

109TH CONGRESS
2^D SESSION

S. 3818

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

IN THE SENATE OF THE UNITED STATES

AUGUST 3, 2006

Mr. HATCH (for himself and Mr. LEAHY) introduced the following bill; which
was read twice and referred to the Committee on the Judiciary

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 2006”.

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

- Sec. 1. Short title; table of contents.
- Sec. 2. Reference to title 35, United States Code.
- Sec. 3. Right of the first inventor to file.
- Sec. 4. Inventor’s oath or declaration.
- Sec. 5. Remedies for infringement and affirmative defenses thereto.
- Sec. 6. Post-grant procedures.
- Sec. 7. Submissions by third parties and other quality enhancements.
- Sec. 8. Venue and jurisdiction.

Sec. 9. Other statutory and conforming amendments.

Sec. 10. Effective date.

1 **SEC. 2. REFERENCE TO TITLE 35, UNITED STATES CODE.**

2 Whenever in this Act a section or other provision is
3 amended or repealed, that amendment or repeal shall be
4 considered to be made to that section or other provision
5 of title 35, United States Code.

6 **SEC. 3. RIGHT OF THE FIRST INVENTOR TO FILE.**

7 (a) DEFINITIONS.—Section 100 is amended by add-
8 ing at the end the following:

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

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

15 “(h) The ‘effective filing date of a claimed invention’
16 is—

17 “(1) the filing date of the patent or the applica-
18 tion for patent containing the claim to the invention;
19 or

20 “(2) if the patent or application for patent is
21 entitled to a right of priority of any other applica-
22 tion under section 119, 365(a), or 365(b) or to the
23 benefit of an earlier filing date in the United States
24 under section 120, 121, or 365(c), the filing date of

1 the earliest such application in which the claimed in-
2 vention is disclosed in the manner provided by the
3 first paragraph of section 112.

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

7 “(j) The term ‘joint invention’ means an invention
8 resulting from the collaboration of inventive endeavors of
9 2 or more persons working toward the same end and pro-
10 ducing an invention by their collective efforts.”

11 (b) CONDITIONS FOR PATENTABILITY.—

12 (1) IN GENERAL.—Section 102 is amended to
13 read as follows:

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

15 “(a) NOVELTY; PRIOR ART.—A patent for a claimed
16 invention may not be obtained if—

17 “(1) the claimed invention was patented, de-
18 scribed in a printed publication, or otherwise pub-
19 licly known—

20 “(A) more than 1 year before the effective
21 filing date of the claimed invention; or

22 “(B) 1 year or less before the effective fil-
23 ing date of the claimed invention, if the inven-
24 tion was patented or described in a printed pub-
25 lication or otherwise publicly known before the

1 invention thereof by the applicant for a patent;
2 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) LIMITATION ON PRIOR ART.—

11 “(1) DERIVATION AND COMMON ASSIGNMENT
12 EXCEPTIONS.—Subject matter that would otherwise
13 qualify as prior art only under subsection (a)(2)
14 shall not be prior art to a claimed invention if—

15 “(A) the subject matter was obtained di-
16 rectly or indirectly from the inventor or a joint
17 inventor; or

18 “(B) the subject matter and the claimed
19 invention were, not later than the effective fil-
20 ing date of the claimed invention, owned by the
21 same person or subject to an obligation of as-
22 signment to the same person.

23 “(2) GRACE PERIOD.—Subject matter disclosed
24 in the prior art less than 1 year before the effective
25 filing date of the claimed invention shall not pre-

1 include the patenting of a claimed invention under
2 subsection (a) or section 103 if the claimed inven-
3 tion was made prior to the date the subject matter
4 becomes prior art pursuant to section 102(b), if the
5 subject matter disclosed was obtained directly or in-
6 directly from an inventor of the claimed subject mat-
7 ter or the applicant.

8 “(3) PATENTS AND PUBLISHED APPLICATIONS
9 EFFECTIVELY FILED.—A patent or application for
10 patent is effectively filed under subsection (a)(2)
11 with respect to any subject matter described in the
12 patent or application—

13 “(A) as of the filing date of the patent or
14 the application for patent; or

15 “(B) if the patent or application for patent
16 is entitled to claim a right of priority under sec-
17 tion 119, 365(a), or 365(b) or to claim the ben-
18 efit of an earlier filing date under section 120,
19 121, or 365(c), based upon 1 or more prior
20 filed applications for patent, as of the filing
21 date of the earliest such application that de-
22 scribes the subject matter.”.

23 (2) CONFORMING AMENDMENT.—The item re-
24 lating to section 102 in the table of sections for
25 chapter 10 is amended to read as follows:

“102. Conditions for patentability; novelty.”.

1 (c) CONDITIONS FOR PATENTABILITY; NONOBVIOUS
2 SUBJECT MATTER.—Section 103 is amended—

3 (1) in subsection (a)—

4 (A) by striking “A patent may not be ob-
5 tained through the invention” and inserting “A
6 patent for the claimed invention may not be ob-
7 tained through the claimed invention”;

8 (B) by striking “sought to be patented”
9 and inserting “of the claimed invention”; and

10 (C) by striking “at the time the invention
11 was made” and inserting “before the effective
12 filing date of the claimed invention”;

13 (2) by striking subsection (b) and redesignating
14 subsection (c) as subsection (b);

15 (3) by amending subsection (b)(1), as so redesi-
16 gnated, to read as follows:

17 “(d)(1) Subject matter developed by another person,
18 which is disqualified as prior art under section 102(b),
19 shall not preclude patentability under this section if the
20 subject matter and the claimed invention were owned by
21 the same person, or subject to an obligation of assignment
22 to the same person, on or before the effective filing date
23 of the claimed invention.”; and

24 (4) in subsection (b)(2)(A), as so redesignated,
25 by striking “the date the claimed invention was

1 made” and inserting “the effective filing date of the
2 claimed invention”.

3 (d) REPEAL OF REQUIREMENTS FOR INVENTIONS
4 MADE ABROAD.—Section 104, and the item relating to
5 that section in the table of sections for chapter 10, are
6 repealed.

7 (e) REPEAL OF STATUTORY INVENTION REGISTRA-
8 TION.—

9 (1) IN GENERAL.—Section 157, and the item
10 relating to that section in the table of sections for
11 chapter 14, are repealed.

12 (2) REMOVAL OF CROSS REFERENCES.—Section
13 111(b)(8) is amended by striking “sections 115,
14 131, 135, and 157” and inserting “sections 131 and
15 135”.

16 (f) EARLIER FILING DATE FOR INVENTOR AND
17 JOINT INVENTOR.—Section 120 is amended by striking
18 “which is filed by an inventor or inventors named” and
19 inserting “which names an inventor or joint inventor”.

20 (g) CONFORMING AMENDMENTS.—

21 (1) RIGHT OF PRIORITY.—Section 172 is
22 amended by striking “and the time specified in sec-
23 tion 102(d)”.

24 (2) LIMITATION ON REMEDIES.—Section
25 287(c)(4) is amended by striking “the earliest effec-

1 tive filing date of which is prior to” and inserting
2 “which has an effective filing date before”.

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

7 (4) PUBLICATION OF INTERNATIONAL APPLICA-
8 TION: EFFECT.—Section 374 is amended by striking
9 “sections 102(e) and 154(d)” and inserting “section
10 154(d)”.

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

15 (6) LIMIT ON RIGHT OF PRIORITY.—Section
16 119(a) is amended by striking “; but no patent shall
17 be granted” and all that follows through “one year
18 prior to such filing”.

19 (7) INVENTIONS MADE WITH FEDERAL ASSIST-
20 ANCE.—Section 202(c) is amended—

21 (A) in paragraph (2)—

22 (i) by striking “publication, on sale,
23 or public use,” and all that follows through
24 “obtained in the United States” and in-
25 serting “the 1-year period referred to in

1 section 102(a) would end before the end of
2 such 2-year period”; and

3 (ii) by striking “the statutory” and
4 inserting “the 1-year”; and

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

10 (h) REPEAL OF INTERFERING PATENT REMEDIES.—

11 Section 291, and the item relating to that section in the
12 table of sections for chapter 29, are repealed.

13 (i) ACTION FOR CLAIM TO PATENT ON DERIVED IN-
14 VENTION.—Section 135(a) is amended to read as follows:

15 “(a) DISPUTE OVER RIGHT TO PATENT.—

16 “(1) INSTITUTION OF INVENTOR’S RIGHTS CON-
17 TEST.—An applicant may request initiation of a der-
18 ivation proceeding to determine the right of the ap-
19 plicant to a patent by filing a request which sets
20 forth with particularity the basis for finding that an
21 earlier applicant derived the claimed invention and
22 without authorization filed an application claiming
23 such invention. Any such request shall be made
24 within 12 months of the date of first publication of
25 an application containing a claim that is the same

1 or is substantially the same as the claimed invention,
2 under oath and supported by substantial evidence.
3 Whenever patents or applications for patent naming
4 different individuals as the inventor are determined
5 by the Director to interfere because of a dispute over
6 the right to patent under section 101, the Director
7 shall institute an inventor's rights contest for the
8 purpose of determining which applicant is entitled to
9 a patent.

10 “(2) REQUIREMENTS.—No proceeding shall be
11 commenced under this subsection unless the party
12 requesting the proceeding has filed an application
13 that—

14 “(A) was filed not later than 18 months
15 after the effective filing date of the application
16 or patent deemed to interfere with the subse-
17 quent application or patent; and

18 “(B) did not, within 1 year of the earliest
19 effective filing date of the application, contain a
20 claim that is the same or substantially the same
21 as the invention claimed in the earlier filed ap-
22 plication;

23 “(3) DETERMINATION BY PATENT TRIAL AND
24 APPEAL BOARD.—In any proceeding under this sub-
25 section, the Patent Trial and Appeal Board—

1 “(A) shall determine the question of the
2 right to patent;

3 “(B) in appropriate circumstances, may
4 correct the naming of the inventor in any appli-
5 cation or patent at issue; and

6 “(C) shall issue a final decision on the
7 right to patent.

8 “(4) DERIVATIVE PROCEEDING.—The Board
9 may defer action on a request to initiate a derivation
10 proceeding until 3 months after the date on which
11 the Director issues a patent to the applicant that
12 filed the earlier application.

13 “(5) EFFECT OF FINAL DECISION.—The final
14 decision of the Patent Trials and Appeal Board, if
15 adverse to the claim of an applicant, shall constitute
16 the final refusal by the Patent and Trademark Of-
17 fice on the claims involved. The Director may issue
18 a patent to an applicant who is judged to have the
19 right to patent. The final decision of the Board, if
20 adverse to a patentee, shall, if no appeal or other re-
21 view of the decision has been or can be taken or had,
22 constitute cancellation of the claims involved in the
23 patent, and notice of such cancellation shall be en-
24 dored on copies of the patent distributed after such
25 cancellation by the Patent and Trademark Office.”.

1 (j) PATENT TRIAL AND APPEAL BOARD.—

2 (1) ELIMINATION OF REFERENCES TO INTER-
3 FERENCES.—

4 (A) Sections 6, 41, 134, 141, 145, 146,
5 154, 305, and 314 are each amended by strik-
6 ing “Board of Patent Appeals” each place it
7 appears and inserting “Patent Trial and Appeal
8 Board”.

9 (B) Sections 135, 141, 146, and 154 are
10 each amended by striking “interference” each
11 place it appears and inserting “inventor’s rights
12 contest”.

13 (C) The item relating to section 146 in the
14 table of sections for chapter 13 is amended to
15 read as follows:

“146. Civil action in case of inventor’s rights contest.”.

16 (2) TECHNICAL AND CONFORMING AMEND-
17 MENTS.—Section 135(c) is amended—

18 (A) by striking “(c) Any” and inserting
19 “(c)(1) Any”;

20 (B) in the second paragraph, by striking
21 “The Director” and inserting “(2) The Direc-
22 tor”; and

23 (C) in the third paragraph, by striking
24 “Any discretionary” and inserting “(3) Any dis-
25 cretionary”.

1 **SEC. 4. INVENTOR'S OATH OR DECLARATION.**

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

3 (1) IN GENERAL.—Section 115 is amended to
4 read as follows:

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

6 “(a) NAMING THE INVENTOR; INVENTOR'S OATH OR
7 DECLARATION.—An application for patent that is filed
8 under section 111(a), that commences the national stage
9 under section 363, or that is filed by an inventor for an
10 invention for which an application has previously been
11 filed under this title by that inventor shall include, or be
12 amended to include, the name of the inventor of any
13 claimed invention in the application. Except as otherwise
14 provided in this section, an individual who is the inventor
15 or a joint inventor of a claimed invention in an application
16 for patent shall execute an oath or declaration in connec-
17 tion with the application.

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

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

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

25 “(c) ADDITIONAL REQUIREMENTS.—The Director
26 may specify additional information relating to the inventor

1 and the invention that is required to be included in an
2 oath or declaration under subsection (a).

3 “(d) SUBSTITUTE STATEMENT.—

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

10 “(2) PERMITTED CIRCUMSTANCES.—A sub-
11 stitute statement under paragraph (1) shall be per-
12 mitted with respect to any individual who, at the
13 time the substitute statement is filed—

14 “(A) is deceased;

15 “(B) is under legal incapacity;

16 “(C) is under an obligation to assign the
17 invention, but has refused to make the oath or
18 declaration required under subsection (a); or

19 “(D) cannot be found or reached after dili-
20 gent effort.

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

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

1 “(B) set forth the circumstances rep-
2 resenting the permitted basis for the filing of
3 the substitute statement in lieu of the oath or
4 declaration under subsection (a); and

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

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

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

20 “(g) EARLIER-FILED APPLICATION CONTAINING RE-
21 QUIRED STATEMENTS OR SUBSTITUTE STATEMENT.—
22 The requirements under this section shall not apply to an
23 individual with respect to an application for patent in
24 which the individual is named as the inventor or a joint

1 inventor and that claims the benefit under section 120 or
2 365(e) of the filing of an earlier-filed application, if—

3 “(1) an oath or declaration meeting the require-
4 ments of subsection (a) was executed by the indi-
5 vidual and was filed in connection with the earlier-
6 filed application;

7 “(2) a substitute statement meeting the re-
8 quirements of subsection (d) was filed in the earlier
9 filed application with respect to the individual; or

10 “(3) an assignment meeting the requirements
11 of subsection (e) was executed with respect to the
12 earlier-filed application by the individual and was re-
13 corded in connection with the earlier-filed applica-
14 tion.

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

17 “(1) IN GENERAL.—A statement made under
18 this section may be withdrawn, replaced, or other-
19 wise corrected at any time. If a change is made in
20 the naming of the inventor requiring the filing of 1
21 or more additional statements under this section, the
22 Director shall establish regulations under which such
23 additional statements may be filed.

24 “(2) SUPPLEMENTAL STATEMENTS NOT RE-
25 QUIRED.—If an individual has executed an oath or

1 declaration under subsection (a) or an assignment
2 meeting the requirements of subsection (e) with re-
3 spect to an application for patent, no supplemental
4 oath or declaration or further substitute statement
5 shall thereafter be required in connection with the
6 application for patent or any patent issuing thereon.

7 “(3) SAVINGS CLAUSE.—No patent shall be in-
8 valid or unenforceable based upon the failure to
9 comply with a requirement under this section if the
10 failure is remedied as provided under paragraph
11 (1).”.

12 (2) RELATIONSHIP TO DIVISIONAL APPLICA-
13 TIONS.—Section 121 is amended by striking “If a 3
14 divisional application” and all that follows through
15 “inventor.”.

16 (3) CONFORMING AMENDMENT.—The item re-
17 lating to section 115 in the table of sections for
18 chapter 10 is amended to read as follows:

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

19 (b) FILING BY OTHER THAN INVENTOR.—Section
20 118 is amended to read as follows:

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

22 “A person to whom the inventor has assigned or is
23 under an obligation to assign the invention may make an
24 application for patent. A person who otherwise shows suf-
25 ficient proprietary interest in the matter may make an ap-

1 plication for patent on behalf of and as agent for the in-
2 ventor on proof of the pertinent facts and a showing that
3 such action is appropriate to preserve the rights of the
4 parties. If the Director grants a patent on an application
5 filed under this section by a person other than the inven-
6 tor, the patent shall be granted to the real party in inter-
7 est and upon such notice to the inventor as the Director
8 considers to be sufficient.”.

9 (c) SPECIFICATION.—Section 112 is amended—

10 (1) in the first paragraph by striking “The
11 specification” and inserting “(a) IN GENERAL.—The
12 specification”;

13 (2) in the second paragraph—

14 (A) by striking “The specifications” and
15 inserting “(b) CONCLUSION.—The specifica-
16 tions”; and

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

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

22 (4) in the fourth paragraph, by striking “Sub-
23 ject to the following paragraph,” and inserting “(d)
24 REFERENCE IN DEPENDENT FORMS.—Subject to
25 subsection (e),”;

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

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

7 **SEC. 5. REMEDIES FOR INFRINGEMENT AND AFFIRMATIVE**
8 **DEFENSES THERETO.**

9 (a) DAMAGES.—Section 284 is amended by—

10 (1) in the first paragraph—

11 (A) by striking “Upon” and inserting “(a)
12 AWARD OF DAMAGES.—(1) Upon”; and

13 (B) by adding at the end the following:

14 “(2) In determining a reasonable royalty con-
15 sideration shall be given to—

16 “(A) the economic value that should be at-
17 tributed to the novel and non-obvious feature or
18 features of the invention, as distinguished from
19 the economic value attributable to other fea-
20 tures, improvements added by the infringer,
21 and the business risks the infringer undertook
22 in commercialization;

23 “(B) the terms of non-exclusive market-
24 place licensing of the invention; and

1 “(C) other relevant factors in applicable
2 law.”;

3 (2) by amending the second paragraph to read
4 as follows:

5 “(b) WILLFUL INFRINGEMENT.—

6 “(1) INCREASED DAMAGES.—A court that has
7 determined that the infringer has willfully infringed
8 a patent or patents may increase the damages up to
9 3 times the amount of damages found or assessed
10 under subsection (a), except that increased damages
11 under this paragraph shall not apply to provisional
12 rights under section 154(d).

13 “(2) PERMITTED GROUNDS FOR WILLFUL-
14 NESS.—A court may find that an infringer has will-
15 fully infringed a patent only if the patent owner pre-
16 sents clear and convincing evidence that—

17 “(A) the infringer, having received ade-
18 quate written notice from the patentee, after a
19 reasonable opportunity to investigate, thereafter
20 performed 1 or more of the alleged acts of in-
21 fringement;

22 “(B) the infringer intentionally copied the
23 patented invention with knowledge that it was
24 patented; or

1 “(C) after having been found by a court to
2 have infringed that patent, the infringer en-
3 gaged in conduct that was not colorably dif-
4 ferent from the conduct previously found to
5 have infringed the patent, and which resulted in
6 a separate finding of infringement of the same
7 patent.

8 “(3) WRITTEN NOTICE.—For purposes of para-
9 graph (2), written notice shall be adequate only if
10 such notice—

11 “(A) alleges acts of infringement in a man-
12 ner sufficient to give the infringer an objectively
13 reasonable apprehension of suit on such patent,
14 and

15 “(B) identifies with particularity each
16 claim of the patent, each product or process
17 that the patent owner alleges infringes the pat-
18 ent, and the relationship of such product or
19 process to such claim, the infringer.

20 “(4) LIMITATIONS ON WILLFULNESS.—

21 “(A) IN GENERAL.—A court shall not find
22 that an infringer has willfully infringed a patent
23 under paragraph (2) for any period of time dur-
24 ing which the infringer had an informed good
25 faith belief that the patent was invalid or unen-

1 forceable, or would not be infringed by the con-
2 duct later shown to constitute infringement of
3 the patent.

4 “(B) INFORMED GOOD FAITH BELIEF.—
5 For purposes of this paragraph, an informed
6 good faith belief may be established by—

7 “(i) reasonable reliance on advice of
8 counsel;

9 “(ii) evidence that the infringer
10 sought to modify its conduct to avoid in-
11 fringement once it had discovered the pat-
12 ent; or

13 “(iii) other evidence a court may find
14 sufficient to establish such good faith be-
15 lief.

16 “(C) EVIDENCE.—The decision of the in-
17 fringer not to present evidence of advice of
18 counsel shall have no relevance to a determina-
19 tion of willful infringement under paragraph
20 (2).

21 “(5) LIMITATION ON PLEADING.—Before the
22 date on which a determination has been made that
23 the patent in suit is not invalid, is enforceable, and
24 has been infringed by the infringer, a patentee may
25 not plead, and a court may not determine, that an

1 infringer has willfully infringed the patent. The
2 court's determination of an infringer's willfulness
3 shall be made without a jury.""; and

4 (3) in the third paragraph, by striking "The
5 court" and inserting "(c) EXPERT TESTIMONY.—
6 The court".

7 (b) ATTORNEY'S FEES.—Section 285 is amended to
8 read:

9 "(a) The court shall award, to a prevailing party, fees
10 and other expenses incurred by that party in connection
11 with that proceeding, unless the court finds that the posi-
12 tion of the nonprevailing party or parties was substantially
13 justified or that special circumstances make an award un-
14 just."

15 (c) UNENFORCEABILITY.—Section 282 of title 35,
16 United States Code, is amended—

17 (1) by inserting "(a) IN GENERAL.—" before
18 "A patent shall be presumed valid."; and

19 (2) by adding at the end the following:

20 "(b) UNENFORCEABILITY.—

21 "(1) PERMITTED GROUNDS FOR UNENFORCE-
22 ABILITY.—A court may find that a patent is unen-
23 forceable only if the patent owner presents clear and
24 convincing evidence that, with respect to the patent

1 at issue the patentee, or a patentee’s agent, or privy
2 before issuance of the patent—

3 “(A) failed to disclose material informa-
4 tion, or submitted false material information or
5 statements; and

6 “(B) did so with an intent to mislead or
7 deceive the United States Patent and Trade-
8 mark Office.

9 “(2) LIMITATIONS ON UNENFORCEABILITY.—A
10 court shall not find that a patent is unenforceable
11 under paragraph (1) if—

12 “(A) the patentee, agent, or privy had an
13 informed good faith belief that the specific in-
14 formation that was not disclosed was not mate-
15 rial;

16 “(B) the patentee had no actual or con-
17 structive knowledge of the misconduct of an
18 agent or privy, exercised due care in selecting
19 and supervising such agent or privy, and rea-
20 sonably relied on counsel in obtaining the pat-
21 ent;

22 “(C) establishes good faith by other evi-
23 dence a court may find sufficient; or

1 “(D) the court has not determined 1 or
2 more claims in the patent at issue in the action
3 to be invalid.

4 “(3) LIMITATION ON PLEADING.—Before the
5 date on which a determination has been made that
6 the patent in suit is not invalid in whole and has
7 been infringed by the infringer, a defendant may not
8 plead, and a court may not determine, that the pat-
9 ent in question is unenforceable.”.

10 (d) DEFENSE TO INFRINGEMENT BASED ON EAR-
11 LIER INVENTOR.—Section 273 of title 35, United States
12 Code, is amended—

13 (1) in subsection (a)—

14 (A) in paragraph (1)—

15 (i) by striking “of a method”; and

16 (ii) by striking “review period;” and
17 inserting “review period; and”;

18 (B) in paragraph (2)(B), by striking the
19 semicolon at the end and inserting a period;
20 and

21 (C) by striking paragraphs (3) and (4);

22 (2) in subsection (b)—

23 (A) in paragraph (1)—

24 (i) by striking “for a method”; and

1 (ii) by striking “at least 1 year before
2 the effective filing date of such patent,
3 and” and all that follows through the pe-
4 riod and inserting “and commercially used,
5 or made substantial preparations for com-
6 mercial use of, the subject matter before
7 the effective filing date of the claimed in-
8 vention.”;

9 (B) in paragraph (2)—

10 (i) by striking “The sale or other dis-
11 position of a useful end result produced by
12 a patented method” and inserting “The
13 sale or other disposition of subject matter
14 that qualifies for the defense set forth in
15 this section”; and

16 (ii) by striking “a defense under this
17 section with respect to that useful end re-
18 sult” and inserting “such defense”; and

19 (C) in paragraph (3)—

20 (i) by striking subparagraph (A); and

21 (ii) by redesignating subparagraphs
22 (B) and (C) as subparagraphs (A) and
23 (B), respectively;

24 (3) in paragraph (7), by striking “of the pat-
25 ent” and inserting “of the claimed invention”; and

1 (4) by amending the heading to read as follows:

2 **“§ 273. Special defenses to and exemptions from in-**
 3 **fringement”.**

4 (e) TABLE OF SECTIONS.—The item related to sec-
 5 tion 273 in the table of sections for chapter 28 is amended
 6 to read as follows:

“Sec. 273. Special defenses to and exemptions from infringement.”.

7 (f) EFFECT OF EXTRATERRITORIAL INFRINGE-
 8 MENT.—Section 271(f) is repealed.

9 **SEC. 6. POST-GRANT PROCEDURES.**

10 (a) POST-GRANT OPPOSITION PROCEDURES.—

11 (1) IN GENERAL.—Chapter 31 is amended to
 12 read as follows:

13 **“CHAPTER 31—POST-GRANT REVIEW**
 14 **PROCEEDINGS**

“Sec.

“311. Petition for post-grant review.

“312. Timing of petition.

“313. Submission of petition.

“314. Prohibited filings.

“315. Conduct of post-grant review proceedings.

“316. Proof and evidentiary standards.

“317. Showing of sufficient grounds; institution of post-grant review pro-
 ceedings.

“318. Amendment of the patent.

“319. Decision of the Patent Trial and Appeal Board.

“320. Effect of decision.

“321. Relationship to other pending proceedings.

“322. Effect of decisions rendered in civil action on future post-grant review
 proceedings.

“323. Effect of final decision on future proceedings.

15 **“§ 311. Petition for post-grant review**

16 “Any person who is not the patent owner may file
 17 a petition for cancellation seeking to institute a post-grant

1 review proceeding before the Patent Trial and Appeal
2 Board to cancel as unpatentable any claim of a patent on
3 any ground which might be raised under section 282(a)
4 (2) and (3) (relating to invalidity of the patent or any
5 claim).

6 **“§ 312. Timing of petition**

7 “A post-grant review proceeding may be instituted
8 only if the petition for cancellation is filed by a cancella-
9 tion petitioner—

10 “(1) not later than 12 months after the date
11 the patent was issued or reissued; or

12 “(2) who establishes a substantial reason to be-
13 lieve that the continued existence of the challenged
14 claim causes or is likely to cause the petitioner sig-
15 nificant economic harm.

16 **“§ 313. Submission of petition**

17 “The petition for cancellation shall—

18 “(1) be accompanied by payment of the post-
19 grant review fee set forth in subsection 41(a);

20 “(2) identify the cancellation petitioner; and

21 “(3) set forth in writing the basis for the can-
22 cellation, identifying each claim challenged and pro-
23 viding such information as the Director may require
24 by regulation.

1 **“§ 314. Prohibited filings**

2 “No post-grant review proceeding shall be insti-
3 tuted—

4 “(1) under subsection (a) of section 312 if the
5 petition for cancellation identifies the same cancella-
6 tion petitioner and the same patent as a previous pe-
7 tition for cancellation filed under subsection (a) of
8 section 312; or

9 “(2) under subsection (b) of section 312 if the
10 petition for cancellation identifies the same cancella-
11 tion petitioner and the same patent as a previous pe-
12 tition for cancellation filed under subsection (b) of
13 section 312.

14 **“§ 315. Conduct of post-grant review proceedings**

15 “(a) IN GENERAL.—The Director shall—

16 “(1) establish regulations, in accordance with
17 section 2(b)(2), to govern post-grant review pro-
18 ceedings and their relationship to other proceedings;

19 “(2) prescribe regulations setting forth the
20 standards for showings of substantial reason to be-
21 lieve and significant economic harm under section
22 312(b) and sufficient grounds in section 317; and

23 “(3) prescribe regulations setting forth proce-
24 dures for discovery of relevant evidence, including
25 that such discovery shall be limited to evidence di-
26 rectly related to factual assertions advanced by ei-

1 ther party in the proceeding, and the procedures for
2 obtaining such evidence shall be consistent with the
3 purpose and nature of the proceeding.

4 “(b) POST-GRANT REGULATIONS.—Regulations
5 under subsection (a)(1)—

6 “(1) shall be designed to result in a final deci-
7 sion on a petition for cancellation within 12 months
8 of the institution of the post-grant review pro-
9 ceeding;

10 “(2) shall provide for discovery upon order of
11 the Board;

12 “(3) may prescribe sanctions for abuse of dis-
13 covery or abuse of process to the extent authorized
14 in United States district courts by rule 11 and rule
15 37 of the Federal Rules of Civil Procedure;

16 “(4) may provide for protective orders gov-
17 erning the exchange and submission of confidential
18 information; and

19 “(5) shall ensure that any information sub-
20 mitted by the patent owner in support of any
21 amendment entered under section 318 shall be made
22 available to the public as part of the prosecution his-
23 tory of the patent.

24 “(c) CONSIDERATIONS.—In prescribing regulations
25 under this section, the Director shall take into consider-

1 ation the effect on the economy, the integrity of the patent
2 system, and the efficient administration of the Office.

3 **“§ 316. Proof and evidentiary standards**

4 “(a) IN GENERAL.—The presumption of validity set
5 forth in section 282 shall not apply in a challenge to any
6 patent claim under this chapter.

7 “(b) BURDEN OF PROOF.—The party advancing a
8 proposition under this chapter shall have the burden of
9 proving that proposition.

10 **“§ 317. Showing of sufficient grounds; institution of**
11 **post-grant review proceedings**

12 “Within such time as may be prescribed by regula-
13 tion, the cancellation petitioner shall file any information
14 known to it that supports its allegation of the
15 unpatentability of any challenged claim. The Patent Trial
16 and Appeal Board shall not institute a post-grant review
17 proceeding unless it determines that the information pre-
18 sented provides sufficient grounds to proceed. If the Pat-
19 ent Trial and Appeal Board does not institute a post-grant
20 review proceeding under this section then the cancellation
21 petitioner may not assert the same grounds against the
22 same claims in any other proceeding within the Office.

23 **“§ 318. Amendment of the patent**

24 “(a) IN GENERAL.—In response to a challenge in a
25 petition for cancellation, the patent owner may file 1 mo-

1 tion to amend the patent in 1 or more of the following
2 ways:

3 “(1) Cancel any challenged patent claim.

4 “(2) For each challenged claim, propose a sub-
5 stitute claim that includes all the limitations of the
6 challenged claim.

7 “(3) Amend the patent drawings or otherwise
8 amend the patent other than the claims.

9 “(b) ADDITIONAL MOTIONS.—Additional motions to
10 amend may be permitted only for good cause shown.

11 “(c) SCOPE OF CLAIMS.—No amendment shall en-
12 large the scope of the claims of the patent. No amendment
13 shall introduce new matter.

14 **“§ 319. Decision of the Patent Trial and Appeal Board**

15 “If the post-grant review proceeding is instituted
16 under section 317 and not dismissed under section 320
17 or subsection (b) of section 323, the Patent Trial and Ap-
18 peal Board shall issue a final decision with respect to pat-
19 entability of any patent claim challenged and any new
20 claim added under this section 318.

21 **“§ 320. Effect of decision**

22 “(a) IN GENERAL.—Where a final decision of the
23 Patent Trial and Appeal Board is issued under section
24 319 and the time for appeal has expired or any appeal
25 proceeding has terminated, the Director shall issue and

1 publish a certificate canceling any claim of the patent fi-
2 nally determined to be unpatentable and incorporating in
3 the patent by operation of the certificate any new claim
4 determined to be patentable.

5 “(b) NEW CLAIMS.—Any new claim held to be pat-
6 entable and incorporated into a patent in a post-grant re-
7 view proceeding shall have the same effect as that speci-
8 fied in section 252 for reissued patents on the right of
9 any person who made, purchased, offered to sell, or used
10 within the United States, or imported into the United
11 States, anything patented by such new claim, or who made
12 substantial preparations therefore, prior to issuance of a
13 certificate under the provisions of subsection (a) of this
14 section.

15 **“§ 321. Relationship to other pending proceedings**

16 “Notwithstanding subsection 135(a), sections 251
17 and 252, and chapter 30, the Director may determine the
18 manner in which any reexamination proceeding, reissue
19 proceeding, interference proceeding, or post-grant review
20 proceeding that is pending during a post-grant review pro-
21 ceeding, may proceed, including providing for stay, trans-
22 fer, consolidation, or termination of such proceedings.

1 **“§ 322. Effect of decisions rendered in civil action on**
2 **future post-grant review proceedings**

3 “If a final decision has been entered against a party
4 in a civil action arising in whole or in part under section
5 1338 of title 28 establishing that the party has not sus-
6 tained its burden of proving the invalidity of any patent
7 claim—

8 “(1) that party to the civil action and the
9 privies of that party may not thereafter request a
10 post-grant review proceeding on such patent claim
11 on the basis of any grounds, under the provisions of
12 section 311, which that party or the privies of that
13 party raised or could have raised in such civil action;
14 and

15 “(2) the Office may not thereafter maintain a
16 post-grant review proceeding previously requested by
17 that party or the privies of that party on the basis
18 of such grounds.

19 **“§ 323. Effect of final decision on future proceedings**

20 “(a) IN GENERAL.—If a final decision under section
21 319 is favorable to the patentability of any original or new
22 claim of the patent, the cancellation petitioner may not
23 thereafter, based on any ground which the cancellation pe-
24 titioner raised during the post-grant review proceeding—

25 “(1) request or pursue a reexamination of such
26 claims;

1 (b) REEXAMINATION.—Subsection 303(a) is amended
2 to read as follows:

3 “(a) Within 3 months following the filing of a request
4 for reexamination under the provisions of section 302, by
5 the owner of the patent, the Director shall determine
6 whether a substantial new question of patentability affect-
7 ing any claim of the patent concerned is raised by the re-
8 quest, with or without consideration of other patents or
9 printed publications. On his own initiative, and at any
10 time, the Director may determine whether a substantial
11 new question of patentability is raised by patents and pub-
12 lications discovered by him, cited under the provisions of
13 section 301, or cited by any person other than the owner
14 of the patent under the provisions of section 302 or section
15 311. The existence of a substantial new question of pat-
16 entability is not precluded by the fact that a patent or
17 printed publication was previously cited by or to the Office
18 or considered by the Office.”.

19 (c) PREISSUANCE SUBMISSIONS BY THIRD PAR-
20 TIES.—Section 122 is amended by adding at the end the
21 following:

22 “(e) PREISSUANCE SUBMISSIONS BY THIRD PAR-
23 TIES.—

24 “(1) IN GENERAL.—Any person may submit for
25 consideration and inclusion in the record of a patent

1 application, any patent, published patent application,
2 or other publication of potential relevance to the ex-
3 amination of the application, if such submission is
4 made in writing before the earlier of—

5 “(A) the date a notice of allowance under
6 section 151 is mailed in the application for pat-
7 ent; or

8 “(B) either—

9 “(i) 6 months after the date on which
10 the application for patent is published
11 under section 122; or

12 “(ii) the date of the first rejection
13 under section 132 of any claim by the ex-
14 aminer during the examination of the ap-
15 plication for patent, whichever occurs later.

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

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

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

22 “(C) include a statement by the submitter
23 affirming that the submission was made in
24 compliance with this section.”.

1 (d) EFFECTIVE DATES.—Notwithstanding any other
2 provision of law, sections 311 through 318 of title 35,
3 United States Code, as amended by this Act, shall apply
4 to any patent that issues from an original application filed
5 on any date.

6 **SEC. 8. VENUE AND JURISDICTION.**

7 (a) VENUE FOR PATENT CASES.—Section 1400 of
8 title 28, United States Code, is amended by striking sub-
9 section (b) and inserting the following:

10 “(b) Any civil action arising under any Act of Con-
11 gress relating to patents, other than an action for declara-
12 tory judgment or an action seeking review of a decision
13 of the Patent Trial and Appeal Board under chapter 13
14 of title 35, may be brought only—

15 “(1) in the judicial district where either party
16 resides; or

17 “(2) in the judicial district where the defendant
18 has committed acts of infringement and has a reg-
19 ular and established place of business.

20 “(c) Notwithstanding section 1391(c) of this title, for
21 purposes of venue under subsection (b), a corporation
22 shall be deemed to reside in the judicial district in which
23 the corporation has its principal place of business or in
24 the State in which the corporation is incorporated.”.

1 (b) INTERLOCUTORY APPEALS.—Subsection (c)(2) of
2 section 1292 of title 28, United States Code, is amended
3 by adding at the end:

4 “(3) of an appeal from an interlocutory order
5 or decree determining construction of claims in a
6 civil action for patent infringement under section
7 271 of title 35.

8 “(A) Application for an appeal hereunder
9 shall be made to the court within 10 days after
10 entry of the order or decree.

11 “(B) Proceedings in the district court shall
12 be stayed during pendency of the appeal.”.

13 **SEC. 9. OTHER STATUTORY AND CONFORMING AMEND-**
14 **MENTS.**

15 (a) FEES.—Section 41(a) of title 35, United States
16 Code is amended—

17 (1) by redesignating paragraphs (8), (9), (10),
18 (11), (12), (13), (14), and (15) as paragraphs (10),
19 (11), (12), (13), (14), (15), (16), and (17) respec-
20 tively; and

21 (2) by inserting after paragraph (7) the fol-
22 lowing:

23 “(8) On filing a petition for cancellation under
24 subsection (a) of section 312, a fee established by

1 the Director to recover $\frac{1}{2}$ the estimated average cost
2 to the Office of a post-grant review proceeding.

3 “(9) On filing a petition for cancellation under
4 subsection (b) of section 312, a fee established by
5 the Director to recover the estimated average cost to
6 the Office of a post-grant review proceeding.”.

7 (b) DEFINITIONS.—Section 100 (as amended by this
8 Act) is further amended—

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

11 (2) by inserting the following:

12 “(k) The term ‘cancellation petitioner’ means the real
13 party in interest requesting cancellation of any claim of
14 a patent under chapter 31 of this title and the privies of
15 the real party in interest.”.

16 (c) PATENT TRIAL AND APPEAL BOARD.—

17 (1) Section 6 is amended to read as follows:

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

19 “(a) ESTABLISHMENT AND COMPOSITION.—There
20 shall be in the Office a Patent Trial and Appeal Board.
21 The Director, the Deputy Director, the Commissioner for
22 Patents, the Commissioner for Trademarks, and the ad-
23 ministrative patent judges shall constitute the Patent
24 Trial and Appeal Board. The administrative patent judges
25 shall be persons of competent legal knowledge and sci-

1 entific ability who are appointed by the Director. Any ref-
2 erence in any Federal law, Executive order, rule, regula-
3 tion, or delegation of authority, or any document of or
4 pertaining to the Board of Patent Appeals and Inter-
5 ferences is deemed to refer to the Patent Trial and Appeal
6 Board.

7 “(b) DUTIES.—The Patent Trial and Appeal Board
8 shall, on written appeal of an applicant, review adverse
9 decisions of examiners upon application for patents; shall,
10 on written appeal of a patent owner, review adverse deci-
11 sions of examiners upon patents in reexamination pro-
12 ceedings under chapter 30; shall determine priority and
13 patentability of invention in inventor’s rights contests de-
14 clared under subsection 135(a); and shall preside over
15 post-grant review proceedings under chapter 31. Each ap-
16 peal, inventor’s rights contest, and post-grant review pro-
17 ceeding shall be heard by at least 3 members of the Patent
18 Trial and Appeal Board, who shall be designated by the
19 Director. Only the Patent Trial and Appeal Board may
20 grant rehearings.”.

21 (2) Title 35, United States Code, is amended by
22 striking “Board of Patent Appeals” each place it ap-
23 pears and inserting in its place “Patent Trial and
24 Appeal Board”.

1 (d) AUTHORITY OF PANELS OF ADMINISTRATIVE
2 PATENT JUDGES.—Section 6 (as amended by this section)
3 is further amended by adding at the end the following:

4 “(c) ADDITIONAL RESPONSIBILITIES OF ADMINIS-
5 TRATIVE PATENT JUDGES.—Panels of administrative pat-
6 ent judges, once assigned by the Director, shall have the
7 responsibilities under chapter 32 in connection with post-
8 grant opposition proceedings.”.

9 (e) RULEMAKING AUTHORITY.—Section 3(a) is
10 amended by adding at the end the following:

11 “(5) RULEMAKING AUTHORITY.—In addition to
12 the authority conferred by other provisions of this
13 title, the Director may promulgate such rules, regu-
14 lations, and orders as the Director determines ap-
15 propriate to carry out the provisions of this title or
16 any other law applicable to the United States Patent
17 and Trademark Office or that the Director deter-
18 mines necessary to govern the operation and organi-
19 zation of the Office.”.

20 (f) REEXAMINATION.—

21 (1) Section 304 is amended by striking the final
22 3 sentences.

23 (2) Section 305 is amended by striking, in the
24 first sentence, “and reply” and also striking “have”
25 and inserting “has” in its place.

1 (3) Section 315(c) is amended by striking “or
2 could have raised”.

3 (4) Section 4607 of the Intellectual Property
4 and Communications Omnibus Reform Act of 1999,
5 as enacted by section 1000(a)(9) of Public Law
6 106–113, is repealed.

7 (g) APPEAL TO THE COURT OF APPEALS FOR THE
8 FEDERAL CIRCUIT.—

9 (1) IN GENERAL.—Section 141 is amended to
10 read as follows:

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

13 “(a) EXAMINATIONS.—An applicant dissatisfied with
14 the final decision in an appeal to the Patent Trial and
15 Appeal Board under section 134 may appeal the decision
16 to the United States Court of Appeals for the Federal Cir-
17 cuit. By filing such an appeal, the applicant waives his
18 right to proceed under section 145.

19 “(b) REEXAMINATIONS.—A patent owner in any re-
20 examination proceeding who is dissatisfied with the final
21 decision in an appeal to the Patent Trial and Appeal
22 Board under section 134 may appeal the decision to the
23 United States Court of Appeals for the Federal Circuit.

24 “(c) INVENTOR’S RIGHTS CONTEST.—A party to an
25 inventor’s rights contest dissatisfied with the final decision

1 of the Patent Trial and Appeal Board on the interference
2 may appeal the decision to the United States Court of Ap-
3 peals for the Federal Circuit.

4 “(d) POST-GRANT REVIEW.—A party to a post-grant
5 review proceeding dissatisfied with the final decision of the
6 Patent Trial and Appeal Board under section 319 may
7 appeal the decision only to the United States Court of Ap-
8 peals for the Federal Circuit. Any decision of the Patent
9 Trial and Appeal Board under subsection 312(b) or sec-
10 tion 317 shall be final and nonappealable. A decision by
11 the Board under section 320 not to issue a final decision
12 under subsection 319 as a result of settlement shall also
13 be final and nonappealable.”.

14 (2) CERTAIN APPEALS.—Subsection
15 1295(a)(4)(A) of title 28, United States Code, is
16 amended to read as follows:

17 “(A) the Patent Trial and Appeal Board of
18 the United States Patent and Trademark Office
19 with respect to patent applications, reexamina-
20 tions, and inventor’s rights contests, at the in-
21 stance of an applicant for a patent or any party
22 to a patent interference, reexamination, or post-
23 grant review proceeding, and any such appeal
24 shall waive any right of such applicant or party

1 to proceed under section 145 or 146 of title
2 35;”.

3 **SEC. 10. EFFECTIVE DATE.**

4 Except as otherwise provided in this Act, the provi-
5 sions of this Act shall take effect 12 months after the date
6 of enactment of this Act and shall apply to any patent
7 issued on or after that effective date.

○