Calendar No. 6

112TH CONGRESS
1ST SESSION
S. 23

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

IN THE SENATE OF THE UNITED STATES

JANUARY 25 (legislative day, JANUARY 5), 2011

Mr. LEAHY (for himself, Mr. HATCH, Mr. GRASSLEY, Ms. KLOBuchar, Mr. SESSIONS, Mr. Kyl, Mr. LIEBERMAN, Mr. Coons, and Mr. FRANKEN) introduced the following bill; which was read twice and referred to the Committee on the Judiciary

FEBRUARY 3, 2011

Reported by Mr. LEAHY, with amendments

[Omit the part struck through and insert the part printed in italic]

A BILL

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

1 Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,
3 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.
4 (a) Short Title.—This Act may be cited as the
5 “Patent Reform Act of 2011”.

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

Sec. 1. Short title; table of contents.
Sec. 2. First inventor to file.
Sec. 3. Inventor’s oath or declaration.
Sec. 4. Damages.
Sec. 5. Post-grant review proceedings.
Sec. 6. Patent Trial and Appeal Board.
Sec. 7. Preissuance submissions by third parties.
Sec. 8. Venue.
Sec. 9. Fee setting authority.
Sec. 10. Supplemental examination.
Sec. 11. Residency of Federal Circuit judges.
Sec. 12. Micro entity defined.
Sec. 13. Funding agreements.
Sec. 14. Tax strategies deemed within the prior art.
Sec. 15. Best mode requirement.
Sec. 16. Technical amendments.
Sec. 17. Clarification of jurisdiction.
Sec. 18. Effective date; rule of construction.

3 SEC. 2. FIRST INVENTOR TO FILE.

(a) DEFINITIONS.—Section 100 of title 35, United States Code, is amended 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’ of 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 sec-
tion 122(b), in which the patent or application, as
the case may be, names another inventor and was
effectively filed before the effective filing date of the
claimed invention.

“(b) Exceptions.—

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

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

“(B) the subject matter disclosed had, be-
fore 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 the preceding paragraph 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). 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.

(2)(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; NONOBIous

SUBJECT MATTER.—Section 103 of title 35, United States Code, is amended to read as follows:

§ 103. Conditions for patentability; nonobvious subject matter

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

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

(e) REPEAL OF STATUTORY INVENTION REGISTRATION.—

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

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

(3) EFFECTIVE DATE.—The amendments made
by this subsection shall take effect 1 year after the
date of the enactment of this Act, and shall apply
to any request for a statutory invention registration
filed on or after that 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 inven-
tor 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 amend-
ed by striking “the earliest effective filing date of
which is prior to” and inserting “which has an effec-
tive filing date before”.

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(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 “the statutory” and inserting “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.—Section 291 of title 35, United States Code, is amended to read as follows:

“§ 291. Derived patents

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

“(b) FILING LIMITATION.—An action under this section may only be filed within 1 year after the issuance of the first patent containing a claim to the allegedly de-
rived invention and naming an individual alleged to have
derived such invention as the inventor or joint inventor.”.

(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 pro-
ceeding in the Office. The petition shall set forth with par-
ticularity 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 only be
filed within 1 year after 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 peti-
tion 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 deri-
vation proceeding shall be final and nonappealable.

“(b) DETERMINATION BY PATENT TRIAL AND AP-
PEAL 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 3 months after 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 refusal by the Office on those claims. The final decision of the Patent Trial and Appeal Board, if adverse to claims in a patent, shall, if no appeal or other review of the decision has been or can be taken or had, constitute cancellation of those claims, and notice of such cancella-
tion shall be endorsed on copies of the patent distributed after such cancellation.

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

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

(j) Elimination of References to Inter-
ferences.—(1) Sections 41, 134, 145, 146, 154, 305,
and 314 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 Ap-
peal Board”.

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

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

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

(B) The subparagraph heading for section
154(b)(1)(C) of title 35, United States Code, as
amended by this paragraph, is further amended
by—

(i) striking “OR” and inserting “OF”; and
(ii) striking “SECRET ORDER” and inserting “SECRET ORDERS”.

(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) Section 154(b)(1)(C) of title 35, United States Code, is amended by striking “INTERFERENCES” and inserting “DERIVATION PROCEEDINGS”.

(6) 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.”.

(7) 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.”.

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

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

(k) FALSE MARKING.—
(1) IN GENERAL.—Section 292 of title 35, United States Code, is amended—

(A) in subsection (a), by adding at the end the following:

“Only the United States may sue for the penalty authorized by this subsection.”; and

(B) by striking subsection (b) and inserting the following:

“(b) Any 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.”.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to all cases, without exception, pending on or after the date of the enactment of this Act.

(l) 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 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 em-
ployee 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 Commit-
tees of the Senate and House of Representatives a
report providing a short description of incidents
made known to an officer or employee of the Office
as prescribed in the regulations established under
section 2(b)(2)(D) of title 35, United States Code,
that reflect substantial evidence of misconduct be-
fore 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 all cases in which
the time period for instituting a proceeding under
section 32 of title 35, United States Code, had not
lapsed prior to the date of the enactment of this Act.

(m) SMALL BUSINESS STUDY.—

(1) DEFINITIONS.—In this subsection—
(A) the term “Chief Counsel” means the Chief Counsel for Advocacy of the Small Business Administration;

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

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

(2) STUDY.—

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

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

(i) how the change would affect the ability of small business concerns to obtain patents and their costs of obtaining patents;
(ii) whether the change would create, mitigate, or exacerbate any disadvantage 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 1 year after the date of 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 regarding the results of the study under paragraph (2).

(n) REPORT ON PRIOR USER RIGHTS.—

(1) IN GENERAL.—Not later than 1 year after 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 selected countries in the industrialized world. The report shall include the following:

(A) A comparison between patent laws of the United States and the laws of other industrialized countries, including members of the European Union and Japan, Canada, and Australia.

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

(C) An analysis of the correlation, if any, between prior user rights and start-up enterprises and the ability to attract venture capital to start new companies.
(D) An analysis of the effect of prior user rights, if any, on small businesses, universities, and individual inventors.

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

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

(2) CONSULTATION WITH OTHER AGENCIES.—

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

(o) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided by this section, the amendments made by this section shall take effect on the date that is 18 months after 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
18 months or more after the date of the enactment of this Act; or

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

(2) INTERFERING PATENTS.—The provisions of sections 102(g), 135, and 291 of title 35, United States Code, in effect on the day prior to the date of the enactment of this Act, 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, earlier than 18 months after the date of the enactment of this Act; 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.

SEC. 3. 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 Direc-
tor.

“(e) Making Required Statements in Assignment of Record.—An individual who is under an obliga-
tion of assignment of an application for patent may in-
clude 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 sub-
stitute statement under subsection (d) or recorded an as-
signment meeting the requirements of subsection (e).

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

“(1) Exception.—The requirements under
this section shall not apply to an individual with re-
spect to an application for patent in which the indi-
vidual 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 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 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, re-
place, or otherwise correct the statement at any
time. If a change is made in the naming of the in-
ventor requiring the filing of 1 or more additional
statements under this section, the Director shall es-

tablish regulations under which such additional
statements may be filed.

“(2) Supplemental Statements not re-
quired.—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 pat-

tent, the Director may not thereafter require that in-
dividual 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.—No patent shall be in-
valid 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 dec-
laration or statement filed pursuant to this section shall
contain an acknowledgment that any willful false state-
ment made in such declaration or statement is punishable
under section 1001 of title 18 by fine or imprisonment
of not more than 5 years, or both.”.

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

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

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

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

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

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

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

(b) Filing by Other Than Inventor.—

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

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

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

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

(1) in the first paragraph—

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

and
(B) by striking “of carrying out his invention” and inserting “or joint inventor of carrying out the invention”; (2) in the second 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 paragraph, by striking “A claim” and inserting “(c) FORM.—A claim”; (4) in the fourth paragraph, by striking “Subject to the following paragraph,” and inserting “(d) REFERENCE IN DEPENDENT FORMS.—Subject to subsection (e),”;

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

(6) in the last 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) is amended by striking “the first paragraph of section 112 of this title” and inserting “section 112(a)”.

(2) Section 111(b)(2) 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 1 year after the date of the enactment of this Act and shall apply to patent applications that are filed on or after that effective date.

SEC. 4. DAMAGES.

(a) DAMAGES.—Section 284 of title 35, United States Code, is amended—

(1) by striking “Upon finding” and inserting the following: “(a) IN GENERAL.—Upon finding”;

(2) by striking “fixed by the court” and all that follows through “When the damages” and inserting the following: “fixed by the court. When the damages”;

(3) by striking “shall assess them.” and all that follows through “The court may receive” and inserting the following: “shall assess them. In either event the court may increase the damages up to 3 times the amount found or assessed. Increased damages under
this subsection shall not apply to provisional rights
under section 154(d) of this title. The court may re-
ceive”; and
(4) by adding at the end the following:
“(b) PROCEDURE FOR DETERMINING DAMAGES.—
“(1) IN GENERAL.—The court shall identify the
methodologies and factors that are relevant to the
determination of damages, and the court or jury
shall consider only those methodologies and factors
relevant to making such determination.
“(2) DISCLOSURE OF CLAIMS.—By no later
than the entry of the final pretrial order, unless oth-
erwise ordered by the court, the parties shall state,
in writing and with particularity, the methodologies
and factors the parties propose for instruction to the
jury in determining damages under this section,
specifying the relevant underlying legal and factual
bases for their assertions.
“(3) SUFFICIENCY OF EVIDENCE.—Prior to the
introduction of any evidence concerning the deter-
mination of damages, upon motion of either party or
sua sponte, the court shall consider whether one or
more of a party’s damages contentions lacks a le-
gally sufficient evidentiary basis. After providing a
nonmovant the opportunity to be heard, and after
any further proffer of evidence, briefing, or argument that the court may deem appropriate, the court shall identify on the record those methodologies and factors as to which there is a legally sufficient evidentiary basis, and the court or jury shall consider only those methodologies and factors in making the determination of damages under this section. The court shall only permit the introduction of evidence relating to the determination of damages that is relevant to the methodologies and factors that the court determines may be considered in making the damages determination.

“(c) SEQUENCING.—Any party may request that a patent-infringement trial be sequenced so that the trier of fact decides questions of the patent’s infringement and validity before the issues of damages and willful infringement are tried to the court or the jury. The court shall grant such a request absent good cause to reject the request, such as the absence of issues of significant damages or infringement and validity. The sequencing of a trial pursuant to this subsection shall not affect other matters, such as the timing of discovery. This subsection does not authorize a party to request that the issues of damages and willful infringement be tried to a jury different than
the one that will decide questions of the patent’s infringe-
ment and validity.

**(d) Willful Infringement.—**

**(1) In general.—** The court may increase
damages up to 3 times the amount found or as-
sessed if the court or the jury, as the case may be,
determines that the infringement of the patent was
willful. Increased damages under this subsection
shall not apply to provisional rights under section
154(d). Infringement is not willful unless the claim-
ant proves by clear and convincing evidence that the
accused infringer’s conduct with respect to the pat-
ent was objectively reckless. An accused infringer’s
conduct was objectively reckless if the infringer was
acting despite an objectively high likelihood that his
actions constituted infringement of a valid patent,
and this objectively-defined risk was either known or
so obvious that it should have been known to the ac-
cused infringer.

**(2) Pleading Standards.—** A claimant as-
serting that a patent was infringed willfully shall
comply with the pleading requirements set forth
under Federal Rule of Civil Procedure 9(b).

**(3) Knowledge alone insufficient.—** In-
fringement of a patent may not be found to be will-
ful solely on the basis that the infringer had knowledge of the infringed patent.

**(4) Pre-suit Notification.—**A claimant seeking to establish willful infringement may not rely on evidence of pre-suit notification of infringement unless that notification identifies with particularity the asserted patent, identifies the product or process accused, and explains with particularity, to the extent possible following a reasonable investigation or inquiry, how the product or process infringes one or more claims of the patent.

**(5) Close Case.—**The court shall not increase damages under this subsection if the court determines that there is a close case as to infringement, validity, or enforceability. On the motion of either party, the court shall determine whether a close case as to infringement, validity, or enforceability exists, and the court shall explain its decision. Once the court determines that such a close case exists, the issue of willful infringement shall not thereafter be tried to the jury.

**(6) Accrued Damages.—**If a court or jury finds that the infringement of patent was willful, the court may increase only those damages that accrued after the infringement became willful.”.
(b) **Defense to Infringement Based on Earlier Inventor.**—Section 273(b)(6) of title 35, United States Code, is amended to read as follows:

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“(6) **Personal Defense.**—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. Notwithstanding the preceding sentence, any person may, on its own behalf, assert a defense based on the exhaustion of rights provided under paragraph (3), including any necessary elements thereof.”.
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(c) **Virtual Marking.**—Section 287(a) of title 35, United States Code, is amended by 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 ad-
dress, that associates the patented article with the number
of the patent” before “, or when”.
(d) ADVICE OF COUNSEL.—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 in-
fringer intended to induce infringement of the patent.”.
(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. 5. 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

1“Sec.
2“311. Inter partes review.
3“312. Petitions.
4“313. Preliminary response to petition.
5“314. Institution of inter partes review.
6“315. Relation to other proceedings or actions.
7“316. Conduct of inter partes review.
8“317. Settlement.
9“318. Decision of the board.
§ 311. Inter partes 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 an inter partes review for 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 review.

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

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

(1) 9 months after the grant of a patent or issuance of a reissue of a patent; or

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

§ 312. Petitions

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

(1) the petition is accompanied by payment of the fee established by the Director under section 311;
“(2) the petition identifies all real parties in interest;

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

“(A) copies of patents and printed publications that the petitioner relies upon in support of the petition; and

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

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

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

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

“§ 313. Preliminary response to petition

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

“(b) CONTENT OF RESPONSE.—A preliminary response to a petition for inter partes review shall set 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 petitioner would prevail with respect to at least 1 of the claims challenged in the petition.

“(b) TIMING.—The Director shall determine whether to institute an inter partes review under this chapter within 3 months after receiving a preliminary response under section 313 or, if none is filed, within three months after the expiration of the time for filing such a response.

“(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 list the date on which the review shall com-

“(d) NO APPEAL.—The determination by the Direc-

tor 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 ACTION.—An inter partes review

may not be instituted or maintained if the petitioner or

real party in interest has filed a civil action challenging

the validity of a claim of the patent.

“(b) PATENT OWNER’S ACTION.—An inter partes re-

view may not be instituted if the petition requesting the

proceeding is filed more than 3 months after the date on

which the petitioner, real party in interest, or his privy

is required to respond to a civil action alleging infringe-

ment of the patent.

“(b) PATENT OWNER’S ACTION.—An inter partes re-

view may not be instituted if the petition requesting the

proceeding is filed more than 6 months after the date on

which the petitioner, real party in interest, or his privy

is served with a complaint alleging infringement of the pat-

tent. The time limitation set forth in the preceding sentence

shall not apply to a request for joinder under subsection

(c).
“(c) JOINDER.—If the Director institutes an inter partes review, the Director, in his 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, determines warrants the institution of an inter partes review under section 314.

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

“(e) ESTOPPEL.—

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

§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 be accompanied by a motion to seal, and such petition or document shall be treated as sealed pending the outcome of the ruling on the motion;

“(2) setting forth the standards for the showing of sufficient grounds to institute a review under section 314(a);
“(3) establishing procedures for the submission of supplemental information after the petition is filed;

“(4) in accordance with section 2(b)(2), establishing and governing inter partes review under this chapter and the relationship of such review to other proceedings under this title;

“(5) setting a time period for requesting joinder under section 315(e);

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

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

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

“(7) 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;

“(8) providing for protective orders governing the exchange and submission of confidential information;
“(9) allowing the patent owner to file a response to the petition 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;

“(10) 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;

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

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

“(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 proceeding authorized by the Director.

“(d) AMENDMENT OF THE PATENT.—

“(1) IN GENERAL.—During an inter partes 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 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 apply to that petitioner. If no petitioner remains in the inter partes review, the Office may terminate the review or proceed to a final written decision under section 318(a).

“(b) Agreements in writing.—Any agreement or understanding between the patent owner and a petitioner, including any collateral agreements referred to in such agreement or understanding, made in connection with, or
in contemplation of, the termination of an inter partes 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. If any party filing such agreement
or understanding so requests, the copy shall be kept sepa-
rate from the file of the inter partes review, and shall be
made available only to Federal Government agencies upon
written request, or to any other 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 certifi-
cate canceling any claim of the patent finally determined
to be unpatentable, confirming any claim of the patent de-
termined to be patentable, and incorporating in the patent
by operation of the certificate any new or amended claim
determined to be patentable.

“§ 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) Technical and 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 on the date
that is 1 year after the date of the enactment
of this Act and shall apply to all patents issued
before, on, or after the effective date of sub-
section (a).
(B) EXCEPTION.—The provisions of chapter 31 of title 35, United States Code, as amended by paragraph (3), shall continue to apply to requests for inter partes reexamination that are filed prior to the effective date of subsection (a) as if subsection (a) had not been enacted.

(C) GRADUATED IMPLEMENTATION.—The Director may impose a limit on the number of inter partes reviews that may be instituted during each of the first 4 years following the effective date of subsection (a), provided that such number shall in each year be equivalent to or greater than the number of inter partes reexaminations that are ordered in the last full fiscal year prior to the effective date of subsection (a).

(3) TRANSITION.—

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

(i) in section 312—

(I) in subsection (a)—

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

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

(II) in subsection (c), in the second sentence, by striking “no substantial new question of patentability has been raised,” and inserting “the showing required by subsection (a) has not been made,”; and
(ii) in section 313, by striking “a substantial new question of patentability affecting a claim of the patent is raised” and inserting “it has been shown that there is a reasonable likelihood that the requester would prevail with respect to at least 1 of the claims challenged in the request”.

(B) APPLICATION.—The amendments made by this paragraph shall apply to requests for inter partes reexamination that are filed on or after the date of the enactment of this Act, but prior to the effective date of 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
for 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 shall be filed not later than 9 months after the grant of the patent or issuance of a reissue patent.

§ 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

“(a) Preliminary Response.—If a post-grant review petition is filed under section 321, the patent owner shall have the right to file a preliminary response within 2 months of the filing of the petition.

“(b) Content of Response.—A preliminary response to a petition for post-grant review shall set forth reasons why no post-grant review should be instituted
based upon the failure of the petition to meet any require-
ment 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 de-
termines that the information presented in the petition, 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 re-
quired 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 ap-
plications.

(c) Timing.—The Director shall determine whether to institute a post-grant review under this chapter within 3 months after receiving a preliminary response under sec-
tion 323 or, if none is filed, the expiration of the time for filing such a response.

(d) Notice.—The Director shall notify the peti-
tioner and patent owner, in writing, of the Director’s de-
termination under subsection (a) or (b), and shall make such notice available to the public as soon as is prac-
ticable. The Director shall make each notice of the institu-
tion of a post-grant review available to the public. Such
notice shall list 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 Action.—A post-grant review may not be instituted or maintained if the petitioner or real party in interest has filed a civil action challenging the validity of a claim of the patent.

“(b) Patent Owner’s Action.—A post-grant review may not be instituted if the petition requesting the proceeding is filed more than 3 months after the date on which the petitioner, real party in interest, or his privy is required to respond to a civil action alleging infringement of the patent.

“(b) Patent Owner’s Action.—A post-grant review may not be instituted if the petition requesting the proceeding is filed more than 6 months after the date on which the petitioner, real party in interest, or his privy 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 subsection (c).

“(c) Joinder.—If more than 1 petition for a post-grant review 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, 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 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 under this chapter, or his real party in interest or privy, may not request or maintain a proceeding before the Office with respect to a claim on any ground that the petitioner raised or reasonably could have raised during
a post-grant review of the claim that resulted in a final written decision under section 328(a).

“(2) CIVIL ACTIONS AND OTHER PROCEEDINGS.—The petitioner in a post-grant review under this chapter, or his real party in interest or privy, 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 that a claim in a patent is invalid on any ground that the petitioner raised during a post-grant review of the claim that resulted in a final written decision under section 328(a).

“(f) PRELIMINARY INJUNCTIONS.—If a civil action alleging infringement of a patent is filed within 3 months of the grant of the patent, the court may not stay its consideration of the patent owner’s motion for a preliminary injunction against infringement of the patent on the basis that a petition for post-grant review has been filed or that such a proceeding has been instituted.

“(g) REISSUE PATENTS.—A post-grant review may not be instituted if the petition requests cancellation of a claim in a reissue patent that is identical to or narrower than a claim in the original patent from which the reissue patent was issued, and the time limitations 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 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 be accompanied by a motion to seal, and such petition or document shall 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) in accordance with section 2(b)(2), 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) allowing the patent owner to file a response to the petition 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 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; 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
institution of a proceeding under this chapter, except
that the Director may, for good cause shown, extend
the 1-year period by not more than 6 months, and
may adjust the time periods in this paragraph in the
case of joinder under section 325(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 Of-
lice, and the ability of the Office to timely complete pro-
cedings instituted under this chapter.
“(c) PATENT TRIAL AND APPEAL BOARD.—The Pat-
ett Trial and Appeal Board shall, in accordance with sec-
tion 6, conduct each proceeding authorized by the Direc-
tor.
“(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 apply to that petitioner. If no petitioner re-
mains 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 Of-

lice before the termination of the post-grant review as be-
tween the parties. If any party filing such agreement or
understanding so requests, the copy shall be kept separate
from the file of the post-grant review, and shall be made
available only to Federal Government agencies upon writ-
ten request, or to any other person on a showing of good
cause.

“§ 328. Decision of the board

“(a) FINAL WRITTEN DECISION.—If a post-grant re-
view is instituted and not dismissed under this chapter,
the Patent Trial and Appeal Board shall issue a final writ-
ten decision with respect to the patentability of any patent
claim challenged by the petitioner and any new claim
added under section 326(d).
“(b) Certificate.—If the Patent Trial and Appeal Board issues a final written decision under subsection (a) and the time for appeal has expired or any appeal has terminated, the Director shall issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable, confirming any claim of the patent determined to be patentable, and incorporating in the patent by operation of the certificate any new or amended claim determined to be patentable.

“§ 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) Technical and 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 4 years 18 months after the date of the enactment of this Act, issue regulations to carry out chapter 32 of title 35, United States Code, as added by subsection (d) of this section.
(2) **Applicability.**—The amendments made by subsection (d) shall take effect on the date that is 1\frac{1}{2} years after the date of the enactment of this Act and shall apply only to patents issued on or after that date. The Director may impose a limit on the number of post-grant reviews that may be instituted during each of the 4 years following the effective date of subsection (d).

(3) **Pending Interferences.**—The Director shall determine the procedures under which interferences commenced before the effective date of subsection (d) are to proceed, including whether any such interference 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 is to proceed as if this Act had not been enacted. The Director shall include such procedures in regulations issued under paragraph (1). For purposes of an interference that is commenced before the effective date of subsection (d), 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. The authorization to appeal or have remedy from derivation
proceedings in sections 141(d) and 146 of title 35, United States Code, and the jurisdiction to entertain appeals from derivation proceedings in section 1295(a)(4)(A) of title 28, United States Code, shall be deemed to extend to final decisions in interferences that are commenced before the effective date of subsection (d) and that are 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 sub-
mits 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 (e), shall not be consid-
ered by the Office for any purpose other than to determine
the proper meaning of a patent claim in a proceeding that
is ordered or instituted pursuant to section 304, 314, or
324. If any such written statement or additional informa-
tion is subject to an applicable protective order, it 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 pursu-
ant to subsection (a), that person’s identity shall be ex-
cluded from the patent file and kept confidential.”.
(2) **Effective date.**—The amendment made by this subsection shall take effect \( \frac{3}{4} \text{ year} \) after the date of the enactment of this Act and shall apply to patents 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 \( \frac{3}{4} \text{ year} \) after the date of the enactment of this Act and shall apply to patents 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 enactment of this Act and shall apply to appeals of reexaminations that are pending before the Board of Patent Appeals and Inter-
ferences or the Patent Trial and Appeal Board on or after the date of the enactment of this Act.

SEC. 6. PATENT TRIAL AND APPEAL BOARD.

(a) COMPOSITION AND DUTIES.—Section 6 of title 35, United States Code, is amended to read as follows:

“§ 6. Patent Trial and Appeal Board

“(a) 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) 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) 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) The Secretary of Commerce may, in his 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.”.

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

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

(e) Circuit Appeals.—

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

“§ 141. Appeal to the 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 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 a post-grant or inter partes review who is dissatisfied with the final written decision of the Patent Trial and Appeal Board under section 318(a) or 328(a) 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 deci-
sion of the Patent Trial and Appeal Board on 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 patent applications, derivation proceedings, reexaminations, post-grant reviews, and inter partes reviews at the instance of a party who exercised his right to participate in a 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 repealing the second of the two identical fourth sentences.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect 18 months after 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 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, in effect on the day prior to the date of the enactment of this Act shall continue to apply to inter partes reexaminations that are requested under section 311 prior to the date that is 18 months after the date of the enactment of this Act;

(3) the Patent Trial and Appeal Board may be deemed to be the Board of Patent Appeals and Interferences for purposes of appeals of inter partes reexaminations that are requested under section 311 prior to the date that is 18 months after the date of the enactment of this Act; and

(4) the Director’s right under the last sentence of section 143 of title 35, United States Code, as
amended by subsection (c)(3), 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 prior to the date that is 18 months after the date of the enactment of this Act.

SEC. 7. 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 ex-
aminer during the examination of the ap-
lication 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 sub-
mission was made in compliance with this sec-
tion.”.
(b) EFFECTIVE DATE.—The amendments made by
this section shall take effect 1 year after the date of the
enactment of this Act and shall apply to patent applica-
tions filed before, on, or after that effective date.
SEC. 8. VENUE.
(a) CHANGE OF VENUE.—Section 1400 of title 28,
United States Code, is amended by adding at the end the
following:
“(c) Change of Venue.—For the convenience of parties and witnesses, in the interest of justice, a district court shall transfer any civil action arising under any Act of Congress relating to patents upon a showing that the transffer venue is clearly more convenient than the venue in which the civil action is pending.”.

(b) 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 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 (commonly referred to as the “Trademark Act of 1946” or the “Lanham Act”; 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”.

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

Sec. 9. Fee Setting Authority.

(a) Fee Setting.—
(1) IN GENERAL.—The Director shall have au-

thority to set or adjust by rule any fee established
or charged by the Office under sections 41 and 376
of title 35, United States Code, or under section 31
of the Trademark Act of 1946 (15 U.S.C. 1113), or
any other fee established or charged by the Office
under any other provision of law, notwithstanding
the fee amounts established or charged thereunder,
for the filing or processing of any submission to, and
for all other services performed by or materials fur-
nished by, the Office, provided that patent and
trademark fee amounts are in the aggregate set to
recover the estimated cost to the Office for proc-
essing, activities, services and materials relating to
patents and trademarks, respectively, including pro-
portionate shares of the administrative costs of the
Office.

(2) SMALL AND MICRO ENTITIES.—The fees es-
established under paragraph (1) for filing, processing,
issuing, and maintaining patent applications and
patents shall be reduced by 50 percent with respect
to their application 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 per-
cent with respect to their application to any micro entity as defined in section 123 of that title.

(3) Reduction of fees in certain fiscal years.—In any fiscal year, the Director—

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

(B) after the consultation required under subparagraph (A), may reduce such fees.

(4) Role of the public advisory committee.—The Director shall—

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

(B) provide the relevant advisory committee described in subparagraph (A) a 30-day period following the submission of any proposed fee, on which to deliberate, consider, and comment on such proposal, and require that—
(i) during such 30-day period, the relevant advisory committee hold a public hearing related to such proposal; and

(ii) the Director shall assist the relevant advisory committee in carrying out such public hearing, including by offering the use of Office resources to notify and promote the hearing to the public and interested stakeholders;

(C) require the relevant advisory committee to make available to the public a written report detailing the comments, advice, and recommendations of the committee regarding any proposed fee;

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

(E) notify, through the Chair and Ranking Member of the Senate and House Judiciary Committees, the Congress of any final rule setting or adjusting fees under paragraph (1).

(5) PUBLICATION IN THE FEDERAL REGISTER.—
(A) IN GENERAL.—Any rules prescribed under this subsection shall be published in the Federal Register.

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

(i) be published in the Federal Register; and

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

(C) PUBLIC COMMENT PERIOD.—Following the publication of any proposed fee in the Federal Register pursuant to subparagraph (A), the Director shall seek public comment for a period of not less than 45 days.

(6) CONGRESSIONAL COMMENT PERIOD.—Following the notification described in paragraph (3)(E), Congress shall have not more than 45 days to consider and comment on any final rule setting or adjusting fees under paragraph (1). No fee set or adjusted under paragraph (1) shall be effective prior to the end of such 45-day comment period.
(7) RULE OF CONSTRUCTION.—No rules prescribed under this subsection may diminish—

(A) an applicant’s rights under title 35, United States Code, or the Trademark Act of 1946; or

(B) any rights under a ratified treaty.

(b) FEES FOR PATENT SERVICES.—Division B of Public Law 108–447 is amended in title VIII of the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 2005—

(1) in subsections (a), (b), and (c) of section 801, by—

(A) striking “During” and all that follows through “2006, subsection” and inserting “Subsection”; and

(B) striking “shall be administered as though that subsection reads” and inserting “is amended to read”; 

(2) in subsection (d) of section 801, by striking “During” and all that follows through “2006, subsection” and inserting “Subsection”; and

(3) in subsection (e) of section 801, by—

(A) striking “During” and all that follows through “2006, subsection” and inserting “Subsection”; and
(B) striking “shall be administered as though that subsection”.

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

(d) EFFECTIVE DATE, APPLICABILITY, AND TRANSITION PROVISIONS.—Division B of Public Law 108–447 is amended in title VIII of the Departments of Commerce, Justice and State, the Judiciary and Related Agencies Appropriations Act, 2005, in section 803(a) by striking “and shall apply only with respect to the remaining portion of fiscal year 2005, 2006 and 2007”.

(e) STATUTORY AUTHORITY.—Section 41(d)(1)(A) of title 35, United States Code, is amended by striking “, and the Director may not increase any such fee thereafter”.

(f) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to affect any other provision of Division B of Public Law 108–447, including section 801(c) of title VIII of the Departments of Commerce, Justice and
State, the Judiciary and Related Agencies Appropriations Act, 2005.

(g) DEFINITIONS.—In this section, the following definitions shall apply:

(1) DIRECTOR.—The term “Director” means the Director of the United States Patent and Trademark Office.

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

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

(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 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 obli-
gation or expenditure.

(2) Effective Date.—This subsection shall
become effective 60 days after the date of the enact-
ment of this Act.

(i) Effective Date.—Except as provided in sub-
section (h), the provisions of this section shall take effect
upon the date of the enactment of this Act.

SEC. 10. SUPPLEMENTAL EXAMINATION.

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

"§257. Supplemental examinations to consider, re-
consider, or correct information

"(a) In General.—A patent owner may request
supplemental examination of a patent in the Office to con-
sider, reconsider, or correct information believed to be rel-
evant to the patent. Within 3 months of the date a request
for supplemental examination meeting the requirements of
this section is received, the Director shall conduct the sup-
plemental examination and shall conclude such examina-
tion by issuing a certificate indicating whether the infor-
motion presented in the request raises a substantial new question of patentability.

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

“(c) Effect.—

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

“(A) Prior Allegations.—This subsection shall not apply to an allegation pled with particularity, 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, this subsection shall not apply to any defense raised in the action that is based upon information that was considered, reconsidered, or corrected pursuant to a supplemental-examination request under subsection (a) unless the supplemental examination, and any reexamination ordered pursuant to the request, are concluded before the date on which the action is brought.

“(d) Fees and Regulations.—The Director shall, by regulation, establish fees for the submission of a re-
quest for supplemental examination of a patent, and to
consider each item of information submitted in the re-
quest. If reexamination is ordered pursuant to subsection
(a), fees established and applicable to ex parte reexamina-
tion proceedings under chapter 30 shall be paid in addition
to fees applicable to supplemental examination. The Direc-
tor shall promulgate regulations governing the form, con-
tent, and other requirements of requests for supplemental
examination, and establishing procedures for conducting
review of information submitted in such requests.

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

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

“(2) to limit the authority of the Director to in-
vestigate 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
promulgate regulations under chapter 3 relating to
sanctions for misconduct by representatives prac-
ticing before the Office.”.

(b) EFFECTIVE DATE.—This section shall take effect
1 year after the date of the enactment of this Act and
shall apply to patents issued before, on, or after that date.

SEC. 11. RESIDENCY OF FEDERAL CIRCUIT JUDGES.

(a) RESIDENCY.—The second sentence of section
44(c) of title 28, United States Code, is repealed.

(b) FACILITIES.—Section 44 of title 28, United
States Code, is amended by adding at the end the fol-
lowing:

"(e)(1) The Director of the Administrative Office of
the United States Courts shall provide—

"(A) a judge of the Federal judicial circuit who
lives within 50 miles of the District of Columbia
with appropriate facilities and administrative sup-
port services in the District of the District of Colum-
bia; and

"(B) a judge of the Federal judicial circuit who
does not live within 50 miles of the District of Co-
lumbia with appropriate facilities and administrative
support services—

"(i) in the district and division in which
that judge resides; or
“(ii) if appropriate facilities are not available in the district and division in which that judge resides, in the district and division closest to the residence of that judge in which such facilities are available, as determined by the Director.

“(2) Nothing in this subsection may be construed to authorize or require the construction of new facilities.”

SEC. 11. RESIDENCY OF FEDERAL CIRCUIT JUDGES.

(a) In General.—Section 44(c) of title 28, United States Code, is amended—

(1) by repealing the second sentence; and

(2) in the third sentence, by striking “state” and inserting “State”.

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

SEC. 12. MICRO ENTITY DEFINED.

Chapter 11 of title 35, United States Code, is amended by adding at the end the following new section:

“§ 123. Micro entity defined

“(a) In General.—For purposes of this title, the term ‘micro entity’ means an applicant who makes a certification under either subsection (b) or (c).
“(b) UNASSIGNED APPLICATION.—For an unassigned application, each applicant shall certify that the applicant—

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

“(2) has not been named on 5 or more previously filed patent applications;

“(3) has not assigned, granted, or conveyed, and is not under an obligation by contract or law to assign, grant, or convey, a license or any other ownership interest in the particular application; and

“(4) does not have a gross income, as defined in section 61(a) of the Internal Revenue Code (26 U.S.C. 61(a)), exceeding 2.5 times the average gross income, as reported by the Department of Labor, in the calendar year immediately preceding the calendar year in which the examination fee is being paid.

“(c) ASSIGNED APPLICATION.—For an assigned application, each applicant shall certify that the applicant—

“(1) qualifies as a small entity, as defined in regulations issued by the Director, and meets the requirements of subsection (b)(4);

“(2) has not been named on 5 or more previously filed patent applications; and
“(3) 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 an entity that has 5 or fewer employees and that such entity has a gross income, as defined in section 61(a) of the Internal Revenue Code (26 U.S.C. 61(a)), that does not exceed 2.5 times the average gross income, as reported by the Department of Labor, in the calendar year immediately preceding the calendar year in which the examination fee is being paid.

“(d) INCOME LEVEL ADJUSTMENT.—The gross income levels established under subsections (b) and (c) shall be adjusted by the Director on October 1, 2009, and every year thereafter, to reflect any fluctuations occurring during the previous 12 months in the Consumer Price Index, as determined by the Secretary of Labor.”.

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”; and

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

S 23 RS
(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of enactment of this Act and shall apply to patents 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) EFFECTIVE DATE; APPLICABILITY.—This section shall take effect on the date of enactment of this Act and shall apply to any patent application pending and any patent issued on or after that date.

SEC. 15. BEST MODE REQUIREMENT.

(a) IN GENERAL.—Section 282 of title 35, United State Code, is amended in its second undesignated para-
graph by striking paragraph (3) and inserting the follow-
(3) Invalidity of the patent or any claim in
suit for failure to comply with—
“(A) any requirement of section 112, ex-
cept 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 other-
wise 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 re-
quirement to disclose the best mode)”.
(e) Effective Date.—The amendments made by
this section shall take effect upon the date of the enact-
ment of this Act and shall apply to proceedings com-
menced on or after that date.
SEC. 16. TECHNICAL AMENDMENTS.
(a) Joint Inventions.—Section 116 of title 35,
United States Code, is amended—
(1) in the first paragraph, by striking
“When” and inserting “(a) Joint Inven-
tions.—When”;
(2) in the second paragraph, by striking “If a joint inventor” and inserting “(b) OMITTED INVENTOR.—If a joint inventor”; and

(3) in the third 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 intent on his part,”.

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

(1) in the first 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 paragraph, by striking “The term” and inserting “(b) APPLICATION.—The term”; and

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

•S 23 RS
(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 paragraph—

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

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

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

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

(4) in the last 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 paragraph, by striking “Whenever, without any deceptive intention” and inserting “(a) IN GENERAL.—Whenever”; and
(2) in the second 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 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 paragraph, by striking “The error” and inserting “(b) PATENT VALID IF ERROR CORRECTED.—The error”.

(g) PRESCRIPTION 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, by striking “The following” and inserting “(b) DEFENSES.—The following”; and

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

(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(b)(3) of title 35, United States Code, is amended by striking “the section 203(b)” and inserting “section 203(b)”.

(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)—

(i) in subparagraph (D), by striking “except where it proves” and all that follows through “; 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”; and
(ii) in subparagraph (E)(i), by striking “as described above in this clause (D);” and inserting “described above in this clause;”.

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

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

(5) Section 371(b) of title 35, United States Code, is amended by striking “of the treaty” and 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 157(a).

(F) Section 161.

(G) Section 164.

(H) Section 171.

(I) Section 251(e), as so designated by this section.

(J) Section 261.

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

(L) Section 287(b)(1).

(M) Section 289.

(N) 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 1 year after the date of the enactment of this Act and shall apply to proceedings commenced on or after that effective date.

SEC. 17. CLARIFICATION OF JURISDICTION.

(a) Short Title.—This section may be cited as the “Intellectual Property Jurisdiction Clarification Act of 2011”.

(b) 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.”.

(c) Court of Appeals for the Federal Circuit.—Section 1295(a)(1) of title 28, United States Code, is amended to read as follows:

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

(d) 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 such action is pending.

“(b) SPECIAL RULES.—The removal of an action under this section shall be made in accordance with section 1446 of this chapter, 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) REMAND.—If a civil action is removed solely under this section, the district court—

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

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

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

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

•S 23 RS
(e) Transfer by Court of Appeals for the Federal Circuit.—

(1) In general.—Chapter 99 of title 28, United States Code, is amended by adding at the end the following new section:

§ 1632. Transfer by the Court of Appeals for the Federal 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.”.

(f) 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. 17.18. EFFECTIVE DATE; RULE OF CONSTRUCTION.

(a) Effective Date.—Except as otherwise provided in this Act, the provisions of this Act shall take effect 1
year after the date of the enactment of this Act and shall apply to any patent issued on or after that effective date.

(b) Continuity of Intent Under the CREATE Act.—The enactment of section 102(c) of title 35, United States Code, under section (2)(b) of this Act 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 section 2(e) of this Act. 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.
A BILL

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

FEBRUARY 3, 2011
Reported with amendments
FEBRUARY 3, 2011
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2ND SESSION
S. 23

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