

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”.

1 (b) TABLE OF CONTENTS.—The table of contents for
 2 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. ~~17~~18. Effective date; ~~rule of construction.~~

3 **SEC. 2. FIRST INVENTOR TO FILE.**

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

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

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

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

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

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

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

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

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

18 (b) CONDITIONS FOR PATENTABILITY.—

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

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

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

24 “(1) the claimed invention was patented, de-
25 scribed in a printed publication, or in public use, on

1 sale, or otherwise available to the public before the
2 effective filing date of the claimed invention; or

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

10 “(b) EXCEPTIONS.—

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

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

21 “(B) the subject matter disclosed had, be-
22 fore such disclosure, been publicly disclosed by
23 the inventor or a joint inventor or another who
24 obtained the subject matter disclosed directly or
25 indirectly from the inventor or a joint inventor.

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

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

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

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

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

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

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

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

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

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

23 “(2) if the patent or application for patent is
24 entitled to claim a right of priority under section
25 119, 365(a), or 365(b), or to claim the benefit of an

1 earlier filing date under section 120, 121, or 365(c),
2 based upon 1 or more prior filed applications for
3 patent, as of the filing date of the earliest such ap-
4 plication that describes the subject matter.”.

5 (2) *CONTINUITY OF INTENT UNDER THE CREATE*
6 *ACT.—The enactment of section 102(c) of title 35,*
7 *United States Code, under the preceding paragraph is*
8 *done with the same intent to promote joint research*
9 *activities that was expressed, including in the legisla-*
10 *tive history, through the enactment of the Cooperative*
11 *Research and Technology Enhancement Act of 2004*
12 *(Public Law 108–453; the “CREATE Act”), the*
13 *amendments of which are stricken by subsection (c).*
14 *The United States Patent and Trademark Office shall*
15 *administer section 102(c) of title 35, United States*
16 *Code, in a manner consistent with the legislative his-*
17 *tory of the CREATE Act that was relevant to its ad-*
18 *ministration by the United States Patent and Trade-*
19 *mark Office.*

20 ~~(2)~~(3) *CONFORMING AMENDMENT.—The item*
21 *relating to section 102 in the table of sections for*
22 *chapter 10 of title 35, United States Code, is*
23 *amended to read as follows:*

“102. Conditions for patentability; novelty.”.

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

4 **“§ 103. Conditions for patentability; nonobvious sub-**
5 **ject matter**

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

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

21 (e) REPEAL OF STATUTORY INVENTION REGISTRA-
22 TION.—

23 (1) IN GENERAL.—Section 157 of title 35,
24 United States Code, and the item relating to that

1 section in the table of sections for chapter 14 of title
2 35, United States Code, are repealed.

3 (2) REMOVAL OF CROSS REFERENCES.—Section
4 111(b)(8) of title 35, United States Code, is amend-
5 ed by striking “sections 115, 131, 135, and 157”
6 and inserting “sections 131 and 135”.

7 (3) EFFECTIVE DATE.—The amendments made
8 by this subsection shall take effect 1 year after the
9 date of the enactment of this Act, and shall apply
10 to any request for a statutory invention registration
11 filed on or after that date.

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

17 (g) CONFORMING AMENDMENTS.—

18 (1) RIGHT OF PRIORITY.—Section 172 of title
19 35, United States Code, is amended by striking
20 “and the time specified in section 102(d)”.

21 (2) LIMITATION ON REMEDIES.—Section
22 287(c)(4) of title 35, United States Code, is amend-
23 ed by striking “the earliest effective filing date of
24 which is prior to” and inserting “which has an effec-
25 tive filing date before”.

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

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

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

15 (6) LIMIT ON RIGHT OF PRIORITY.—Section
16 119(a) of title 35, United States Code, is amended
17 by striking “; but no patent shall be granted” and
18 all that follows through “one year prior to such fil-
19 ing”.

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

23 (A) in paragraph (2)—

24 (i) by striking “publication, on sale,
25 or public use,” and all that follows through

1 “obtained in the United States” and in-
2 sserting “the 1-year period referred to in
3 section 102(b) would end before the end of
4 that 2-year period”; and

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

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

12 (h) DERIVED PATENTS.—Section 291 of title 35,
13 United States Code, is amended to read as follows:

14 **“§ 291. Derived patents**

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

22 “(b) FILING LIMITATION.—An action under this sec-
23 tion may only be filed within 1 year after the issuance
24 of the first patent containing a claim to the allegedly de-

1 rived invention and naming an individual alleged to have
2 derived such invention as the inventor or joint inventor.”.

3 (i) DERIVATION PROCEEDINGS.—Section 135 of title
4 35, United States Code, is amended to read as follows:

5 **“§ 135. Derivation proceedings**

6 “(a) INSTITUTION OF PROCEEDING.—An applicant
7 for patent may file a petition to institute a derivation pro-
8 ceeding in the Office. The petition shall set forth with par-
9 ticularity the basis for finding that an inventor named in
10 an earlier application derived the claimed invention from
11 an inventor named in the petitioner’s application and,
12 without authorization, the earlier application claiming
13 such invention was filed. Any such petition may only be
14 filed within 1 year after the first publication of a claim
15 to an invention that is the same or substantially the same
16 as the earlier application’s claim to the invention, shall
17 be made under oath, and shall be supported by substantial
18 evidence. Whenever the Director determines that a peti-
19 tion filed under this subsection demonstrates that the
20 standards for instituting a derivation proceeding are met,
21 the Director may institute a derivation proceeding. The
22 determination by the Director whether to institute a deri-
23 vation proceeding shall be final and nonappealable.

24 “(b) DETERMINATION BY PATENT TRIAL AND AP-
25 PEAL BOARD.—In a derivation proceeding instituted

1 under subsection (a), the Patent Trial and Appeal Board
2 shall determine whether an inventor named in the earlier
3 application derived the claimed invention from an inventor
4 named in the petitioner’s application and, without author-
5 ization, the earlier application claiming such invention was
6 filed. The Director shall prescribe regulations setting forth
7 standards for the conduct of derivation proceedings.

8 “(c) DEFERRAL OF DECISION.—The Patent Trial
9 and Appeal Board may defer action on a petition for a
10 derivation proceeding until 3 months after the date on
11 which the Director issues a patent that includes the
12 claimed invention that is the subject of the petition. The
13 Patent Trial and Appeal Board also may defer action on
14 a petition for a derivation proceeding, or stay the pro-
15 ceeding after it has been instituted, until the termination
16 of a proceeding under chapter 30, 31, or 32 involving the
17 patent of the earlier applicant.

18 “(d) EFFECT OF FINAL DECISION.—The final deci-
19 sion of the Patent Trial and Appeal Board, if adverse to
20 claims in an application for patent, shall constitute the
21 final refusal by the Office on those claims. The final deci-
22 sion of the Patent Trial and Appeal Board, if adverse to
23 claims in a patent, shall, if no appeal or other review of
24 the decision has been or can be taken or had, constitute
25 cancellation of those claims, and notice of such cancella-

1 tion shall be endorsed on copies of the patent distributed
2 after such cancellation.

3 “(e) SETTLEMENT.—Parties to a proceeding insti-
4 tuted under subsection (a) may terminate the proceeding
5 by filing a written statement reflecting the agreement of
6 the parties as to the correct inventors of the claimed inven-
7 tion in dispute. Unless the Patent Trial and Appeal Board
8 finds the agreement to be inconsistent with the evidence
9 of record, if any, it shall take action consistent with the
10 agreement. Any written settlement or understanding of
11 the parties shall be filed with the Director. At the request
12 of a party to the proceeding, the agreement or under-
13 standing shall be treated as business confidential informa-
14 tion, shall be kept separate from the file of the involved
15 patents or applications, and shall be made available only
16 to Government agencies on written request, or to any per-
17 son on a showing of good cause.

18 “(f) ARBITRATION.—Parties to a proceeding insti-
19 tuted under subsection (a) may, within such time as may
20 be specified by the Director by regulation, determine such
21 contest or any aspect thereof by arbitration. Such arbitra-
22 tion shall be governed by the provisions of title 9, to the
23 extent such title is not inconsistent with this section. The
24 parties shall give notice of any arbitration award to the
25 Director, and such award shall, as between the parties to

1 the arbitration, be dispositive of the issues to which it re-
2 lates. The arbitration award shall be unenforceable until
3 such notice is given. Nothing in this subsection shall pre-
4 clude the Director from determining the patentability of
5 the claimed inventions involved in the proceeding.”.

6 (j) ELIMINATION OF REFERENCES TO INTER-
7 FERENCES.—(1) Sections 41, 134, 145, 146, 154, 305,
8 and 314 of title 35, United States Code, are each amended
9 by striking “Board of Patent Appeals and Interferences”
10 each place it appears and inserting “Patent Trial and Ap-
11 peal Board”.

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

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

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

20 (B) The subparagraph heading for section
21 154(b)(1)(C) of title 35, United States Code, as
22 amended by this paragraph, is further amended
23 by—

24 (i) striking “OR” and inserting “OF”; and

1 (ii) striking “SECURITY ORDER” and insert-
2 ing “SECURITY ORDERS”.

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

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

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

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

9 (5) Section 154(b)(1)(C) of title 35, United States
10 Code, is amended by striking “INTERFERENCES” and in-
11 serting “DERIVATION PROCEEDINGS”.

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

“6. Patent Trial and Appeal Board.”.

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

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

“135. Derivation proceedings.”.

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

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

21 (k) FALSE MARKING.—

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

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

5 “Only the United States may sue for the penalty au-
6 thorized by this subsection.”; and

7 (B) by striking subsection (b) and insert-
8 ing the following:

9 “(b) Any person who has suffered a competitive in-
10 jury as a result of a violation of this section may file a
11 civil action in a district court of the United States for re-
12 covery of damages adequate to compensate for the in-
13 jury.”.

14 (2) EFFECTIVE DATE.—The amendments made
15 by this subsection shall apply to all cases, without
16 exception, pending on or after the date of the enact-
17 ment of this Act.

18 (1) STATUTE OF LIMITATIONS.—

19 (1) IN GENERAL.—Section 32 of title 35,
20 United States Code, is amended by inserting be-
21 tween the third and fourth sentences the following:

22 “A proceeding under this section shall be com-
23 menced not later than the earlier of either 10 years
24 after the date on which the misconduct forming the
25 basis for the proceeding occurred, or 1 year after the

1 date on which the misconduct forming the basis for
2 the proceeding is made known to an officer or em-
3 ployee of the Office as prescribed in the regulations
4 established under section 2(b)(2)(D).”.

5 (2) REPORT TO CONGRESS.—The Director shall
6 provide on a biennial basis to the Judiciary Commit-
7 tees of the Senate and House of Representatives a
8 report providing a short description of incidents
9 made known to an officer or employee of the Office
10 as prescribed in the regulations established under
11 section 2(b)(2)(D) of title 35, United States Code,
12 that reflect substantial evidence of misconduct be-
13 fore the Office but for which the Office was barred
14 from commencing a proceeding under section 32 of
15 title 35, United States Code, by the time limitation
16 established by the fourth sentence of that section.

17 (3) EFFECTIVE DATE.—The amendment made
18 by paragraph (1) shall apply in all cases in which
19 the time period for instituting a proceeding under
20 section 32 of title 35, United State Code, had not
21 lapsed prior to the date of the enactment of this Act.

22 (m) SMALL BUSINESS STUDY.—

23 (1) DEFINITIONS.—In this subsection—

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

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

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

10 (2) STUDY.—

11 (A) IN GENERAL.—The Chief Counsel, in
12 consultation with the General Counsel, shall
13 conduct a study of the effects of eliminating the
14 use of dates of invention in determining wheth-
15 er an applicant is entitled to a patent under
16 title 35, United States Code.

17 (B) AREAS OF STUDY.—The study con-
18 ducted under subparagraph (A) shall include
19 examination of the effects of eliminating the use
20 of invention dates, including examining—

21 (i) how the change would affect the
22 ability of small business concerns to obtain
23 patents and their costs of obtaining pat-
24 ents;

1 (ii) whether the change would create,
2 mitigate, or exacerbate any disadvantage
3 for applicants for patents that are small
4 business concerns relative to applicants for
5 patents that are not small business con-
6 cerns, and whether the change would cre-
7 ate any advantages for applicants for pat-
8 ents that are small business concerns rel-
9 ative to applicants for patents that are not
10 small business concerns;

11 (iii) the cost savings and other poten-
12 tial benefits to small business concerns of
13 the change; and

14 (iv) the feasibility and costs and bene-
15 fits to small business concerns of alter-
16 native means of determining whether an
17 applicant is entitled to a patent under title
18 35, United States Code.

19 (3) REPORT.—Not later than 1 year after the
20 date of enactment of this Act, the Chief Counsel
21 shall submit to the Committee on Small Business
22 and Entrepreneurship and the Committee on the Ju-
23 diciary of the Senate and the Committee on Small
24 Business and the Committee on the Judiciary of the

1 House of Representatives a report regarding the re-
2 sults of the study under paragraph (2).

3 (n) REPORT ON PRIOR USER RIGHTS.—

4 (1) IN GENERAL.—Not later than 1 year after
5 the date of the enactment of this Act, the Director
6 shall report, to the Committee on the Judiciary of
7 the Senate and the Committee on the Judiciary of
8 the House of Representatives, the findings and rec-
9 ommendations of the Director on the operation of
10 prior user rights in selected countries in the indus-
11 trialized world. The report shall include the fol-
12 lowing:

13 (A) A comparison between patent laws of
14 the United States and the laws of other indus-
15 trialized countries, including members of the
16 European Union and Japan, Canada, and Aus-
17 tralia.

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

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

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

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

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

10 (2) CONSULTATION WITH OTHER AGENCIES.—

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

15 (o) EFFECTIVE DATE.—

16 (1) IN GENERAL.—Except as otherwise pro-
17 vided by this section, the amendments made by this
18 section shall take effect on the date that is 18
19 months after the date of the enactment of this Act,
20 and shall apply to any application for patent, and to
21 any patent issuing thereon, that contains or con-
22 tained at any time—

23 (A) a claim to a claimed invention that has
24 an effective filing date as defined in section
25 100(i) of title 35, United States Code, that is

1 18 months or more after the date of the enact-
2 ment of this Act; or

3 (B) a specific reference under section 120,
4 121, or 365(c) of title 35, United States Code,
5 to any patent or application that contains or
6 contained at any time such a claim.

7 (2) INTERFERING PATENTS.—The provisions of
8 sections 102(g), 135, and 291 of title 35, United
9 States Code, in effect on the day prior to the date
10 of the enactment of this Act, shall apply to each
11 claim of an application for patent, and any patent
12 issued thereon, for which the amendments made by
13 this section also apply, if such application or patent
14 contains or contained at any time—

15 (A) a claim to an invention having an ef-
16 fective filing date as defined in section 100(i) of
17 title 35, United States Code, earlier than 18
18 months after the date of the enactment of this
19 Act; or

20 (B) a specific reference under section 120,
21 121, or 365(c) of title 35, United States Code,
22 to any patent or application that contains or
23 contained at any time such a claim.

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

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

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

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

4 “(a) NAMING THE INVENTOR; INVENTOR’S OATH OR
5 DECLARATION.—An application for patent that is filed
6 under section 111(a) or commences the national stage
7 under section 371 shall include, or be amended to include,
8 the name of the inventor for any invention claimed in the
9 application. Except as otherwise provided in this section,
10 each individual who is the inventor or a joint inventor of
11 a claimed invention in an application for patent shall exe-
12 cute an oath or declaration in connection with the applica-
13 tion.

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

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

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

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

25 “(d) SUBSTITUTE STATEMENT.—

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

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

10 “(A) is unable to file the oath or declara-
11 tion under subsection (a) because the indi-
12 vidual—

13 “(i) is deceased;

14 “(ii) is under legal incapacity; or

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

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

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

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

24 “(B) set forth the circumstances rep-
25 resenting the permitted basis for the filing of

1 the substitute statement in lieu of the oath or
2 declaration under subsection (a); and

3 “(C) contain any additional information,
4 including any showing, required by the Direc-
5 tor.

6 “(e) MAKING REQUIRED STATEMENTS IN ASSIGN-
7 MENT OF RECORD.—An individual who is under an obliga-
8 tion of assignment of an application for patent may in-
9 clude the required statements under subsections (b) and
10 (c) in the assignment executed by the individual, in lieu
11 of filing such statements separately.

12 “(f) TIME FOR FILING.—A notice of allowance under
13 section 151 may be provided to an applicant for patent
14 only if the applicant for patent has filed each required
15 oath or declaration under subsection (a) or has filed a sub-
16 stitute statement under subsection (d) or recorded an as-
17 signment meeting the requirements of subsection (e).

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

20 “(1) EXCEPTION.—The requirements under
21 this section shall not apply to an individual with re-
22 spect to an application for patent in which the indi-
23 vidual is named as the inventor or a joint inventor
24 and who claims the benefit under section 120, 121,

1 or 365(c) of the filing of an earlier-filed application,
2 if—

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

7 “(B) a substitute statement meeting the
8 requirements of subsection (d) was filed in the
9 earlier filed application with respect to the indi-
10 vidual; or

11 “(C) an assignment meeting the require-
12 ments of subsection (e) was executed with re-
13 spect to the earlier-filed application by the indi-
14 vidual and was recorded in connection with the
15 earlier-filed application.

16 “(2) COPIES OF OATHS, DECLARATIONS, STATE-
17 MENTS, OR ASSIGNMENTS.—Notwithstanding para-
18 graph (1), the Director may require that a copy of
19 the executed oath or declaration, the substitute
20 statement, or the assignment filed in the earlier-filed
21 application be included in the later-filed application.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 (b) FILING BY OTHER THAN INVENTOR.—

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

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

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

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

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

22 (1) in the first paragraph—

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

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

4 (2) in the second paragraph—

5 (A) by striking “The specification” and in-
6 serting “(b) CONCLUSION.—The specification”;
7 and

8 (B) by striking “applicant regards as his
9 invention” and inserting “inventor or a joint in-
10 ventor regards as the invention”;

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

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

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

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

23 (d) CONFORMING AMENDMENTS.—

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

4 (2) Section 111(b)(2) is amended by striking
5 “the second through fifth paragraphs of section
6 112,” and inserting “subsections (b) through (e) of
7 section 112,”.

8 (e) EFFECTIVE DATE.—The amendments made by
9 this section shall take effect 1 year after the date of the
10 enactment of this Act and shall apply to patent applica-
11 tions that are filed on or after that effective date.

12 **SEC. 4. DAMAGES.**

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

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

17 (2) by striking “fixed by the court” and all that
18 follows through “When the damages” and inserting
19 the following: “fixed by the court. When the dam-
20 ages”;

21 (3) by striking “shall assess them.” and all that
22 follows through “The court may receive” and insert-
23 ing the following: “shall assess them. *In either event*
24 *the court may increase the damages up to 3 times the*
25 *amount found or assessed. Increased damages under*

1 *this subsection shall not apply to provisional rights*
2 *under section 154(d) of this title. The court may re-*
3 *ceive”;* and

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

5 “(b) PROCEDURE FOR DETERMINING DAMAGES.—

6 “(1) IN GENERAL.—The court shall identify the
7 methodologies and factors that are relevant to the
8 determination of damages, and the court or jury
9 shall consider only those methodologies and factors
10 relevant to making such determination.

11 “(2) DISCLOSURE OF CLAIMS.—By no later
12 than the entry of the final pretrial order, unless oth-
13 erwise ordered by the court, the parties shall state,
14 in writing and with particularity, the methodologies
15 and factors the parties propose for instruction to the
16 jury in determining damages under this section,
17 specifying the relevant underlying legal and factual
18 bases for their assertions.

19 “(3) SUFFICIENCY OF EVIDENCE.—Prior to the
20 introduction of any evidence concerning the deter-
21 mination of damages, upon motion of either party or
22 sua sponte, the court shall consider whether one or
23 more of a party’s damages contentions lacks a le-
24 gally sufficient evidentiary basis. After providing a
25 nonmovant the opportunity to be heard, and after

1 any further proffer of evidence, briefing, or argu-
2 ment that the court may deem appropriate, the
3 court shall identify on the record those methodolo-
4 gies and factors as to which there is a legally suffi-
5 cient evidentiary basis, and the court or jury shall
6 consider only those methodologies and factors in
7 making the determination of damages under this
8 section. The court shall only permit the introduction
9 of evidence relating to the determination of damages
10 that is relevant to the methodologies and factors
11 that the court determines may be considered in mak-
12 ing the damages determination.

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

1 the one that will decide questions of the patent's infringe-
2 ment and validity.

3 “(d) ~~WILLFUL INFRINGEMENT.~~—

4 “(1) ~~IN GENERAL.~~—The court may increase
5 damages up to 3 times the amount found or as-
6 sessed if the court or the jury, as the case may be,
7 determines that the infringement of the patent was
8 willful. Increased damages under this subsection
9 shall not apply to provisional rights under section
10 154(d). Infringement is not willful unless the claim-
11 ant proves by clear and convincing evidence that the
12 accused infringer's conduct with respect to the pat-
13 ent was objectively reckless. An accused infringer's
14 conduct was objectively reckless if the infringer was
15 acting despite an objectively high likelihood that his
16 actions constituted infringement of a valid patent,
17 and this objectively-defined risk was either known or
18 so obvious that it should have been known to the ac-
19 cused infringer.

20 “(2) ~~PLEADING STANDARDS.~~—A claimant as-
21 serting that a patent was infringed willfully shall
22 comply with the pleading requirements set forth
23 under Federal Rule of Civil Procedure 9(b).

24 “(3) ~~KNOWLEDGE ALONE INSUFFICIENT.~~—In-
25 fringement of a patent may not be found to be will-

1 ful solely on the basis that the infringer had knowl-
2 edge of the infringed patent.

3 “(4) PRE-SUIT NOTIFICATION.—A claimant
4 seeking to establish willful infringement may not
5 rely on evidence of pre-suit notification of infringe-
6 ment unless that notification identifies with particu-
7 larity the asserted patent, identifies the product or
8 process accused, and explains with particularity, to
9 the extent possible following a reasonable investiga-
10 tion or inquiry, how the product or process infringes
11 one or more claims of the patent.

12 “(5) CLOSE CASE.—The court shall not in-
13 crease damages under this subsection if the court
14 determines that there is a close case as to infringe-
15 ment, validity, or enforceability. On the motion of ei-
16 ther party, the court shall determine whether a close
17 case as to infringement, validity, or enforceability ex-
18 ists, and the court shall explain its decision. Once
19 the court determines that such a close case exists,
20 the issue of willful infringement shall not thereafter
21 be tried to the jury.

22 “(6) ACCRUED DAMAGES.—If a court or jury
23 finds that the infringement of patent was willful, the
24 court may increase only those damages that accrued
25 after the infringement became willful.”.

1 (b) DEFENSE TO INFRINGEMENT BASED ON EAR-
2 LIER INVENTOR.—Section 273(b)(6) of title 35, United
3 States Code, is amended to read as follows:

4 “(6) PERSONAL DEFENSE.—The defense under
5 this section may be asserted only by the person who
6 performed or caused the performance of the acts
7 necessary to establish the defense as well as any
8 other entity that controls, is controlled by, or is
9 under common control with such person and, except
10 for any transfer to the patent owner, the right to as-
11 sert the defense shall not be licensed or assigned or
12 transferred to another person except as an ancillary
13 and subordinate part of a good faith assignment or
14 transfer for other reasons of the entire enterprise or
15 line of business to which the defense relates. Not-
16 withstanding the preceding sentence, any person
17 may, on its own behalf, assert a defense based on
18 the exhaustion of rights provided under paragraph
19 (3), including any necessary elements thereof.”.

20 (c) VIRTUAL MARKING.—Section 287(a) of title 35,
21 United States Code, is amended by inserting “, or by fix-
22 ing thereon the word ‘patent’ or the abbreviation ‘pat.’ to-
23 gether with an address of a posting on the Internet, acces-
24 sible to the public without charge for accessing the ad-

1 dress, that associates the patented article with the number
2 of the patent” before “, or when”.

3 (d) **ADVICE OF COUNSEL.**—Chapter 29 of title 35,
4 United States Code, is amended by adding at the end the
5 following:

6 **“§ 298. Advice of Counsel**

7 “The failure of an infringer to obtain the advice of
8 counsel with respect to any allegedly infringed patent or
9 the failure of the infringer to present such advice to the
10 court or jury may not be used to prove that the accused
11 infringer willfully infringed the patent or that the in-
12 fringer intended to induce infringement of the patent.”.

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

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

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

19 **“CHAPTER 31—INTER PARTES REVIEW**

“Sec.

“311. Inter partes review.

“312. Petitions.

“313. Preliminary response to petition.

“314. Institution of inter partes review.

“315. Relation to other proceedings or actions.

“316. Conduct of inter partes review.

“317. Settlement.

“318. Decision of the board.

“319. Appeal.

1 § 311. Inter partes review

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

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

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

16 “(1) 9 months after the grant of a patent or
17 issuance of a reissue of a patent; or

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

21 § 312. Petitions

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

24 “(1) the petition is accompanied by payment of
25 the fee established by the Director under section
26 311;

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

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

8 “(A) copies of patents and printed publica-
9 tions that the petitioner relies upon in support
10 of the petition; and

11 “(B) affidavits or declarations of sup-
12 porting evidence and opinions, if the petitioner
13 relies on expert opinions;

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

16 “(5) the petitioner provides copies of any of the
17 documents required under paragraphs (2), (3), and
18 (4) to the patent owner or, if applicable, the des-
19 ignated representative of the patent owner.

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

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

24 “(a) PRELIMINARY RESPONSE.—If an inter partes
25 review petition is filed under section 311, the patent owner

1 shall have the right to file a preliminary response within
2 a time period set by the Director.

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

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

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

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

21 “(c) NOTICE.—The Director shall notify the peti-
22 tioner and patent owner, in writing, of the Director’s de-
23 termination under subsection (a), and shall make such no-
24 tice available to the public as soon as is practicable. Such

1 notice shall list the date on which the review shall com-
2 mence.

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

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

7 “(a) INFRINGER’S ACTION.—An inter partes review
8 may not be instituted or maintained if the petitioner or
9 real party in interest has filed a civil action challenging
10 the validity of a claim of the patent.

11 “(b) PATENT OWNER’S ACTION.—An inter partes re-
12 view may not be instituted if the petition requesting the
13 proceeding is filed more than 3 months after the date on
14 which the petitioner, real party in interest, or his privy
15 is required to respond to a civil action alleging infringe-
16 ment of the patent.

17 “(b) PATENT OWNER’S ACTION.—An inter partes re-
18 view may not be instituted if the petition requesting the
19 proceeding is filed more than 6 months after the date on
20 which the petitioner, real party in interest, or his privy
21 is served with a complaint alleging infringement of the pat-
22 ent. The time limitation set forth in the preceding sentence
23 shall not apply to a request for joinder under subsection
24 (c).

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

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

17 “(e) ESTOPPEL.—

18 “(1) PROCEEDINGS BEFORE THE OFFICE.—The
19 petitioner in an inter partes review under this chap-
20 ter, or his real party in interest or privy, may not
21 request or maintain a proceeding before the Office
22 with respect to a claim on any ground that the peti-
23 tioner raised or reasonably could have raised during
24 an inter partes review of the claim that resulted in
25 a final written decision under section 318(a).

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

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

13 “(a) REGULATIONS.—The Director shall prescribe
14 regulations—

15 “(1) providing that the file of any proceeding
16 under this chapter shall be made available to the
17 public, except that any petition or document filed
18 with the intent that it be sealed shall be accom-
19 panied by a motion to seal, and such petition or doc-
20 ument shall be treated as sealed pending the out-
21 come of the ruling on the motion;

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

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

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

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

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

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

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

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

22 “(8) providing for protective orders governing
23 the exchange and submission of confidential infor-
24 mation;

1 “(9) allowing the patent owner to file a re-
2 sponse to the petition after an inter partes review
3 has been instituted, and requiring that the patent
4 owner file with such response, through affidavits or
5 declarations, any additional factual evidence and ex-
6 pert opinions on which the patent owner relies in
7 support of the response;

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

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

19 “(12) requiring that the final determination in
20 an inter partes review be issued not later than 1
21 year after the date on which the Director notices the
22 institution of a review under this chapter, except
23 that the Director may, for good cause shown, extend
24 the 1-year period by not more than 6 months, and

1 may adjust the time periods in this paragraph in the
2 case of joinder under section 315(c).

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

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

13 “(d) AMENDMENT OF THE PATENT.—

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

18 “(A) Cancel any challenged patent claim.

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

21 “(2) ADDITIONAL MOTIONS.—Additional mo-
22 tions to amend may be permitted upon the joint re-
23 quest of the petitioner and the patent owner to ma-
24 terially advance the settlement of a proceeding under

1 section 317, or as permitted by regulations pre-
2 scribed by the Director.

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

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

10 **“§ 317. Settlement**

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

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

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

11 **“§ 318. Decision of the board**

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

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

1 by operation of the certificate any new or amended claim
 2 determined to be patentable.

3 **“§ 319. Appeal**

4 “A party dissatisfied with the final written decision
 5 of the Patent Trial and Appeal Board under section
 6 318(a) may appeal the decision pursuant to sections 141
 7 through 144. Any party to the inter partes review shall
 8 have the right to be a party to the appeal.”.

9 (b) TECHNICAL AND CONFORMING AMENDMENT.—

10 The table of chapters for part III of title 35, United States
 11 Code, is amended by striking the item relating to chapter
 12 31 and inserting the following:

“31. Inter Partes Review 311.”.

13 (c) REGULATIONS AND EFFECTIVE DATE.—

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

19 (2) APPLICABILITY.—

20 (A) IN GENERAL.—The amendments made
 21 by subsection (a) shall take effect on the date
 22 that is 1 year after the date of the enactment
 23 of this Act and shall apply to all patents issued
 24 before, on, or after the effective date of sub-
 25 section (a).

1 (B) EXCEPTION.—The provisions of chap-
2 ter 31 of title 35, United States Code, as
3 amended by paragraph (3), shall continue to
4 apply to requests for inter partes reexamination
5 that are filed prior to the effective date of sub-
6 section (a) as if subsection (a) had not been en-
7 acted.

8 (C) GRADUATED IMPLEMENTATION.—The
9 Director may impose a limit on the number of
10 inter partes reviews that may be instituted dur-
11 ing each of the first 4 years following the effec-
12 tive date of subsection (a), provided that such
13 number shall in each year be equivalent to or
14 greater than the number of inter partes reex-
15 aminations that are ordered in the last full fis-
16 cal year prior to the effective date of subsection
17 (a).

18 (3) TRANSITION.—

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

21 (i) in section 312—

22 (I) in subsection (a)—

23 (aa) in the first sentence, by
24 striking “a substantial new ques-
25 tion of patentability affecting any

1 claim of the patent concerned is
2 raised by the request,” and in-
3 sserting “the information pre-
4 sserted in the request shows that
5 there is a reasonable likelihood
6 that the requester would prevail
7 with respect to at least 1 of the
8 claims challenged in the re-
9 quest,”; and

10 (bb) in the second sentence,
11 by striking “The existence of a
12 substantial new question of pat-
13 entability” and inserting “A
14 showing that there is a reason-
15 able likelihood that the requester
16 would prevail with respect to at
17 least 1 of the claims challenged
18 in the request”; and

19 (II) in subsection (c), in the sec-
20 ond sentence, by striking “no substan-
21 tial new question of patentability has
22 been raised,” and inserting “the show-
23 ing required by subsection (a) has not
24 been made,”; and

1 (ii) in section 313, by striking “a sub-
 2 stantial new question of patentability af-
 3 fecting a claim of the patent is raised” and
 4 inserting “it has been shown that there is
 5 a reasonable likelihood that the requester
 6 would prevail with respect to at least 1 of
 7 the claims challenged in the request”.

8 (B) APPLICATION.—The amendments
 9 made by this paragraph shall apply to requests
 10 for inter partes reexamination that are filed on
 11 or after the date of the enactment of this Act,
 12 but prior to the effective date of subsection (a).

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

16 **“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.

17 **“§ 321. Post-grant review**

18 “(a) IN GENERAL.—Subject to the provisions of this
 19 chapter, a person who is not the patent owner may file
 20 with the Office a petition to institute a post-grant review

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

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

10 “(c) FILING DEADLINE.—A petition for a post-grant
11 review shall be filed not later than 9 months after the
12 grant of the patent or issuance of a reissue patent.

13 **“§ 322. Petitions**

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

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

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

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

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

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

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

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

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

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

18 “(a) PRELIMINARY RESPONSE.—If a post-grant re-
19 view petition is filed under section 321, the patent owner
20 shall have the right to file a preliminary response within
21 2 months of the filing of the petition.

22 “(b) CONTENT OF RESPONSE.—A preliminary re-
23 sponse to a petition for post-grant review shall set forth
24 reasons why no post-grant review should be instituted

1 based upon the failure of the petition to meet any require-
2 ment of this chapter.

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

4 “(a) THRESHOLD.—The Director may not authorize
5 a post-grant review to commence unless the Director de-
6 termines that the information presented in the petition,
7 if such information is not rebutted, would demonstrate
8 that it is more likely than not that at least 1 of the claims
9 challenged in the petition is unpatentable.

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

15 “(c) TIMING.—The Director shall determine whether
16 to institute a post-grant review under this chapter within
17 3 months after receiving a preliminary response under sec-
18 tion 323 or, if none is filed, the expiration of the time
19 for filing such a response.

20 “(d) NOTICE.—The Director shall notify the peti-
21 tioner and patent owner, in writing, of the Director’s de-
22 termination under subsection (a) or (b), and shall make
23 such notice available to the public as soon as is prac-
24 ticable. The Director shall make each notice of the institu-
25 tion of a post-grant review available to the public. Such

1 notice shall list the date on which the review shall com-
2 mence.

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

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

7 “(a) INFRINGER’S ACTION.—A post-grant review
8 may not be instituted or maintained if the petitioner or
9 real party in interest has filed a civil action challenging
10 the validity of a claim of the patent.

11 ~~“(b) PATENT OWNER’S ACTION.—A post-grant re-
12 view may not be instituted if the petition requesting the
13 proceeding is filed more than 3 months after the date on
14 which the petitioner, real party in interest, or his privy
15 is required to respond to a civil action alleging infringe-
16 ment of the patent.~~

17 *“(b) PATENT OWNER’S ACTION.—A post-grant review
18 may not be instituted if the petition requesting the pro-
19 ceeding is filed more than 6 months after the date on which
20 the petitioner, real party in interest, or his privy is served
21 with a complaint alleging infringement of the patent. The
22 time limitation set forth in the preceding sentence shall not
23 apply to a request for joinder under subsection (c).*

24 “(c) JOINDER.—If more than 1 petition for a post-
25 grant review is properly filed against the same patent and

1 the Director determines that more than 1 of these peti-
2 tions warrants the institution of a post-grant review under
3 section 324, the Director may consolidate such reviews
4 into a single post-grant review.

5 “(d) MULTIPLE PROCEEDINGS.—Notwithstanding
6 sections 135(a), 251, and 252, and chapter 30, during the
7 pendency of any post-grant review, if another proceeding
8 or matter involving the patent is before the Office, the
9 Director may determine the manner in which the post-
10 grant review or other proceeding or matter may proceed,
11 including providing for stay, transfer, consolidation, or
12 termination of any such matter or proceeding. In deter-
13 mining whether to institute or order a proceeding under
14 this chapter, chapter 30, or chapter 31, the Director may
15 take into account whether, and reject the petition or re-
16 quest because, the same or substantially the same prior
17 art or arguments previously were presented to the Office.

18 “(e) ESTOPPEL.—

19 “(1) PROCEEDINGS BEFORE THE OFFICE.—The
20 petitioner in a post-grant review under this chapter,
21 or his real party in interest or privy, may not re-
22 quest or maintain a proceeding before the Office
23 with respect to a claim on any ground that the peti-
24 tioner raised or reasonably could have raised during

1 a post-grant review of the claim that resulted in a
2 final written decision under section 328(a).

3 “(2) CIVIL ACTIONS AND OTHER PRO-
4 CEEDINGS.—The petitioner in a post-grant review
5 under this chapter, or his real party in interest or
6 privy, may not assert either in a civil action arising
7 in whole or in part under section 1338 of title 28
8 or in a proceeding before the International Trade
9 Commission that a claim in a patent is invalid on
10 any ground that the petitioner raised during a post-
11 grant review of the claim that resulted in a final
12 written decision under section 328(a).

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

20 “(g) REISSUE PATENTS.—A post-grant review may
21 not be instituted if the petition requests cancellation of
22 a claim in a reissue patent that is identical to or narrower
23 than a claim in the original patent from which the reissue
24 patent was issued, and the time limitations in section

1 321(c) would bar filing a petition for a post-grant review
2 for such original patent.

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

4 “(a) REGULATIONS.—The Director shall prescribe
5 regulations—

6 “(1) providing that the file of any proceeding
7 under this chapter shall be made available to the
8 public, except that any petition or document filed
9 with the intent that it be sealed shall be accom-
10 panied by a motion to seal, and such petition or doc-
11 ument shall be treated as sealed pending the out-
12 come of the ruling on the motion;

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

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

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

23 “(5) setting forth standards and procedures for
24 discovery of relevant evidence, including that such
25 discovery shall be limited to evidence directly related

1 to factual assertions advanced by either party in the
2 proceeding;

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

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

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

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

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

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

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

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

21 “(d) AMENDMENT OF THE PATENT.—

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

1 “(A) Cancel any challenged patent claim.

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

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

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

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

17 **“§ 327. Settlement**

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

1 mains in the post-grant review, the Office may terminate
2 the post-grant review or proceed to a final written decision
3 under section 328(a).

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

18 **“§ 328. Decision of the board**

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

1 “(b) CERTIFICATE.—If the Patent Trial and Appeal
 2 Board issues a final written decision under subsection (a)
 3 and the time for appeal has expired or any appeal has
 4 terminated, the Director shall issue and publish a certifi-
 5 cate canceling any claim of the patent finally determined
 6 to be unpatentable, confirming any claim of the patent de-
 7 termined to be patentable, and incorporating in the patent
 8 by operation of the certificate any new or amended claim
 9 determined to be patentable.

10 **“§ 329. Appeal**

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

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

“32. Post-Grant Review 321.”.

19 (f) REGULATIONS AND EFFECTIVE DATE.—

20 (1) REGULATIONS.—The Director shall, not
 21 later than the date that is ~~1 year~~ *18 months* after
 22 the date of the enactment of this Act, issue regula-
 23 tions to carry out chapter 32 of title 35, United
 24 States Code, as added by subsection (d) of this sec-
 25 tion.

1 (2) APPLICABILITY.—The amendments made
2 by subsection (d) shall take effect on the date that
3 is ~~1 year~~ *18 months* after the date of the enactment
4 of this Act and shall apply only to patents issued on
5 or after that date. The Director may impose a limit
6 on the number of post-grant reviews that may be in-
7 stituted during each of the 4 years following the ef-
8 fective date of subsection (d).

9 (3) PENDING INTERFERENCES.—The Director
10 shall determine the procedures under which inter-
11 ferences commenced before the effective date of sub-
12 section (d) are to proceed, including whether any
13 such interference is to be dismissed without preju-
14 dice to the filing of a petition for a post-grant review
15 under chapter 32 of title 35, United States Code, or
16 is to proceed as if this Act had not been enacted.
17 The Director shall include such procedures in regu-
18 lations issued under paragraph (1). For purposes of
19 an interference that is commenced before the effec-
20 tive date of subsection (d), the Director may deem
21 the Patent Trial and Appeal Board to be the Board
22 of Patent Appeals and Interferences, and may allow
23 the Patent Trial and Appeal Board to conduct any
24 further proceedings in that interference. The author-
25 ization to appeal or have remedy from derivation

1 proceedings in sections 141(d) and 146 of title 35,
2 United States Code, and the jurisdiction to entertain
3 appeals from derivation proceedings in section
4 1295(a)(4)(A) of title 28, United States Code, shall
5 be deemed to extend to final decisions in inter-
6 ferences that are commenced before the effective
7 date of subsection (d) and that are not dismissed
8 pursuant to this paragraph.

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

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

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

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

16 “(1) prior art consisting of patents or printed
17 publications which that person believes to have a
18 bearing on the patentability of any claim of a par-
19 ticular patent; or

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

24 “(b) OFFICIAL FILE.—If the person citing prior art
25 or written statements pursuant to subsection (a) explains

1 in writing the pertinence and manner of applying the prior
2 art or written statements to at least 1 claim of the patent,
3 the citation of the prior art or written statements and the
4 explanation thereof shall become a part of the official file
5 of the patent.

6 “(c) ADDITIONAL INFORMATION.—A party that sub-
7 mits a written statement pursuant to subsection (a)(2)
8 shall include any other documents, pleadings, or evidence
9 from the proceeding in which the statement was filed that
10 addresses the written statement.

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

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

1 (2) EFFECTIVE DATE.—The amendment made
2 by this subsection shall take effect ~~1 year~~ *18 months*
3 after the date of the enactment of this Act and shall
4 apply to patents issued before, on, or after that ef-
5 fective date.

6 (h) REEXAMINATION.—

7 (1) DETERMINATION BY DIRECTOR.—

8 (A) IN GENERAL.—Section 303(a) of title
9 35, United States Code, is amended by striking
10 “section 301 of this title” and inserting “sec-
11 tion 301 or 302”.

12 (B) EFFECTIVE DATE.—The amendment
13 made by this paragraph shall take effect ~~1 year~~
14 *18 months* after the date of the enactment of
15 this Act and shall apply to patents issued be-
16 fore, on, or after that effective date.

17 (2) APPEAL.—

18 (A) IN GENERAL.—Section 306 of title 35,
19 United States Code, is amended by striking
20 “145” and inserting “144”.

21 (B) EFFECTIVE DATE.—The amendment
22 made by this paragraph shall take effect on the
23 date of enactment of this Act and shall apply
24 to appeals of reexaminations that are pending
25 before the Board of Patent Appeals and Inter-

1 ferences or the Patent Trial and Appeal Board
2 on or after the date of the enactment of this
3 Act.

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

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

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

8 “(a) There shall be in the Office a Patent Trial and
9 Appeal Board. The Director, the Deputy Director, the
10 Commissioner for Patents, the Commissioner for Trade-
11 marks, and the administrative patent judges shall con-
12 stitute the Patent Trial and Appeal Board. The adminis-
13 trative patent judges shall be persons of competent legal
14 knowledge and scientific ability who are appointed by the
15 Secretary, in consultation with the Director. Any reference
16 in any Federal law, Executive order, rule, regulation, or
17 delegation of authority, or any document of or pertaining
18 to the Board of Patent Appeals and Interferences is
19 deemed to refer to the Patent Trial and Appeal Board.

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

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

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

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

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

5 “(c) Each appeal, derivation proceeding, post-grant
6 review, and inter partes review shall be heard by at least
7 3 members of the Patent Trial and Appeal Board, who
8 shall be designated by the Director. Only the Patent Trial
9 and Appeal Board may grant rehearings.

10 “(d) The Secretary of Commerce may, in his discre-
11 tion, deem the appointment of an administrative patent
12 judge who, before the date of the enactment of this sub-
13 section, held office pursuant to an appointment by the Di-
14 rector to take effect on the date on which the Director
15 initially appointed the administrative patent judge. It shall
16 be a defense to a challenge to the appointment of an ad-
17 ministrative patent judge on the basis of the judge’s hav-
18 ing been originally appointed by the Director that the ad-
19 ministrative patent judge so appointed was acting as a de
20 facto officer.”.

21 (b) ADMINISTRATIVE APPEALS.—Section 134 of title
22 35, United States Code, is amended—

23 (1) in subsection (b), by striking “any reexam-
24 ination proceeding” and inserting “a reexamina-
25 tion”; and

1 (2) by striking subsection (c).

2 (c) CIRCUIT APPEALS.—

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

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

7 “(a) EXAMINATIONS.—An applicant who is dissatis-
8 fied with the final decision in an appeal to the Patent Trial
9 and Appeal Board under section 134(a) may appeal the
10 Board’s decision to the United States Court of Appeals
11 for the Federal Circuit. By filing such an appeal, the ap-
12 plicant waives his right to proceed under section 145.

13 “(b) REEXAMINATIONS.—A patent owner who is dis-
14 satisfied with the final decision in an appeal of a reexam-
15 ination to the Patent Trial and Appeal Board under sec-
16 tion 134(b) may appeal the Board’s decision only to the
17 United States Court of Appeals for the Federal Circuit.

18 “(c) POST-GRANT AND INTER PARTES REVIEWS.—
19 A party to a post-grant or inter partes review who is dis-
20 satisfied with the final written decision of the Patent Trial
21 and Appeal Board under section 318(a) or 328(a) may
22 appeal the Board’s decision only to the United States
23 Court of Appeals for the Federal Circuit.

24 “(d) DERIVATION PROCEEDINGS.—A party to a deri-
25 vation proceeding who is dissatisfied with the final deci-

1 sion of the Patent Trial and Appeal Board on the pro-
2 ceeding may appeal the decision to the United States
3 Court of Appeals for the Federal Circuit, but such appeal
4 shall be dismissed if any adverse party to such derivation
5 proceeding, within 20 days after the appellant has filed
6 notice of appeal in accordance with section 142, files no-
7 tice with the Director that the party elects to have all fur-
8 ther proceedings conducted as provided in section 146. If
9 the appellant does not, within 30 days after the filing of
10 such notice by the adverse party, file a civil action under
11 section 146, the Board's decision shall govern the further
12 proceedings in the case.”.

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

16 “(A) the Patent Trial and Appeal Board of
17 the United States Patent and Trademark Office
18 with respect to patent applications, derivation
19 proceedings, reexaminations, post-grant reviews,
20 and inter partes reviews at the instance of a
21 party who exercised his right to participate in
22 a proceeding before or appeal to the Board, ex-
23 cept that an applicant or a party to a derivation
24 proceeding may also have remedy by civil action
25 pursuant to section 145 or 146 of title 35. An

1 appeal under this subparagraph of a decision of
2 the Board with respect to an application or der-
3 ivation proceeding shall waive the right of such
4 applicant or party to proceed under section 145
5 or 146 of title 35;”.

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

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

19 (B) by repealing the second of the two
20 identical fourth sentences.

21 (d) EFFECTIVE DATE.—The amendments made by
22 this section shall take effect ~~1 year~~ *18 months* after the
23 date of the enactment of this Act and shall apply to pro-
24 ceedings commenced on or after that effective date, except
25 that—

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

11 (2) the provisions of sections 6, 134, and 141
12 of title 35, United States Code, in effect on the day
13 prior to the date of the enactment of this Act shall
14 continue to apply to inter partes reexaminations that
15 are requested under section 311 prior to the date
16 that is ~~1 year~~ *18 months* after the date of the enact-
17 ment of this Act;

18 (3) the Patent Trial and Appeal Board may be
19 deemed to be the Board of Patent Appeals and
20 Interferences for purposes of appeals of inter partes
21 reexaminations that are requested under section 311
22 prior to the date that is ~~1 year~~ *18 months* after the
23 date of the enactment of this Act; and

24 (4) the Director's right under the last sentence
25 of section 143 of title 35, United States Code, as

1 amended by subsection (c)(3), to intervene in an ap-
2 peal from a decision entered by the Patent Trial and
3 Appeal Board shall be deemed to extend to inter
4 partes reexaminations that are requested under sec-
5 tion 311 prior to the date that is ~~1 year~~ *18 months*
6 after the date of the enactment of this Act.

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

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

11 “(e) PREISSUANCE SUBMISSIONS BY THIRD PAR-
12 TIES.—

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

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

23 “(B) the later of—

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

4 “(ii) the date of the first rejection
5 under section 132 of any claim by the ex-
6 aminer during the examination of the ap-
7 plication for patent.

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

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

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

14 “(C) include a statement by the person
15 making such submission affirming that the sub-
16 mission was made in compliance with this sec-
17 tion.”.

18 (b) EFFECTIVE DATE.—The amendments made by
19 this section shall take effect 1 year after the date of the
20 enactment of this Act and shall apply to patent applica-
21 tions filed before, on, or after that effective date.

22 **SEC. 8. VENUE.**

23 (a) CHANGE OF VENUE.—Section 1400 of title 28,
24 United States Code, is amended by adding at the end the
25 following:

1 “(c) CHANGE OF VENUE.—For the convenience of
2 parties and witnesses, in the interest of justice, a district
3 court shall transfer any civil action arising under any Act
4 of Congress relating to patents upon a showing that the
5 transferee venue is clearly more convenient than the venue
6 in which the civil action is pending.”.

7 (b) TECHNICAL AMENDMENTS RELATING TO
8 VENUE.—Sections 32, 145, 146, 154(b)(4)(A), and 293
9 of title 35, United States Code, and section 21(b)(4) of
10 the Act entitled “An Act to provide for the registration
11 and protection of trademarks used in commerce, to carry
12 out the provisions of certain international conventions,
13 and for other purposes”, approved July 5, 1946 (com-
14 monly referred to as the “Trademark Act of 1946” or the
15 “Lanham Act”; 15 U.S.C. 1071(b)(4)), are each amended
16 by striking “United States District Court for the District
17 of Columbia” each place that term appears and inserting
18 “United States District Court for the Eastern District of
19 Virginia”.

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section shall take effect upon the date of the enact-
22 ment of this Act and shall apply to civil actions com-
23 menced on or after that date.

24 **SEC. 9. FEE SETTING AUTHORITY.**

25 (a) FEE SETTING.—

1 (1) IN GENERAL.—The Director shall have au-
2 thority to set or adjust by rule any fee established
3 or charged by the Office under sections 41 and 376
4 of title 35, United States Code, or under section 31
5 of the Trademark Act of 1946 (15 U.S.C. 1113), or
6 any other fee established or charged by the Office
7 under any other provision of law, notwithstanding
8 the fee amounts established or charged thereunder,
9 for the filing or processing of any submission to, and
10 for all other services performed by or materials fur-
11 nished by, the Office, provided that patent and
12 trademark fee amounts are in the aggregate set to
13 recover the estimated cost to the Office for proc-
14 essing, activities, services and materials relating to
15 patents and trademarks, respectively, including pro-
16 portionate shares of the administrative costs of the
17 Office.

18 (2) SMALL AND MICRO ENTITIES.—The fees es-
19 tablished under paragraph (1) for filing, processing,
20 issuing, and maintaining patent applications and
21 patents shall be reduced by 50 percent with respect
22 to their application to any small entity that qualifies
23 for reduced fees under section 41(h)(1) of title 35,
24 United States Code, and shall be reduced by 75 per-

1 cent with respect to their application to any micro
2 entity as defined in section 123 of that title.

3 (3) REDUCTION OF FEES IN CERTAIN FISCAL
4 YEARS.—In any fiscal year, the Director—

5 (A) shall consult with the Patent Public
6 Advisory Committee and the Trademark Public
7 Advisory Committee on the advisability of re-
8 ducing any fees described in paragraph (1); and

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

11 (4) ROLE OF THE PUBLIC ADVISORY COM-
12 MITTEE.—The Director shall—

13 (A) submit to the Patent Public Advisory
14 Committee or the Trademark Public Advisory
15 Committee, or both, as appropriate, any pro-
16 posed fee under paragraph (1) not less than 45
17 days before publishing any proposed fee in the
18 Federal Register;

19 (B) provide the relevant advisory com-
20 mittee described in subparagraph (A) a 30-day
21 period following the submission of any proposed
22 fee, on which to deliberate, consider, and com-
23 ment on such proposal, and require that—

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

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

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

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

19 (E) notify, through the Chair and Ranking
20 Member of the Senate and House Judiciary
21 Committees, the Congress of any final rule set-
22 ting or adjusting fees under paragraph (1).

23 (5) PUBLICATION IN THE FEDERAL REG-
24 ISTER.—

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

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

6 (i) be published in the Federal Reg-
7 ister; and

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

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

18 (6) CONGRESSIONAL COMMENT PERIOD.—Fol-
19 lowing the notification described in paragraph
20 (3)(E), Congress shall have not more than 45 days
21 to consider and comment on any final rule setting or
22 adjusting fees under paragraph (1). No fee set or
23 adjusted under paragraph (1) shall be effective prior
24 to the end of such 45-day comment period.

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

3 (A) an applicant’s rights under title 35,
4 United States Code, or the Trademark Act of
5 1946; or

6 (B) any rights under a ratified treaty.

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

11 (1) in subsections (a), (b), and (c) of section
12 801, by—

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

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

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

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

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

1 (B) striking “shall be administered as
2 though that subsection”.

3 (c) ADJUSTMENT OF TRADEMARK FEES.—Division
4 B of Public Law 108–447 is amended in title VIII of the
5 Departments of Commerce, Justice and State, the Judici-
6 ary and Related Agencies Appropriations Act, 2005, in
7 section 802(a) by striking “During fiscal years 2005,
8 2006 and 2007”, and inserting “Until such time as the
9 Director sets or adjusts the fees otherwise,”.

10 (d) EFFECTIVE DATE, APPLICABILITY, AND TRANSI-
11 TION PROVISIONS.—Division B of Public Law 108–447 is
12 amended in title VIII of the Departments of Commerce,
13 Justice and State, the Judiciary and Related Agencies Ap-
14 propriations Act, 2005, in section 803(a) by striking “and
15 shall apply only with respect to the remaining portion of
16 fiscal year 2005, 2006 and 2007”.

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

21 (f) RULE OF CONSTRUCTION.—Nothing in this sec-
22 tion shall be construed to affect any other provision of Di-
23 vision B of Public Law 108–447, including section 801(c)
24 of title VIII of the Departments of Commerce, Justice and

1 State, the Judiciary and Related Agencies Appropriations
2 Act, 2005.

3 (g) DEFINITIONS.—In this section, the following defi-
4 nitions shall apply:

5 (1) DIRECTOR.—The term “Director” means
6 the Director of the United States Patent and Trade-
7 mark Office.

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

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

18 (h) ELECTRONIC FILING INCENTIVE.—

19 (1) IN GENERAL.—Notwithstanding any other
20 provision of this section, a fee of \$400 shall be es-
21 tablished for each application for an original patent,
22 except for a design, plant, or provisional application,
23 that is not filed by electronic means as prescribed by
24 the Director. The fee established by this subsection
25 shall be reduced 50 percent for small entities that

1 qualify for reduced fees under section 41(h)(1) of
2 title 35, United States Code. All fees paid under this
3 subsection shall be deposited in the Treasury as an
4 offsetting receipt that shall not be available for obli-
5 gation or expenditure.

6 (2) EFFECTIVE DATE.—This subsection shall
7 become effective 60 days after the date of the enact-
8 ment of this Act.

9 (i) EFFECTIVE DATE.—Except as provided in sub-
10 section (h), the provisions of this section shall take effect
11 upon the date of the enactment of this Act.

12 **SEC. 10. SUPPLEMENTAL EXAMINATION.**

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

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

18 “(a) IN GENERAL.—A patent owner may request
19 supplemental examination of a patent in the Office to con-
20 sider, reconsider, or correct information believed to be rel-
21 evant to the patent. Within 3 months of the date a request
22 for supplemental examination meeting the requirements of
23 this section is received, the Director shall conduct the sup-
24 plemental examination and shall conclude such examina-
25 tion by issuing a certificate indicating whether the infor-

1 mation presented in the request raises a substantial new
2 question of patentability.

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

15 “(c) EFFECT.—

16 “(1) IN GENERAL.—A patent shall not be held
17 unenforceable on the basis of conduct relating to in-
18 formation that had not been considered, was inad-
19 equately considered, or was incorrect in a prior ex-
20 amination of the patent if the information was con-
21 sidered, reconsidered, or corrected during a supple-
22 mental examination of the patent. The making of a
23 request under subsection (a), or the absence thereof,
24 shall not be relevant to enforceability of the patent
25 under section 282.

1 “(2) EXCEPTIONS.—

2 “(A) PRIOR ALLEGATIONS.—This sub-
3 section shall not apply to an allegation pled
4 with particularity, or set forth with particu-
5 larity in a notice received by the patent owner
6 under section 505(j)(2)(B)(iv)(II) of the Fed-
7 eral Food, Drug, and Cosmetic Act (21 U.S.C.
8 355(j)(2)(B)(iv)(II)), before the date of a sup-
9 plemental-examination request under subsection
10 (a) to consider, reconsider, or correct informa-
11 tion forming the basis for the allegation.

12 “(B) PATENT ENFORCEMENT ACTIONS.—
13 In an action brought under section 337(a) of
14 the Tariff Act of 1930 (19 U.S.C. 1337(a)), or
15 section 281 of this title, this subsection shall
16 not apply to any defense raised in the action
17 that is based upon information that was consid-
18 ered, reconsidered, or corrected pursuant to a
19 supplemental-examination request under sub-
20 section (a) unless the supplemental examina-
21 tion, and any reexamination ordered pursuant
22 to the request, are concluded before the date on
23 which the action is brought.

24 “(d) FEES AND REGULATIONS.—The Director shall,
25 by regulation, establish fees for the submission of a re-

1 quest for supplemental examination of a patent, and to
2 consider each item of information submitted in the re-
3 quest. If reexamination is ordered pursuant to subsection
4 (a), fees established and applicable to ex parte reexamina-
5 tion proceedings under chapter 30 shall be paid in addition
6 to fees applicable to supplemental examination. The Direc-
7 tor shall promulgate regulations governing the form, con-
8 tent, and other requirements of requests for supplemental
9 examination, and establishing procedures for conducting
10 review of information submitted in such requests.

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

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

19 “(2) to limit the authority of the Director to in-
20 vestigate issues of possible misconduct and impose
21 sanctions for misconduct in connection with matters
22 or proceedings before the Office; or

23 “(3) to limit the authority of the Director to
24 promulgate regulations under chapter 3 relating to

1 sanctions for misconduct by representatives prac-
2 ticing before the Office.”.

3 (b) EFFECTIVE DATE.—This section shall take effect
4 1 year after the date of the enactment of this Act and
5 shall apply to patents issued before, on, or after that date.

6 **SEC. 11. RESIDENCY OF FEDERAL CIRCUIT JUDGES.**

7 (a) RESIDENCY.—The second sentence of section
8 44(e) of title 28, United States Code, is repealed.

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

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

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

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

23 “(i) in the district and division in which
24 that judge resides; or

1 “(ii) if appropriate facilities are not avail-
 2 able in the district and division in which that
 3 judge resides, in the district and division closest
 4 to the residence of that judge in which such fa-
 5 cilities are available, as determined by the Di-
 6 rector.

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

9 **SEC. 11. RESIDENCY OF FEDERAL CIRCUIT JUDGES.**

10 (a) *IN GENERAL.*—Section 44(c) of title 28, United
 11 States Code, is amended—

12 (1) *by repealing the second sentence; and*

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

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

17 **SEC. 12. MICRO ENTITY DEFINED.**

18 Chapter 11 of title 35, United States Code, is amend-
 19 ed by adding at the end the following new section:

20 **“§ 123. Micro entity defined**

21 “(a) *IN GENERAL.*—For purposes of this title, the
 22 term ‘micro entity’ means an applicant who makes a cer-
 23 tification under either subsection (b) or (c).

1 “(b) UNASSIGNED APPLICATION.—For an unas-
2 signed application, each applicant shall certify that the ap-
3 plicant—

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

6 “(2) has not been named on 5 or more pre-
7 viously filed patent applications;

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

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

19 “(c) ASSIGNED APPLICATION.—For an assigned ap-
20 plication, each applicant shall certify that the applicant—

21 “(1) qualifies as a small entity, as defined in
22 regulations issued by the Director, and meets the re-
23 quirements of subsection (b)(4);

24 “(2) has not been named on 5 or more pre-
25 viously filed patent applications; and

1 “(3) has assigned, granted, conveyed, or is
2 under an obligation by contract or law to assign,
3 grant, or convey, a license or other ownership inter-
4 est in the particular application to an entity that has
5 5 or fewer employees and that such entity has a
6 gross income, as defined in section 61(a) of the In-
7 ternal Revenue Code (26 U.S.C. 61(a)), that does
8 not exceed 2.5 times the average gross income, as
9 reported by the Department of Labor, in the cal-
10 endar year immediately preceding the calendar year
11 in which the examination fee is being paid.

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

18 **SEC. 13. FUNDING AGREEMENTS.**

19 (a) IN GENERAL.—Section 202(c)(7)(E)(i) of title
20 35, United States Code, is amended—

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

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

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

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

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

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

19 (c) EFFECTIVE DATE; APPLICABILITY.—This section
20 shall take effect on the date of enactment of this Act and
21 shall apply to any patent application pending and any pat-
22 ent issued on or after that date.

23 **SEC. 15. BEST MODE REQUIREMENT.**

24 (a) IN GENERAL.—Section 282 of title 35, United
25 State Code, is amended in its second undesignated para-

1 graph by striking paragraph (3) and inserting the fol-
2 lowing:

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

5 “(A) any requirement of section 112, ex-
6 cept that the failure to disclose the best mode
7 shall not be a basis on which any claim of a
8 patent may be canceled or held invalid or other-
9 wise unenforceable; or

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

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

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

20 **SEC. 16. TECHNICAL AMENDMENTS.**

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

23 (1) in the first paragraph, by striking
24 “When” and inserting “(a) JOINT INVEN-
25 TIONS.—When”;

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

4 (3) in the third paragraph—

5 (A) by striking “Whenever” and in-
6 serting “(c) CORRECTION OF ERRORS IN
7 APPLICATION.—Whenever”; and

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

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

13 (1) in the first paragraph—

14 (A) by striking “Except when” and insert-
15 ing “(a) FILING IN FOREIGN COUNTRY.—Ex-
16 cept when”; and

17 (B) by striking “and without deceptive in-
18 tent”;

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

22 (3) in the third paragraph, by striking “The
23 scope” and inserting “(c) SUBSEQUENT MODIFICA-
24 TIONS, AMENDMENTS, AND SUPPLEMENTS.—The
25 scope”.

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

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

6 (1) in the first paragraph—

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

9 (B) by striking “without any deceptive in-
10 tention”;

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

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

17 (4) in the last paragraph, by striking “No re-
18 issued patent” and inserting “(d) REISSUE PATENT
19 ENLARGING SCOPE OF CLAIMS.—No reissued pat-
20 ent”.

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

23 (1) in the first paragraph, by striking “When-
24 ever, without any deceptive intention” and inserting
25 “(a) IN GENERAL.—Whenever”; and

1 (2) in the second paragraph, by striking “in
2 like manner” and inserting “(b) ADDITIONAL DIS-
3 CLAIMER OR DEDICATION.—In the manner set forth
4 in subsection (a),”.

5 (f) CORRECTION OF NAMED INVENTOR.—Section
6 256 of title 35, United States Code, is amended—

7 (1) in the first paragraph—

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

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

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

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

17 (1) in the first undesignated paragraph—

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

20 (B) by striking the third sentence;

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

24 (3) in the third undesignated paragraph, by
25 striking “In actions” and inserting “(c) NOTICE OF

1 ACTIONS; ACTIONS DURING EXTENSION OF PATENT
2 TERM.—In actions”.

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

6 (i) REVISER’S NOTES.—

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

10 ~~(2) Section 202(b)(3) of title 35, United States~~
11 ~~Code, is amended by striking “the section 203(b)”~~
12 ~~and inserting “section 203(b)”.~~

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

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

18 (B) *in subsection (c)(7)—*

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

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

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

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

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

14 (j) UNNECESSARY REFERENCES.—

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

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

22 (A) Section 1(c).

23 (B) Section 101.

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

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

3 (E) Section 157(a).

4 (F) Section 161.

5 (G) Section 164.

6 (H) Section 171.

7 (I) Section 251(c), as so designated by this
8 section.

9 (J) Section 261.

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

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

12 (M) Section 289.

13 (N) The first instance of the use of such
14 term in section 375(a).

15 (k) EFFECTIVE DATE.—The amendments made by
16 this section shall take effect 1 year after the date of the
17 enactment of this Act and shall apply to proceedings com-
18 menced on or after that effective date.

19 **SEC. 17. CLARIFICATION OF JURISDICTION.**

20 (a) *SHORT TITLE.*—*This section may be cited as the*
21 *“Intellectual Property Jurisdiction Clarification Act of*
22 *2011”.*

23 (b) *STATE COURT JURISDICTION.*—*Section 1338(a) of*
24 *title 28, United States Code, is amended by striking the*
25 *second sentence and inserting the following: “No State court*

1 *shall have jurisdiction over any claim for relief arising*
 2 *under any Act of Congress relating to patents, plant variety*
 3 *protection, or copyrights.”.*

4 (c) *COURT OF APPEALS FOR THE FEDERAL CIR-*
 5 *CUIT.—Section 1295(a)(1) of title 28, United States Code,*
 6 *is amended to read as follows:*

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

15 (d) *REMOVAL.—*

16 (1) *IN GENERAL.—Chapter 89 of title 28, United*
 17 *States Code, is amended by adding at the end the fol-*
 18 *lowing new section:*

19 “**§ 1454. Patent, plant variety protection, and copy-**
 20 **right cases**

21 “(a) *IN GENERAL.—A civil action in which any party*
 22 *asserts a claim for relief arising under any Act of Congress*
 23 *relating to patents, plant variety protection, or copyrights*
 24 *may be removed to the district court of the United States*

1 *for the district and division embracing the place where such*
2 *action is pending.*

3 “(b) *SPECIAL RULES.*—*The removal of an action*
4 *under this section shall be made in accordance with section*
5 *1446 of this chapter, except that if the removal is based*
6 *solely on this section—*

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

9 “(2) *the time limitations contained in section*
10 *1446(b) may be extended at any time for cause*
11 *shown.*

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

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

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

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

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

1 year after the date of the enactment of this Act and shall
2 apply to any patent issued on or after that effective date.

3 (b) ~~CONTINUITY OF INTENT UNDER THE CREATE~~
4 ~~ACT.~~—The enactment of section 102(e) of title 35, United
5 States Code, under section (2)(b) of this Act is done with
6 the same intent to promote joint research activities that
7 was expressed, including in the legislative history, through
8 the enactment of the Cooperative Research and Tech-
9 nology Enhancement Act of 2004 (Public Law 108–453;
10 the “CREATE Act”), the amendments of which are
11 stricken by section 2(e) of this Act. The United States
12 Patent and Trademark Office shall administer section
13 102(e) of title 35, United States Code, in a manner con-
14 sistent with the legislative history of the CREATE Act
15 that was relevant to its administration by the United
16 States Patent and Trademark Office.

Calendar No. 6

112TH CONGRESS
1ST Session

S. 23

A BILL

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

FEBRUARY 3, 2011

Reported with amendments