filed more than 1 year after the date on which
the petitioner, real party in interest, or privy of the peti-
tioner is served with a complaint alleging infringement of
the patent. The time limitation set forth in the preceding
sentence shall not apply to a request for joinder under sub-
section (c).

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

“(d) MULTIPLE PROCEEDINGS.—Notwithstanding sec-
tions 135(a), 251, and 252, and chapter 30, during the
pendency of an inter partes review, if another proceeding
or matter involving the patent is before the Office, the Di-
rector may determine the manner in which the inter partes
review or other proceeding or matter may proceed, includ-
ing providing for stay, transfer, consolidation, or termi-
nation of any such matter or proceeding.

“(e) ESTOPPEL.—

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

“(2) Civil actions and other proceedings.—The petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not assert either in a civil action arising in whole or in part under section 1338 of title 28 or in a proceeding before the International Trade Commission under section 337 of the Tariff Act of 1930 that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that inter partes review.

§ 316. Conduct of inter partes review

“(a) Regulations.—The Director shall prescribe regulations—

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

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

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

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

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

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

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

“(6) prescribing sanctions for abuse of discovery,
abuse of process, or any other improper use of the
proceeding, such as to harass or to cause unnecessary
delay or an unnecessary increase in the cost of the
proceeding;
“(7) providing for protective orders governing the exchange and submission of confidential information;

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

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

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

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

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

“(13) providing the petitioner with at least 1 op-
portunity to file written comments within a time pe-
riod established by the Director.

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

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

“(d) AMENDMENT OF THE PATENT.—

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

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

“(2) ADDITIONAL MOTIONS.—Additional motions to amend may be permitted upon the joint request of the petitioner and the patent owner to materially advance the settlement of a proceeding under section 317, or as permitted by regulations prescribed by the Director.

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

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

“§ 317. Settlement

“(a) IN GENERAL.—An inter partes review instituted under this chapter shall be terminated with respect to any petitioner upon the joint request of the petitioner and the patent owner, unless the Office has decided the merits of the proceeding before the request for termination is filed. If the inter partes review is terminated with respect to a petitioner under this section, no estoppel under section 315(e) shall attach to the petitioner, or to the real party in interest or privy of the petitioner, on the basis of that
petitioner’s institution of that inter partes review. If no pet-
titioner remains in the inter partes review, the Office may
terminate the review or proceed to a final written decision
under section 318(a).

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

“§ 318. Decision of the Board

“(a) FINAL WRITTEN DECISION.—If an inter partes
review is instituted and not dismissed under this chapter,
the Patent Trial and Appeal Board shall issue a final writ-
ten decision with respect to the patentability of any patent
claim challenged by the petitioner and any new claim
added under section 316(d).
“(b) CERTIFICATE.—If the Patent Trial and Appeal Board issues a final written decision under subsection (a) and the time for appeal has expired or any appeal has terminated, the Director shall issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable, confirming any claim of the patent determined to be patentable, and incorporating in the patent by operation of the certificate any new or amended claim determined to be patentable.

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

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

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

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

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

(c) REGULATIONS AND EFFECTIVE DATE.—

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

(2) APPLICABILITY.—

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

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

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

"CHAPTER 32—POST-GRANT REVIEW"

"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.

"§321. Post-grant review

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

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

“(c) Filing Deadline.—A petition for a post-grant review may only be filed not later than the date that is 1 year after the date of the grant of the patent or of the issuance of a reissue patent (as the case may be).

§ 322. Petitions

“(a) Requirements of Petition.—A petition filed under section 321 may be considered only if—

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

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

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

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

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

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

“(b) PUBLIC AVAILABILITY.—As soon as practicable after the receipt of a petition under section 321, the Director shall make the petition available to the public.

§ 323. Preliminary response to petition

“If a post-grant review petition is filed under section 321, the patent owner shall have the right to file a preliminary response to the petition, within a time period set by the Director, that sets forth reasons why no post-grant review should be instituted based upon the failure of the petition to meet any requirement of this chapter.
§ 324. Institution of post-grant review

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

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

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

(1) receiving a preliminary response to the petition under section 323; or

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

(d) Notice.—The Director shall notify the petitioner and patent owner, in writing, of the Director’s determination under subsection (a) or (b), and shall make such notice available to the public as soon as is practicable. The Director shall make each notice of the institution of a post-grant
review available to the public. Such notice shall include the
date on which the review shall commence.

“(e) **NO APPEAL.**—The determination by the Director
whether to institute a post-grant review under this section
shall be final and nonappealable.

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

“(a) **INFRINGER’S CIVIL ACTION.**—

“(1) **POST-GRANT REVIEW BARRED BY CIVIL AC-
TION.**—A post-grant review may not be instituted
under this chapter if, before the date on which the pe-
tition for such a review is filed, the petitioner, real
party in interest, or privy of the petitioner filed a
civil action challenging the validity of a claim of the
patent.

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

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

“(B) the patent owner files a civil action or
counterclaim alleging that the petitioner, real
party in interest, or privy of the petitioner has
infringed the patent; or
“(C) the petitioner, real party in interest,
or privy of the petitioner moves the court to dis-
miss the civil action.
“(3) Treatment of Counterclaim.—A coun-
terclaim challenging the validity of a claim of a pat-
et does not constitute a civil action challenging the
validity of a claim of a patent for purposes of this
subsection.
“(b) Preliminary Injunctions.—If a civil action al-
leging infringement of a patent is filed within 3 months
after the date on which the patent is granted, the court may
not stay its consideration of the patent owner’s motion for
a preliminary injunction against infringement of the pat-
et on the basis that a petition for post-grant review has
been filed under this chapter or that such a post-grant re-
view has been instituted under this chapter.
“(c) Joinder.—If more than 1 petition for a post-
grant review under this chapter is properly filed against
the same patent and the Director determines that more than
1 of these petitions warrants the institution of a post-grant
review under section 324, the Director may consolidate such
reviews into a single post-grant review.
“(d) **MULTIPLE PROCEEDINGS.**—Notwithstanding sections 135(a), 251, and 252, and chapter 30, during the pendency of any post-grant review under this chapter, if another proceeding or matter involving the patent is before the Office, the Director may determine the manner in which the post-grant review or other proceeding or matter may proceed, including providing for the stay, transfer, consolidation, or termination of any such matter or proceeding. In determining whether to institute or order a proceeding under this chapter, chapter 30, or chapter 31, the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office.

“(e) **ESTOPPEL.**—

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

“(2) **CIVIL ACTIONS AND OTHER PROCEEDINGS.**—The petitioner in a post-grant review of
a claim in a patent under this chapter that results
in a final written decision under section 328(a), or
the real party in interest or privy of the petitioner,
may not assert either in a civil action arising in
whole or in part under section 1338 of title 28 or in
a proceeding before the International Trade Commis-
sion under section 337 of the Tariff Act of 1930 that
the claim is invalid on any ground that the petitioner
raised or reasonably could have raised during that
post-grant review.

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

§ 326. Conduct of post-grant review

“(a) REGULATIONS.—The Director shall prescribe reg-
ulations—

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

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

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

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

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

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

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

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

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

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

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

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

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

“(d) AMENDMENT OF THE PATENT.—

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

“(A) Cancel any challenged patent claim.

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

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

“(3) SCOPE OF CLAIMS.—An amendment under this subsection may not enlarge the scope of the claims of the patent or introduce new matter.
“(e) EVIDENTIARY STANDARDS.—In a post-grant review instituted under this chapter, the petitioner shall have the burden of proving a proposition of unpatentability by a preponderance of the evidence.

“§ 327. Settlement

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

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

§ 328. Decision of the Board

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

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

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

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

"§ 329. Appeal

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

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

"32. Post-Grant Review .......................................................... 321".

(f) REGULATIONS AND EFFECTIVE DATE.—

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

(2) APPLICABILITY.—

(A) IN GENERAL.—The amendments made by subsection (d) shall take effect upon the expiration of the 1-year period beginning on the date of the enactment of this Act and, except as provided in section 18 and in paragraph (3), shall apply to any patent that is described in section 3(n)(1).

(B) LIMITATION.—The Director may impose a limit on the number of post-grant reviews that may be instituted under chapter 32 of title 35, United States Code, during each of the first 4 1-year periods in which the amendments made by subsection (d) are in effect.

(3) PENDING INTERFERENCES.—

(A) PROCEDURES IN GENERAL.—The Director shall determine, and include in the regulations issued under paragraph (1), the procedures under which an interference commenced before the effective date set forth in paragraph (2)(A) is to proceed, including whether such interference—
(i) is to be dismissed without prejudice

to the filing of a petition for a post-grant
review under chapter 32 of title 35, United
States Code; or

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

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

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

(g) Citation of Prior Art and Written Statements.—

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

“§ 301. Citation of prior art and written statements

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

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

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

“(b) Official File.—If the person citing prior art or written statements pursuant to subsection (a) explains in writing the pertinence and manner of applying the prior art or written statements to at least 1 claim of the patent, the citation of the prior art or written statements and the explanation thereof shall become a part of the official file of the patent.
“(c) ADDITIONAL INFORMATION.—A party that submits a written statement pursuant to subsection (a)(2) shall include any other documents, pleadings, or evidence from the proceeding in which the statement was filed that addresses the written statement.

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

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

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

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

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

(h) REEXAMINATION.—

(1) DETERMINATION BY DIRECTOR.—

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

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

(2) APPEAL.—

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

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

SEC. 7. PATENT TRIAL AND APPEAL BOARD.

(a) COMPOSITION AND DUTIES.—

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

“§ 6. Patent Trial and Appeal Board

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

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

“(1) on written appeal of an applicant, review adverse decisions of examiners upon applications for patents pursuant to section 134(a);
“(2) review appeals of reexaminations pursuant to section 134(b); “
“(3) conduct derivation proceedings pursuant to section 135; and “
“(4) conduct inter partes reviews and post-grant reviews pursuant to chapters 31 and 32. “
“(c) 3-MEMBER PANELS.—Each appeal, derivation proceeding, post-grant review, and inter partes review shall be heard by at least 3 members of the Patent Trial and Appeal Board, who shall be designated by the Director. Only the Patent Trial and Appeal Board may grant rehearings. “
“(d) TREATMENT OF PRIOR APPOINTMENTS.—The Secretary of Commerce may, in the Secretary’s discretion, deem the appointment of an administrative patent judge who, before the date of the enactment of this subsection, held office pursuant to an appointment by the Director to take effect on the date on which the Director initially appointed the administrative patent judge. It shall be a defense to a challenge to the appointment of an administrative patent judge on the basis of the judge’s having been originally appointed by the Director that the administrative patent judge so appointed was acting as a de facto officer.”. “
(2) CONFORMING AMENDMENT.—The item relating to section 6 in the table of sections for chapter 1
of title 35, United States Code, is amended to read as follows:

“6. Patent Trial and Appeal Board.”

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

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

(2) by striking subsection (c).

(c) CIRCUIT APPEALS.—

(1) IN GENERAL.—Section 141 of title 35, United States Code, is amended to read as follows:

“§ 141. Appeal to Court of Appeals for the Federal Circuit

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

“(b) REEXAMINATIONS.—A patent owner who is dissatisfied with the final decision in an appeal of a reexamination to the Patent Trial and Appeal Board under section 134(b) may appeal the Board's decision only to the United States Court of Appeals for the Federal Circuit.
“(c) Post-Grant and Inter Partes Reviews.—A party to an inter partes review or a post-grant review who is dissatisfied with the final written decision of the Patent Trial and Appeal Board under section 318(a) or 328(a) (as the case may be) may appeal the Board’s decision only to the United States Court of Appeals for the Federal Circuit.

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

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

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

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

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

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

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

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

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

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

SEC. 8. PREISSUANCE SUBMISSIONS BY THIRD PARTIES.

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

“(e) Preissuance Submissions by Third Parties.—

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

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

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

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

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

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

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

“(C) include a statement by the person making such submission affirming that the submission was made in compliance with this section.”.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect upon the expiration of the 1-year period beginning on the date of the enactment of this Act and shall apply to any patent application filed before, on, or after that effective date.
SEC. 9. VENUE.

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

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

SEC. 10. FEE SETTING AUTHORITY.

(a) Fee Setting.—

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

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

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

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

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

(2) after the consultation required under paragraph (1), may reduce such fees.

(d) ROLE OF THE PUBLIC ADVISORY COMMITTEE.—The Director shall—

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

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

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

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

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

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

(e) Publication in the Federal Register.—
(1) **Publication and Rationale.**—The Director shall—

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

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

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

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

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

(4) **Congressional Comment Period.**—A fee set or adjusted under subsection (a) may not become effective—
(A) before the end of the 45-day period begin-
ingning on the day after the date on which the
Director publishes the final rule adjusting or set-
ting the fee under paragraph (3); or

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

(5) RULE OF CONSTRUCTION.—Rules prescribed
under this section shall not diminish—

(A) the rights of an applicant for a patent
under title 35, United States Code, or for a mark
under the Trademark Act of 1946; or

(B) any rights under a ratified treaty.

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

(g) MICRO ENTITY DEFINED.—

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

“§ 123. Micro entity defined

“(a) IN GENERAL.—For purposes of this title, the term
‘micro entity’ means an applicant who makes a certifi-
cation that the applicant—
“(1) qualifies as a small entity, as defined in regulations issued by the Director;

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

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

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

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

“(c) FOREIGN CURRENCY EXCHANGE RATE.—If an
applicant’s or entity’s gross income in the preceding cal-
endar year is not in United States dollars, the average cur-
rency exchange rate, as reported by the Internal Revenue
Service, during that calendar year shall be used to deter-
mine whether the applicant’s or entity’s gross income ex-
ceeds the threshold specified in paragraphs (3) or (4) of sub-
section (a).

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

“(1) IN GENERAL.—For purposes of this section,
a micro entity shall include an applicant who cer-
tifies that—

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

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

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

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

“123. Micro entity defined.”.

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

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

(i) Effective Date; Sunset.—

(1) Effective Date.—This section and the amendments made by this section shall take effect on the date of the enactment of this Act.

(2) Sunset.—The authority of the Director to set or adjust any fee under subsection (a) shall terminate upon the expiration of the 6-year period beginning on the date of the enactment of this Act.
SEC. 11. FEES FOR PATENT SERVICES.

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

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

“(1) FILING AND BASIC NATIONAL FEES.—

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

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

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

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

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

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

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

“(2) EXCESS CLAIMS FEES.—

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

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

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

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

“(B) MULTIPLE DEPENDENT CLAIMS.—For the purpose of computing fees under subparagraph (A), a multiple dependent claim referred to in section 112 or any claim depending therefrom shall be considered as separate dependent claims in accordance with the number of claims to which reference is made.
“(C) **Refunds; Errors in Payment.**—The Director may by regulation provide for a refund of any part of the fee specified in subparagraph (A) for any claim that is canceled before an examination on the merits, as prescribed by the Director, has been made of the application under section 131. Errors in payment of the additional fees under this paragraph may be rectified in accordance with regulations prescribed by the Director.

“(3) **Examination Fees.**—

“(A) **In General.**—

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

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

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

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

“(v) For examination of each application for the reissue of a patent, $650.
“(B) APPLICABILITY OF OTHER FEE PROVISIONS.—The provisions of paragraphs (3) and (4) of section 111(a) relating to the payment of the fee for filing the application shall apply to the payment of the fee specified in subparagraph (A) with respect to an application filed under section 111(a). The provisions of section 371(d) relating to the payment of the national fee shall apply to the payment of the fee specified in subparagraph (A) with respect to an international application.

“(4) ISSUE FEES.—

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

“(B) For issuing each original design patent, $860.

“(C) For issuing each original plant patent, $1,190.

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

“(5) DISCLAIMER FEE.—On filing each disclaimer, $140.

“(6) APPEAL FEES.—

“(A) On filing an appeal from the examiner to the Patent Trial and Appeal Board, $540.
“(B) In addition, on filing a brief in support of the appeal, $540, and on requesting an oral hearing in the appeal before the Patent Trial and Appeal Board, $1,080.

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

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

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

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

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

“(b) MAINTENANCE FEES.—

“(1) IN GENERAL.—The Director shall charge the following fees for maintaining in force all patents based on applications filed on or after December 12, 1980:
“(A) Three years and 6 months after grant, $980.

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

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

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

“(3) No maintenance fee for design or plant patent.—No fee may be established for maintaining a design or plant patent in force.”.

(b) Delays in payment.—Subsection (c) of section 41 of title 35, United States Code, is amended—

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

“(c) Delays in payment of maintenance fees.—

“(1) Acceptance.—The Director”; and

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

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

“(d) **Patent search and other fees.**—

“(1) **Patent search fees.**—

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

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

“(i) $540 for each application for an original patent, except for design, plant, provisional, or international applications;
“(ii) $100 for each application for an original design patent;

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

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

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

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

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

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

“(F) CONFLICTS OF INTEREST.—A qualified search authority that is a commercial entity may not conduct a search of a patent application if the entity has any direct or indirect financial interest in any patent or in any pending or imminent application for patent filed or to be filed in the Office.

“(2) OTHER FEES.—

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

“(i) For recording a document affecting title, $40 per property.
“(ii) For each photocopy, $.25 per page.

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

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

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

“(h) FEES FOR SMALL ENTITIES.—

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

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

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

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

(1) in subsection (e), in the first sentence, by striking “The Director” and inserting “WAIVER OF FEES; COPIES REGARDING NOTICE.—The Director”;  
(2) in subsection (f), by striking “The fees” and inserting “ADJUSTMENT OF FEES.—The fees”;  
(3) by repealing subsection (g); and  
(4) in subsection (i)—  
(A) by striking “(i)(1) The Director” and inserting the following:  
“(i) ELECTRONIC PATENT AND TRADEMARK DATA.—  
“(1) MAINTENANCE OF COLLECTIONS.—The Director”;  
(B) by striking “(2) The Director” and inserting the following:
“(2) AVAILABILITY OF AUTOMATED SEARCH SYSTEMS.—The Director”;

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

“(3) ACCESS FEES.—The Director”; and

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

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

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

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

(2) in the second sentence, by striking “During fiscal years 2005, 2006, and 2007, the” and inserting “The”.

(g) EFFECTIVE DATE, APPLICABILITY, AND TRANSITION PROVISIONS.—Section 803(a) of division B of the Consolidated Appropriations Act, 2005 (Public Law 108–447) is amended by striking “and shall apply only with respect to the remaining portion of fiscal year 2005 and fiscal year 2006”.
(h) **Reduction in Fees for Small Entity Participants.**—The Director shall reduce fees for providing prioritized examination of utility and plant patent applications by 50 percent for small entities that qualify for reduced fees under section 41(h)(1) of title 35, United States Code, so long as the fees of the prioritized examination program are set to recover the estimated cost of the program.

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

**SEC. 12.** **Supplemental Examination.**

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

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

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

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

“(c) Effect.—

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

“(2) Exceptions.—

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

“(B) Patent enforcement actions.—In an action brought under section 337(a) of the Tariff Act of 1930 (19 U.S.C. 1337(a)), or section 281 of this title, paragraph (1) shall not apply to any defense raised in the action that is based upon information that was considered, reconsidered, or corrected pursuant to a supplemental examination request under subsection (a), unless the supplemental examination, and any reexamination ordered pursuant to the request, are concluded before the date on which the action is brought.
“(C) Fraud.—No supplemental examination may be commenced by the Director on, and any pending supplemental examination shall be immediately terminated regarding, an application or patent in connection with which fraud on the Office was practiced or attempted. If the Director determines that such a fraud on the Office was practiced or attempted, the Director shall also refer the matter to the Attorney General for such action as the Attorney General may deem appropriate.

“(d) Fees and Regulations.—

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

“(2) Regulations.—The Director shall issue regulations governing the form, content, and other requirements of requests for supplemental examination, and establishing procedures for reviewing information submitted in such requests.
“(e) RULE OF CONSTRUCTION.—Nothing in this section shall be construed—

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

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

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

(b) CONFORMING AMENDMENT.—The table of sections for chapter 25 of title 35, United States Code, is amended by adding at the end the following new item:

“257. Supplemental examinations to consider, reconsider, or correct information.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect upon the expiration of the 1-year period beginning on the date of the enactment of this Act and shall apply to any patent issued before, on, or after that effective date.
SEC. 13. FUNDING AGREEMENTS.

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

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

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

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

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

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

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

(b) Definition.—For purposes of this section, the term “tax liability” refers to any liability for a tax under any Federal, State, or local law, or the law of any foreign jurisdiction, including any statute, rule, regulation, or ordinance that levies, imposes, or assesses such tax liability.
(c) EXCLUSIONS.—This section does not apply to that part of an invention that—

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

(2) is a method, apparatus, technology, computer program product, or system used solely for financial management, to the extent that it is severable from any tax strategy or does not limit the use of any tax strategy by any taxpayer or tax advisor.

(d) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to imply that other business methods are patentable or that other business method patents are valid.

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

SEC. 15. BEST MODE REQUIREMENT.

(a) IN GENERAL.—Section 282 of title 35, United States Code, is amended in the second undesignated paragraph by striking paragraph (3) and inserting the following:
“(3) Invalidity of the patent or any claim in suit for failure to comply with—

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

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

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

(c) Effective Date.—The amendments made by this section shall take effect upon the date of the enactment of this Act and shall apply to proceedings commenced on or after that date.

Sec. 16. Marking.

(a) Virtual Marking.—

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

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

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

(A) an analysis of the effectiveness of “virtual marking”, as provided in the amendment made by paragraph (1) of this subsection, as an alternative to the physical marking of articles;

(B) an analysis of whether such virtual marking has limited or improved the ability of the general public to access information about patents;

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

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

(b) False Marking.—

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

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

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

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

“(c) Whoever engages in an activity under subsection (a) for which liability would otherwise be imposed shall not be liable for such activity—

“(1) that is engaged in during the 3-year period beginning on the date on which the patent at issue expires; or

“(2) that is engaged in after the end of that 3-year period if the word ‘expired’ is placed before the word ‘patent’, ‘patented’, the abbreviation ‘pat’, or the patent number, either on the article or through a posting on the Internet, as provided in section 287(a).”.

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

SEC. 17. ADVICE OF COUNSEL.

(a) In General.—Chapter 29 of title 35, United States Code, is amended by adding at the end the following: “§ 298. Advice of counsel

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

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

“298. Advice of counsel.”.

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

(a) Transitional Program.—

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

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

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

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

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

(ii) prior art that—

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

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

(D) The petitioner in a transitional proceeding, or the petitioner’s real party in interest, may not assert, either in a civil action arising in whole or in part under section 1338 of title 28, United States Code, or in a proceeding before the International Trade Commission under section 337 of the Tariff Act of 1930 (19 U.S.C. 1337), that a claim in a patent is invalid on any ground that the petitioner raised during a transitional proceeding that resulted in a final written decision.
(E) The Director may institute a transitional proceeding only for a patent that is a covered business method patent.

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

(3) SUNSET.—

(A) IN GENERAL.—This subsection, and the regulations issued under this subsection, are repealed effective upon the expiration of the 10-year period beginning on the date that the regulations issued under paragraph (1) take effect.

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

(b) REQUEST FOR STAY.—

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

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

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

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

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

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

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

(d) DEFINITION.—

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

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

(e) RULE OF CONSTRUCTION.—Nothing in this section shall be construed as amending or interpreting categories

**SEC. 19. JURISDICTION AND PROCEDURAL MATTERS.**

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

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

“(1) of an appeal from a final decision of a district court of the United States, the District Court of Guam, the District Court of the Virgin Islands, or the District Court of the Northern Mariana Islands, in any civil action arising under, or in any civil action in which a party has asserted a compulsory counter-claim arising under, any Act of Congress relating to patents or plant variety protection;”.

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

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

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

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

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

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

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

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

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

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

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

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

(d) TRANSFER BY COURT OF APPEALS FOR THE FED-
ERAL CIRCUIT.—

(1) IN GENERAL.—Chapter 99 of title 28, United
States Code, is amended by adding at the end the fol-
lowing new section:

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

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

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

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

(e) PROCEDURAL MATTERS IN PATENT CASES.—

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

“§ 299. Joinder of parties

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

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

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

“(b) ALLEGATIONS INSUFFICIENT FOR JOINDER.—For purposes of this subsection, accused infringers may not be joined in one action or trial as defendants or counterclaim defendants based solely on allegations that they each have infringed the patent or patents in suit.”.

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

“299. Joinder of parties.”.

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

SEC. 20. TECHNICAL AMENDMENTS.

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

(1) in the first undesignated paragraph, by striking “When” and inserting “(a) JOINT INVENTIONS.—When”;
(2) in the second undesignated paragraph, by striking “If a joint inventor” and inserting “(b) OMITTED INVENTOR.—If a joint inventor”; and

(3) in the third undesignated paragraph—

(A) by striking “Whenever” and inserting “(c) CORRECTION OF ERRORS IN APPLICATION.—Whenever”; and

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

(b) FILING OF APPLICATION IN FOREIGN COUNTRY.—

Section 184 of title 35, United States Code, is amended—

(1) in the first undesignated paragraph—

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

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

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

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

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

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

(1) in the first undesignated paragraph—

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

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

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

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

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

(e) EFFECT OF REISSUE.—Section 253 of title 35, United States Code, is amended—
(1) in the first undesignated paragraph, by striking “Whenever, without any deceptive intention,” and inserting “(a) IN GENERAL.—Whenever”; and

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

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

(1) in the first undesignated paragraph—

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

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

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

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

(1) in the first undesignated paragraph—

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

(B) by striking the third sentence;

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

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

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

(3) in the third undesignated paragraph—

(A) by striking “In actions involving the validity or infringement of a patent” and inserting “(c) NOTICE OF ACTIONS; ACTIONS DURING EXTENSION OF PATENT TERM.—In an action involving the validity or infringement of patent, the party asserting infringement shall identify, in the pleadings or otherwise in writing to the adverse party, all of its real parties in interest, and”; and

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

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

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

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

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

and

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

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

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

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

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

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

(A) Section 1(c).

(B) Section 101.

(C) Subsections (a) and (b) of section 105.

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

(E) Section 161.

(F) Section 164.

(G) Section 171.

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

(I) Section 261.

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

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

(L) Section 289.

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

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

SEC. 21. TRAVEL EXPENSES AND PAYMENT OF ADMINISTRATIVE JUDGES.

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

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

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

SEC. 22. PATENT AND TRADEMARK OFFICE FUNDING.

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

(b) FUNDING.—

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

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

(B) in subsection (c), in the first sentence—

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

(ii) by striking “shall be collected by and shall be available to the Director” and inserting “shall be collected by the Director and shall be available until expended”.

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

(A) October 1, 2011; or
(B) the first day of the first fiscal year that
begins after the date of the enactment of this Act.

(c) USPTO REVOLVING FUND.—

(1) Establishment.—There is established in
the Treasury of the United States a revolving fund to
be known as the “United States Patent and Trade-
mark Office Public Enterprise Fund”. Any amounts
in the Fund shall be available for use by the Director
without fiscal year limitation.

(2) Derivation of Resources.—There shall be
deposited into the Fund and recorded as offsetting re-
cceipts, on and after the effective date set forth in sub-
section (b)(2)—

(A) any fees collected under sections 41, 42,
and 376 of title 35, United States Code, except
that—

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

(ii) no funds collected pursuant to sec-
tion 10(h) of this Act or section 1(a)(2) of
Public Law 111–45 shall be deposited in the
Fund; and
(B) any fees collected under section 31 of the Trademark Act of 1946 (15 U.S.C. 1113).

(3) EXPENSES.—Amounts deposited into the Fund under paragraph (2) shall be available, without fiscal year limitation, to cover—

(A) all expenses to the extent consistent with the limitation on the use of fees set forth in section 42(c) of title 35, United States Code, including all administrative and operating expenses, determined in the discretion of the Director to be ordinary and reasonable, incurred by the Director for the continued operation of all services, programs, activities, and duties of the Office relating to patents and trademarks, as such services, programs, activities, and duties are described under—

(i) title 35, United States Code; and

(ii) the Trademark Act of 1946; and

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

(d) ANNUAL REPORT.—Not later than 60 days after the end of each fiscal year, the Director shall submit a report to Congress which shall—
(1) summarize the operations of the Office for the preceding fiscal year, including financial details and staff levels broken down by each major activity of the Office;

(2) detail the operating plan of the Office, including specific expense and staff needs for the upcoming fiscal year;

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

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

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

(e) ANNUAL SPENDING PLAN.—

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

(A) summarize the operations of the Office for the current fiscal year, including financial details and staff levels with respect to major activities; and

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

(f) AUDIT.—The Director shall, on an annual basis, provide for an independent audit of the financial statements of the Office. Such audit shall be conducted in accordance with generally acceptable accounting procedures.

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

SEC. 23. SATELLITE OFFICES.

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

(b) PURPOSES.—The purposes of the satellite offices established under subsection (a) are to—
(1) increase outreach activities to better connect patent filers and innovators with the Office;
(2) enhance patent examiner retention;
(3) improve recruitment of patent examiners;
(4) decrease the number of patent applications waiting for examination; and
(5) improve the quality of patent examination.

(c) REQUIRED CONSIDERATIONS.—

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

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

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

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

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

(1) the rationale of the Director in selecting the location of any satellite office required under subsection (a);

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

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

SEC. 24. DESIGNATION OF DETROIT SATELLITE OFFICE.

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

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

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SEC. 25. PATENT OMBUDSMAN PROGRAM FOR SMALL BUSINESS CONCERNS.

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

SEC. 26. PRIORITY EXAMINATION FOR TECHNOLOGIES IMPORTANT TO AMERICAN COMPETITIVENESS.

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

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

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

(3) by adding at the end the following:

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

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SEC. 27. CALCULATION OF 60-DAY PERIOD FOR APPLICATION OF PATENT TERM EXTENSION.

(a) In General.—Section 156(d)(1) of title 35, United States Code, is amended by adding at the end the following flush sentence:

“For purposes of determining the date on which a product receives permission under the second sentence of this paragraph, if such permission is transmitted after 4:30 P.M., Eastern Time, on a business day, or is transmitted on a day that is not a business day, the product shall be deemed to receive such permission on the next business day. For purposes of the preceding sentence, the term ‘business day’ means any Monday, Tuesday, Wednesday, Thursday, or Friday, excluding any legal holiday under section 6103 of title 5.”.

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

SEC. 28. STUDY ON IMPLEMENTATION.

(a) PTO Study.—The Director shall conduct a study on the manner in which this Act and the amendments made by this Act are being implemented by the Office, and on such other aspects of the patent policies and practices of

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the Federal Government with respect to patent rights, innovation in the United States, competitiveness of United States markets, access by small businesses to capital for investment, and such other issues, as the Director considers appropriate.

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

SEC. 29. PRO BONO PROGRAM.

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

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

SEC. 30. EFFECTIVE DATE.

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

SEC. 31. BUDGETARY EFFECTS.

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

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

JUNE 1, 2011

Reported from the Committee on the Judiciary with an amendment.

JUNE 1, 2011

The Committee on the Budget discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed.