

Calendar No. 46

111TH CONGRESS
1ST SESSION

S. 515

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

IN THE SENATE OF THE UNITED STATES

MARCH 3, 2009

Mr. LEAHY (for himself, Mr. HATCH, Mr. SCHUMER, Mr. CRAPO, Mr. WHITEHOUSE, Mr. RISCH, Mrs. GILLIBRAND, Ms. KLOBUCHAR, Mr. SPECTER, Mr. CORNYN, and Mrs. FEINSTEIN) introduced the following bill; which was read twice and referred to the Committee on the Judiciary

APRIL 2, 2009

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 2009”.

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. Right of the first inventor to file.
- Sec. 3. Inventor’s oath or declaration.
- Sec. 4. Right of the inventor to obtain damages.
- Sec. 5. Post-grant procedures and other quality enhancements.
- Sec. 6. Definitions; Patent Trial and Appeal Board.
- Sec. 7. Preissuance submissions by third parties.
- Sec. 8. Venue and jurisdiction.
- Sec. 9. Patent and Trademark Office regulatory authority.
- Sec. 10. Residency of Federal Circuit judges.
- Sec. 11. Micro-entity defined.
- Sec. 12. Funding agreements.
- Sec. 13. Patent and Trademark Office travel expenses test program.
- Sec. 14. Best mode requirement.
- Sec. 15. Pilot program in certain district courts.
- Sec. ~~12~~16. Technical amendments.
- Sec. ~~13~~17. Effective date; rule of construction.
- Sec. ~~14~~18. Severability.

3 **SEC. 2. RIGHT OF THE 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 ‘effective filing date of a claimed invention’
 14 is—

15 “(1) the filing date of the patent or the applica-
 16 tion for the patent containing ~~the claim~~ *a claim* to
 17 the invention; or

1 “(2) if the patent or application for patent is
 2 entitled to a right of priority of any other applica-
 3 tion under section 119, 365(a), or 365(b) or to the
 4 benefit of an earlier filing date in the United States
 5 under section 120, 121, or 365(c), the filing date of
 6 the earliest such application in which the claimed in-
 7 vention is disclosed in the manner provided by the
 8 first paragraph of section 112.

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

12 ~~“(j) The term ‘joint invention’ means an invention
 13 resulting from the collaboration of inventive endeavors of
 14 2 or more persons working toward the same end and pro-
 15 ducing an invention by their collective efforts.”.~~

16 (b) CONDITIONS FOR PATENTABILITY.—

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

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

20 “(a) NOVELTY; PRIOR ART.—~~A patent for a claimed~~
 21 ~~invention may not be obtained if~~ *A person shall be entitled*
 22 *to a patent unless—*

23 “(1) the claimed invention was patented, de-
 24 scribed in a printed publication, or in public use, on
 25 sale, or otherwise available to the public—

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

3 “(B) 1 year or less before the effective fil-
4 ing date of the claimed invention, other than
5 through disclosures made by the inventor or a
6 joint inventor or by others who obtained the
7 subject matter disclosed directly or indirectly
8 from the inventor or a joint inventor; or

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

16 “(b) EXCEPTIONS.—

17 “(1) PRIOR INVENTOR DISCLOSURE EXCEP-
18 TION.—Subject matter that would otherwise qualify
19 as prior art based upon a disclosure under subpara-
20 graph (B) of subsection (a)(1) shall not be prior art
21 to a claimed invention under that subparagraph if
22 the subject matter had, before such disclosure, been
23 publicly disclosed by the inventor or a joint inventor
24 or others who obtained the subject matter disclosed

1 directly or indirectly from the inventor or a joint in-
2 ventor.

3 “(2) DERIVATION, PRIOR DISCLOSURE, AND
4 COMMON ASSIGNMENT EXCEPTIONS.—Subject mat-
5 ter that would otherwise qualify as prior art only
6 under subsection (a)(2), after taking into account
7 the exception under paragraph (1), shall not be prior
8 art to a claimed invention if—

9 “(A) the subject matter was obtained di-
10 rectly or indirectly from the inventor or a joint
11 inventor;

12 ~~“(B) the subject matter had been publicly~~
13 ~~disclosed by the inventor or a joint inventor or~~
14 ~~others who obtained the subject matter dis-~~
15 ~~closed, directly or indirectly, from the inventor~~
16 ~~or a joint inventor before the effective filing~~
17 ~~date of the application or patent set forth under~~
18 ~~subsection (a)(2); or~~

19 *“(B) the subject matter had been publicly*
20 *disclosed before the effective filing date of the ap-*
21 *plication or patent set forth under subsection*
22 *(a)(2) by the inventor or a joint inventor, or by*
23 *others who obtained the subject matter disclosed,*
24 *directly or indirectly, from the inventor or joint*
25 *inventor; or*

1 “(C) the subject matter and the claimed
2 invention, not later than the effective filing date
3 of the claimed invention, were owned by the
4 same person or subject to an obligation of as-
5 signment to the same person.

6 “(3) JOINT RESEARCH AGREEMENT EXCEP-
7 TION.—

8 “(A) IN GENERAL.—Subject matter and a
9 claimed invention shall be deemed to have been
10 owned by the same person or subject to an obli-
11 gation of assignment to the same person in ap-
12 plying the provisions of paragraph (2) if—

13 “(i) ~~the claimed invention was~~*the sub-*
14 *ject matter and the claimed invention were*
15 made by or on behalf of parties to a joint
16 research agreement that was in effect on
17 or before the effective filing date of the
18 claimed invention;

19 “(ii) the claimed invention was made
20 as a result of activities undertaken within
21 the scope of the joint research agreement;
22 and

23 “(iii) the application for patent for
24 the claimed invention discloses or is

1 amended to disclose the names of the par-
2 ties to the joint research agreement.

3 “(B) For purposes of subparagraph (A),
4 the term ‘joint research agreement’ means a
5 written contract, grant, or cooperative agree-
6 ment entered into by 2 or more persons or enti-
7 ties for the performance of experimental, devel-
8 opmental, or research work in the field of the
9 claimed invention.

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

15 “(A) as of the filing date of the patent or
16 the application for patent; or

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

1 (2) CONFORMING AMENDMENT.—The item re-
2 relating to section 102 in the table of sections for
3 chapter 10 of title 35, United States Code, is
4 amended to read as follows:

“102. Conditions for patentability; novelty.”.

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

8 **“§ 103. Conditions for patentability; nonobvious sub-**
9 **ject matter**

10 “A patent for a claimed invention may not be ob-
11 tained though the claimed invention is not identically dis-
12 closed as set forth in section 102, if the differences be-
13 tween the claimed invention and the prior art are such
14 that the claimed invention as a whole would have been ob-
15 vious before the effective filing date of the claimed inven-
16 tion to a person having ordinary skill in the art to which
17 the claimed invention pertains. Patentability shall not be
18 negated by the manner in which the invention was made.”.

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

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

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

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

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

14 (g) CONFORMING AMENDMENTS.—

15 (1) RIGHT OF PRIORITY.—Section 172 of title
16 35, United States Code, is amended by striking
17 “and the time specified in section 102(d)”.

18 (2) LIMITATION ON REMEDIES.—Section
19 287(c)(4) of title 35, United States Code, is amend-
20 ed by striking “the earliest effective filing date of
21 which is prior to” and inserting “which has an effec-
22 tive filing date before”.

23 (3) INTERNATIONAL APPLICATION DESIGN-
24 NATING THE UNITED STATES: EFFECT.—Section
25 363 of title 35, United States Code, is amended by

1 striking “except as otherwise provided in section
2 102(e) of this title”.

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

7 (5) PATENT ISSUED ON INTERNATIONAL APPLI-
8 CATION: EFFECT.—The second sentence of section
9 375(a) of title 35, United States Code, is amended
10 by striking “Subject to section 102(e) of this title,
11 such” and inserting “Such”.

12 (6) LIMIT ON RIGHT OF PRIORITY.—Section
13 119(a) of title 35, United States Code, is amended
14 by striking “; but no patent shall be granted” and
15 all that follows through “one year prior to such fil-
16 ing”.

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

20 (A) in paragraph (2)—

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

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

3 (ii) by striking “the statutory” and
4 inserting “that 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 of title 35, United States Code, and the item
12 relating to that section in the table of sections for chapter
13 29 of title 35, United States Code, are repealed.

14 (i) ACTION FOR CLAIM TO PATENT ON DERIVED IN-
15 VENTION.—Section 135 of title 35, United States Code,
16 is amended to read as follows:

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

18 “(1) INSTITUTION OF DERIVATION PRO-
19 CEEDING.—An applicant may request initiation of a
20 derivation proceeding to determine the right of the
21 applicant to a patent by filing a request which sets
22 forth with particularity the basis for finding that an
23 earlier applicant derived the claimed invention from
24 the applicant requesting the proceeding and, without
25 authorization, filed an application claiming such in-

1 vention. Any such request may only be made within
 2 12 months after the date of first publication of an
 3 application containing a claim that is the same or is
 4 substantially the same as the claimed invention,
 5 must be made under oath, and must be supported
 6 by substantial evidence. Whenever the Director de-
 7 termines that patents or applications for patent
 8 naming different individuals as the inventor interfere
 9 with one another because of a dispute over the right
 10 to patent under ~~section 101~~*section 102(a)*, the Direc-
 11 tor shall institute a derivation proceeding for the
 12 purpose of determining which applicant is entitled to
 13 a patent.

14 “(2) DETERMINATION BY PATENT TRIAL AND
 15 APPEAL BOARD.—In any proceeding *instituted by the*
 16 *Director* under this subsection, the Patent Trial and
 17 Appeal Board—

18 ~~“(A) shall determine the question of the~~
 19 ~~right to patent;~~

20 “(A) shall determine which applicant or
 21 *patent owner is entitled to a patent on the*
 22 *claimed invention that is the subject of the re-*
 23 *quest;*

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

4 “(C) shall issue a final decision on the
5 right to patent.

6 “(3) DERIVATION PROCEEDING.—The Board
7 may defer action on a request to initiate a derivation
8 proceeding until 3 months after the date on which
9 the Director issues a patent to the applicant ~~that~~
10 ~~filed the earlier application~~ *whose application has the*
11 *earlier effective filing date.*

12 “(4) EFFECT OF FINAL DECISION.—The final
13 decision of the Patent Trial and Appeal Board, if
14 adverse to the claim of an applicant, shall constitute
15 the final refusal by the United States Patent and
16 Trademark Office on the claims involved. The Direc-
17 tor may issue a patent to an applicant who is deter-
18 mined by the Patent Trial and Appeal Board to have
19 the right to patent. The final decision of the Board,
20 if adverse to a patentee, shall, if no appeal or other
21 review of the decision has been or can be taken or
22 had, constitute cancellation of the claims involved in
23 the patent, and notice of such cancellation shall be
24 endorsed on copies of the patent distributed after

1 such cancellation by the United States Patent and
2 Trademark Office.

3 “(b) SETTLEMENT.—Parties to a derivation pro-
4 ceeding may terminate the proceeding by filing a written
5 statement reflecting the agreement of the parties as to the
6 correct inventors of the claimed invention in dispute. Un-
7 less the Patent Trial and Appeal Board finds the agree-
8 ment to be inconsistent with the evidence of record, it shall
9 take action consistent with the agreement. Any written
10 settlement or understanding of the parties shall be filed
11 with the Director. At the request of a party to the pro-
12 ceeding, the agreement or understanding shall be treated
13 as business confidential information, shall be kept sepa-
14 rate from the file of the involved patents or applications,
15 and shall be made available only to Government agencies
16 on written request, or to any person on a showing of good
17 cause.

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

1 be dispositive of the issues to which it relates. The arbitra-
2 tion award shall be unenforceable until such notice is
3 given. Nothing in this subsection shall preclude the Direc-
4 tor from determining patentability of the invention in-
5 volved in the derivation proceeding.”.

6 (j) ELIMINATION OF REFERENCES TO INTER-
7 FERENCES.—(1) Sections 6, 41, 134, 141, 145, 146, 154,
8 305, and 314 of title 35, United States Code, are each
9 amended by striking “Board of Patent Appeals and Inter-
10 ferences” each place it appears and inserting “Patent
11 Trial and Appeal Board”.

12 (2) Sections 141, 146, and 154 of title 35, United
13 States Code, are each amended—

14 (A) by striking “an interference” each place it
15 appears and inserting “a derivation proceeding”;
16 and

17 (B) by striking “interference” each additional
18 place it appears and inserting “derivation pro-
19 ceeding”.

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

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

23 (4) The section heading for section 135 of title 35,
24 United States Code, is amended to read as follows:

1 **“§ 135. Derivation proceedings”.**

2 (5) The section heading for section 146 of title 35,
3 United States Code, is amended to read as follows:

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

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

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

“6. Patent Trial and Appeal Board.”.

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

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

“135. Derivation proceedings.”.

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

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

17 (10) CERTAIN APPEALS.—Section 1295(a)(4)(A) of
18 title 28, United States Code, is amended to read as fol-
19 lows:

20 (A) the Patent Trial and Appeal Board of
21 the United States Patent and Trademark Office
22 with respect to patent applications, interference
23 proceedings (commenced before the date of en-

1 actment of the Patent Reform Act of 2009),
2 derivation proceedings, and post-grant review
3 proceedings, at the instance of an applicant for
4 a patent or any party to a patent interference
5 (commenced before the effective date of the
6 Patent Reform Act of 2009), derivation pro-
7 ceeding, or post-grant review proceeding, and
8 any such appeal shall waive any right of such
9 applicant or party to proceed under section 145
10 or 146 of title 35;”.

11 (k) **SEARCH AND EXAMINATION FUNCTIONS.**—Sec-
12 tion 131 of title 35, United States Code, is amended by—

13 (1) by striking “The Director shall cause” and
14 inserting “(a) **IN GENERAL.**—The Director shall
15 cause”; and

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

17 “(b) **SEARCH AND EXAMINATION FUNCTIONS.**—To
18 the extent consistent with United States obligations under
19 international agreements, examination and search duties
20 for the grant of a United States patent are sovereign func-
21 tions which shall be performed within the United States
22 by United States citizens who are employees of the United
23 States Government.”.

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), that commences the national stage
7 under section ~~363~~, or that is filed by an inventor for an
8 invention for which an application has previously been
9 filed ~~under this title by that inventor~~³⁷¹ (*including an ap-*
10 *plication under section 111 that is filed by an inventor for*
11 *an invention for which an application has previously been*
12 *filed under this title by that inventor*) shall include, or be
13 amended to include, the name of the inventor of any
14 claimed invention in the application. Except as otherwise
15 provided in this section, an individual who is the inventor
16 or a joint inventor of a claimed invention in an application
17 for patent shall execute an oath or declaration in connec-
18 tion with the application.

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

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

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

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

5 “(d) SUBSTITUTE STATEMENT.—

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

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

15 “(A) is unable to file the oath or declara-
16 tion under subsection (a) because the indi-
17 vidual—

18 “(i) is deceased;

19 “(ii) is under legal incapacity; or

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

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

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

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

5 “(B) set forth the circumstances rep-
6 resenting the permitted basis for the filing of
7 the substitute statement in lieu of the oath or
8 declaration under subsection (a); and

9 “(C) contain any additional information,
10 including any showing, required by the Direc-
11 tor.

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

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

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

1 The requirements under this section shall not apply to an
2 individual with respect to an application for patent in
3 which the individual is named as the inventor or a joint
4 inventor and that claims the benefit under section 120 or
5 365(e) of the filing of an earlier-filed application, if—

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

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

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

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

20 “(1) IN GENERAL.—Any person making a state-
21 ment required under this section may withdraw, re-
22 place, or otherwise correct the statement at any
23 time. If a change is made in the naming of the in-
24 ventor requiring the filing of 1 or more additional
25 statements under this section, the Director shall es-

1 tablish regulations under which such additional
2 statements may be filed.

3 “(2) SUPPLEMENTAL STATEMENTS NOT RE-
4 QUIRED.—If an individual has executed an oath or
5 declaration under subsection (a) or an assignment
6 meeting the requirements of subsection (e) with re-
7 spect to an application for patent, the Director may
8 not thereafter require that individual to make any
9 additional oath, declaration, or other statement
10 equivalent to those required by this section in con-
11 nection with the application for patent or any patent
12 issuing thereon.

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

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

23 (2) RELATIONSHIP TO DIVISIONAL APPLICA-
24 TIONS.—Section 121 of title 35, United States Code,

1 is amended by striking “If a divisional application”
2 and all that follows through “inventor.”.

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

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

8 (B) in the heading for paragraph (3), by
9 striking “AND OATH”; and

10 (C) by striking “and oath” each place it
11 appears.

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

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

16 (b) FILING BY OTHER THAN INVENTOR.—Section
17 118 of title 35, United States Code, is amended to read
18 as follows:

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

20 “A person to whom the inventor has assigned or is
21 under an obligation to assign the invention may make an
22 application for patent. A person who otherwise shows suf-
23 ficient proprietary interest in the matter may make an ap-
24 plication for patent on behalf of and as agent for the in-
25 ventor on proof of the pertinent facts and a showing that

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

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

9 (1) in the first paragraph—

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

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

16 (2) in the second paragraph—

17 (A) by striking “The ~~specifica-~~
18 ~~tions~~specification” and inserting “(b) CONCLU-
19 SION.—The ~~specifications~~specification”; and

20 (B) by striking “applicant regards as his
21 invention” and inserting “inventor or a joint in-
22 ventor regards as the invention”;

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

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

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

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

11 **SEC. 4. RIGHT OF THE INVENTOR TO OBTAIN DAMAGES.**

12 (a) DAMAGES.—Section 284 of title 35, United
 13 States Code, is amended to read as follows:

14 **“§ 284. Damages**

15 ~~“(a) IN GENERAL.—Upon finding for the claimant~~
 16 ~~the court shall award the claimant damages adequate to~~
 17 ~~compensate for the infringement but in no event less than~~
 18 ~~a reasonable royalty for the use made of the invention by~~
 19 ~~the infringer, together with interest and costs as fixed by~~
 20 ~~the court, subject to the provisions of this section.~~

21 ~~“(b) DETERMINATION OF DAMAGES; EVIDENCE CON-~~
 22 ~~SIDERED; PROCEDURE.—The court may receive expert~~
 23 ~~testimony as an aid to the determination of damages or~~
 24 ~~of what royalty would be reasonable under the cir-~~
 25 ~~cumstances. The admissibility of such testimony shall be~~

1 governed by the rules of evidence governing expert testi-
 2 mony. When the damages are not found by a jury, the
 3 court shall assess them.

4 “(c) STANDARD FOR CALCULATING REASONABLE
 5 ROYALTY.—

6 “(1) IN GENERAL.—The court shall determine,
 7 based on the facts of the case and after adducing
 8 any further evidence the court deems necessary,
 9 which of the following methods shall be used by the
 10 court or the jury in calculating a reasonable royalty
 11 pursuant to subsection (a). The court shall also
 12 identify the factors that are relevant to the deter-
 13 mination of a reasonable royalty, and the court or
 14 jury, as the case may be, shall consider only those
 15 factors in making such determination.

16 “(A) ENTIRE MARKET VALUE.—Upon a
 17 showing to the satisfaction of the court that the
 18 claimed invention’s specific contribution over
 19 the prior art is the predominant basis for mar-
 20 ket demand for an infringing product or proe-
 21 cess, damages may be based upon the entire
 22 market value of that infringing product or proe-
 23 cess.

24 “(B) ESTABLISHED ROYALTY BASED ON
 25 MARKETPLACE LICENSING.—Upon a showing to

1 the satisfaction of the court that the claimed in-
2 vention has been the subject of a nonexclusive
3 license for the use made of the invention by the
4 infringer, to a number of persons sufficient to
5 indicate a general marketplace recognition of
6 the reasonableness of the licensing terms, if the
7 license was secured prior to the filing of the
8 case before the court, and the court determines
9 that the infringer's use is of substantially the
10 same scope, volume, and benefit of the rights
11 granted under such license, damages may be
12 determined on the basis of the terms of such li-
13 cense. Upon a showing to the satisfaction of the
14 court that the claimed invention has sufficiently
15 similar noninfringing substitutes in the relevant
16 market, which have themselves been the subject
17 of such nonexclusive licenses, and the court de-
18 termines that the infringer's use is of substan-
19 tially the same scope, volume, and benefit of the
20 rights granted under such licenses, damages
21 may be determined on the basis of the terms of
22 such licenses.

23 “(C) VALUATION CALCULATION.—Upon a
24 determination by the court that the showings
25 required under subparagraphs (A) and (B) have

1 not been made, the court shall conduct an anal-
2 ysis to ensure that a reasonable royalty is ap-
3 plied only to the portion of the economic value
4 of the infringing product or process properly at-
5 tributable to the claimed invention's specific
6 contribution over the prior art. In the case of
7 a combination invention whose elements are
8 present individually in the prior art, the con-
9 tribution over the prior art may include the
10 value of the additional function resulting from
11 the combination, as well as the enhanced value,
12 if any, of some or all of the prior art elements
13 as part of the combination, if the patentee dem-
14 onstrates that value.

15 “(2) ADDITIONAL FACTORS.—Where the court
16 determines it to be appropriate in determining a rea-
17 sonable royalty under paragraph (1), the court may
18 also consider, or direct the jury to consider, any
19 other relevant factors under applicable law.

20 “(d) INAPPLICABILITY TO OTHER DAMAGES ANAL-
21 YSIS.—The methods for calculating a reasonable royalty
22 described in subsection (c) shall have no application to the
23 calculation of an award of damages that does not neces-
24 sitate the determination of a reasonable royalty as a basis
25 for monetary relief sought by the claimant.

1 **“§284. Damages**

2 “(a) *IN GENERAL.*—

3 “(1) *COMPENSATORY DAMAGES AUTHORIZED.*—

4 *Upon finding for the claimant the court shall award*
5 *the claimant damages adequate to compensate for the*
6 *infringement, but in no event less than a reasonable*
7 *royalty for the use made of the invention by the in-*
8 *fringer, together with interest and costs as fixed by*
9 *the court.*

10 “(2) *USE OF EXPERTS PERMITTED.*—*The court*
11 *may receive expert testimony as an aid to the deter-*
12 *mination of damages or of what royalty would be rea-*
13 *sonable under the circumstances.*

14 “(b) *PROCEDURE FOR DETERMINING DAMAGES.*—

15 “(1) *IN GENERAL.*—*The court shall identify the*
16 *methodologies and factors that are relevant to the de-*
17 *termination of damages, and the court or jury, shall*
18 *consider only those methodologies and factors relevant*
19 *to making such determination.*

20 “(2) *DISCLOSURE OF CLAIMS.*—*By no later than*
21 *the entry of the final pretrial order, unless otherwise*
22 *ordered by the court, the parties shall state, in writ-*
23 *ing and with particularity, the methodologies and*
24 *factors the parties propose for instruction to the jury*
25 *in determining damages under this section, specifying*

1 *the relevant underlying legal and factual bases for*
2 *their assertions.*

3 “(3) *SUFFICIENCY OF EVIDENCE.*—*Prior to the*
4 *introduction of any evidence concerning the deter-*
5 *mination of damages, upon motion of either party or*
6 *sua sponte, the court shall consider whether one or*
7 *more of a party’s damages contentions lacks a legally*
8 *sufficient evidentiary basis. After providing a non-*
9 *movant the opportunity to be heard, and after any*
10 *further proffer of evidence, briefing, or argument that*
11 *the court may deem appropriate, the court shall iden-*
12 *tify on the record those methodologies and factors as*
13 *to which there is a legally sufficient evidentiary basis,*
14 *and the court or jury shall consider only those meth-*
15 *odologies and factors in making the determination of*
16 *damages under this section. The court shall only per-*
17 *mit the introduction of evidence relating to the deter-*
18 *mination of damages that is relevant to the meth-*
19 *odologies and factors that the court determines may*
20 *be considered in making the damages determination.*

21 “(ec) *WILLFUL INFRINGEMENT.*—

22 “(1) *INCREASED DAMAGES.*—*A court that has*
23 *determined that an infringer has willfully infringed*
24 *a patent or patents may increase damages up to 3*
25 *times the amount of the damages found or assessed*

1 under subsection (a), except that increased damages
2 under this paragraph shall not apply to provisional
3 rights under section 154(d).

4 “(2) PERMITTED GROUNDS FOR WILLFUL-
5 NESS.—A court may find that an infringer has will-
6 fully infringed a patent only if the patent owner ~~pre-~~
7 ~~sents~~*proves by* clear and convincing evidence that
8 acting with objective recklessness—

9 “(A) after receiving written notice from
10 the patentee—

11 “(i) alleging acts of infringement in a
12 manner sufficient to give the infringer an
13 objectively reasonable apprehension of suit
14 on such patent, and

15 “(ii) identifying with particularity
16 each claim of the patent, each product or
17 process that the patent owner alleges in-
18 fringes the patent, and the relationship of
19 such product or process to such claim,
20 the infringer, after a reasonable opportunity to
21 investigate, thereafter performed 1 or more of
22 the alleged acts of infringement;

23 “(B) the infringer intentionally copied the
24 patented invention with knowledge that it was
25 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) LIMITATIONS ON WILLFULNESS.—

9 “(A) IN GENERAL.—A court may not find
10 that an infringer has willfully infringed a patent
11 under paragraph (2) for any period of time dur-
12 ing which the infringer had an informed good
13 faith belief that the patent was invalid or unen-
14 forceable, or would not be infringed by the con-
15 duct later shown to constitute infringement of
16 the patent.

17 “(B) GOOD FAITH ESTABLISHED.—An in-
18 formed good faith belief within the meaning of
19 subparagraph (A) may be established by—

20 “(i) reasonable reliance on advice of
21 counsel;

22 “(ii) evidence that the infringer
23 sought to modify its conduct to avoid in-
24 fringement once it had discovered the pat-
25 ent; or

1 ~~“(iii) other evidence a court may find~~
2 ~~sufficient to establish such good faith be-~~
3 ~~lief.~~

4 “(A) *IN GENERAL.*—*Notwithstanding para-*
5 *graph (2), an infringer may not be found to have*
6 *acted with objective recklessness where for any*
7 *period of time during which the infringer had an*
8 *informed good faith belief that the patent was in-*
9 *valid or unenforceable, or would not be infringed*
10 *by the conduct later shown to constitute infringe-*
11 *ment of the patent, and—*

12 ~~“(i) there was reasonable reliance on~~
13 ~~advice of counsel;~~

14 ~~“(ii) the infringer sought to modify its~~
15 ~~conduct to avoid infringement once it had~~
16 ~~discovered the patent; or~~

17 ~~“(iii) there is sufficient evidence that~~
18 ~~the infringer had a good faith belief that the~~
19 ~~patent was invalid or unenforceable, or~~
20 ~~would not be infringed by conduct later~~
21 ~~shown to constitute infringement of the pat-~~
22 ~~ent.~~

23 ~~“(C)(B) RELEVANCE OF NOT PRESENTING~~
24 ~~CERTAIN EVIDENCE.—The decision of the in-~~
25 ~~fringer not to present evidence of advice of~~

1 counsel is not relevant to a determination of
2 willful infringement under paragraph (2).

3 “(4) LIMITATION ON PLEADING.—Before the
4 date on which a court determines that the patent in
5 suit is not invalid, is enforceable, and has been in-
6 fringed by the infringer, a patentee may not plead
7 and a court may not determine that an infringer has
8 willfully infringed a patent. ~~The court’s determina-~~
9 ~~tion of an infringer’s willfulness shall be made with-~~
10 ~~out a jury.”.~~

11 (b) REPORT TO CONGRESSIONAL COMMITTEES.—

12 (1) IN GENERAL.—Not later than 2 years after
13 the date of enactment of this Act, the Director shall
14 report to the Committee on the Judiciary of the
15 Senate and the Committee on the Judiciary of the
16 House of Representatives, the findings and rec-
17 ommendations of the Director on the operation of
18 prior user rights in selected countries in the indus-
19 trialized world. The report shall include the fol-
20 lowing:

21 (A) A comparison between patent laws of
22 the United States and the laws of other indus-
23 trialized countries, including the European
24 Union, Japan, Canada, and Australia.

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

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

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

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

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

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

22 “(6) PERSONAL DEFENSE.—The defense under
23 this section may be asserted only by the person who
24 performed or caused the performance of the acts
25 necessary to establish the defense as well as any

1 other entity that controls, is controlled by, or is
2 under common control with such person and, except
3 for any transfer to the patent owner, the right to as-
4 sert the defense shall not be licensed or assigned or
5 transferred to another person except as an ancillary
6 and subordinate part of a good faith assignment or
7 transfer for other reasons of the entire enterprise or
8 line of business to which the defense relates. Not-
9 withstanding the preceding sentence, any person
10 may, on its own behalf, assert a defense based on
11 the exhaustion of rights provided under paragraph
12 (3), including any necessary elements thereof.”.

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

16 (e) VIRTUAL MARKING.—*Section 287(a) of title 35,*
17 *United States Code, is amended by inserting “, or by fixing*
18 *thereon the word ‘patent’ or the abbreviation ‘pat.’ together*
19 *with an address of a posting on the Internet, accessible to*
20 *the public without charge for accessing the address, that as-*
21 *sociates the patented article with the number of the patent”*
22 *before “, or when”.*

1 **SEC. 5. POST-GRANT PROCEDURES AND OTHER QUALITY**
2 **ENHANCEMENTS.**

3 (a) CITATION OF PRIOR ART.—Section 301 of title
4 35, United States Code, is amended to read as follows:

5 **“§ 301. Citation of prior art**

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

8 ~~“(1) prior art consisting of patents, printed~~
9 ~~publications, or evidence that the claimed invention~~
10 ~~was in public use or sale in the United States more~~
11 ~~than 1 year prior to the *effective filing* date of the~~
12 ~~application for patent in the United States, which~~
13 ~~that person believes to have a bearing on the patent-~~
14 ~~ability of any claim of a particular patent; or~~

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

19 “(2) written statements of the patent owner
20 filed in a proceeding before a Federal court or the
21 Patent and Trademark Office in which the patent
22 owner takes a position on the scope of one or more
23 patent claims.

24 “(b) SUBMISSIONS PART OF OFFICIAL FILE.—If the
25 person citing prior art or written submissions under sub-
26 section (a) explains in writing the pertinence and manner

1 of applying the prior art or written submission to at least
 2 one claim of the patent, the citation of the prior art ~~or~~
 3 ~~documentary evidence (as the case may be)~~ *or written sub-*
 4 *missions (as the case may be)* and the explanation thereof
 5 shall become a part of the official file of the patent.

6 “(c) PROCEDURES FOR WRITTEN STATEMENTS.—

7 “(1) SUBMISSION OF ADDITIONAL MATE-
 8 RIALS.—A party that submits written statements
 9 under subsection (a)(2) in a proceeding shall include
 10 any other documents, pleadings, or evidence from
 11 the proceeding that address the patent owner’s
 12 statements or the claims addressed by the written
 13 statements.

14 “(2) LIMITATION ON USE OF STATEMENTS.—
 15 Written statements submitted under subsection
 16 (a)(2) shall not be considered for any purpose other
 17 than to determine the proper meaning of the claims
 18 that are the subject of the request in a proceeding
 19 ordered pursuant to section 304 or 313. Any such
 20 written statements, and any materials submitted
 21 under paragraph (1), that are subject to an applica-
 22 ble protective order shall be redacted to exclude in-
 23 formation subject to the order.

24 “(d) IDENTITY WITHHELD.—Upon the written re-
 25 quest of the person ~~making the citation~~ *citing prior art or*

1 *written statements* under subsection (a), the person’s iden-
 2 tity shall be excluded from the patent file and kept con-
 3 fidential.”.

4 (b) REQUEST FOR REEXAMINATION.—The first sen-
 5 tence of section 302 of title 35, United States Code, is
 6 amended to read as follows: “Any person at any time may
 7 file a request for reexamination by the Office of any claim
 8 on a patent on the basis of any prior art or documentary
 9 evidence cited under paragraph (1) or (3) of subsection
 10 (a) of section 301 of this title.”.

11 (c) REEXAMINATION.—Section 303(a) of title 35,
 12 United States Code, is amended to read as follows:

13 “(a) Within three months following the filing of a re-
 14 quest for reexamination under section 302, the Director
 15 shall determine whether a substantial new question of pat-
 16 entability affecting any claim of the patent concerned is
 17 raised by the request, with or without consideration of
 18 other patents or printed publications. On the Director’s
 19 own initiative, and at any time, the Director may deter-
 20 mine whether a substantial new question of patentability
 21 is raised by ~~patents, publications, or other evidence~~*patents*
 22 *or publications* discovered by the Director, is cited under
 23 section 301, or is cited by any person other than the owner
 24 of the patent under section 302 or section 311. The exist-
 25 ence of a substantial new question of patentability is not

1 precluded by the fact that a ~~patent, printed publication,~~
2 ~~or other evidence~~ *patent or printed publication* was pre-
3 viously considered by the Office.”.

4 (d) ~~REQUEST FOR INTER PARTES REEXAMINA-~~
5 ~~TION.~~—Section 311(a) of title 35, United States Code, is
6 amended to read as follows:

7 “(a) ~~IN GENERAL.~~—Any third-party requester at any
8 time may file a request for inter partes reexamination by
9 the Office of a patent on the basis of any prior art or
10 documentary evidence cited under paragraph (1) or (3)
11 of subsection (a) of section 301 of this title.”.

12 (e) ~~CONDUCT OF INTER PARTES PROCEEDINGS.~~—
13 Section 314 of title 35, United States Code, is amended—

14 (1) in the first sentence of subsection (a), by
15 striking “conducted according to the procedures es-
16 tablished for initial examination under the provisions
17 of sections 132 and 133” and inserting “heard by
18 an administrative patent judge in accordance with
19 procedures which the Director shall establish”;

20 (2) in subsection (b), by striking paragraph (2)
21 and inserting the following:

22 “(2) The third-party requester shall have the oppor-
23 tunity to file written comments on any action on the mer-
24 its by the Office in the inter partes reexamination pro-
25 ceeding, and on any response that the patent owner files

1 to such an action, if those written comments are received
2 by the Office within 60 days after the date of service on
3 the third-party requester of the Office action or patent
4 owner response, as the case may be.”; and

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

6 “(d) ORAL HEARING.—At the request of a third-
7 party requestor or the patent owner, the administrative
8 patent judge shall conduct an oral hearing, unless the
9 judge finds cause lacking for such hearing.”.

10 (~~f~~) ESTOPPEL.—Section 315(c) of title 35, United
11 States Code, is amended by striking “or could have
12 raised”.

13 (~~g~~) REEXAMINATION PROHIBITED AFTER DISTRICT
14 COURT DECISION.—Section 317(b) of title 35, United
15 States Code, is amended—

16 (1) in the subsection heading, by striking
17 “FINAL DECISION” and inserting “DISTRICT COURT
18 DECISION”; and

19 (2) by striking “Once a final decision has been
20 entered” and inserting “Once the judgment of the
21 district court has been entered”.

22 (~~h~~) POST-GRANT OPPOSITION PROCEDURES.—

23 (1) IN GENERAL.—Part III of title 35, United
24 States Code, is amended by adding at the end the
25 following new chapter:

1 **“CHAPTER 32—POST-GRANT REVIEW**
 2 **PROCEDURES**

“Sec.

“321. Petition for post-grant review.

“322. Timing and bases of petition.

“323. Requirements of petition.

“324. Prohibited filings.

“325. Submission of additional information; showing of sufficient grounds.

“326. Conduct of post-grant review proceedings.

“327. Patent owner response.

“328. Proof and evidentiary standards.

“329. Amendment of the patent.

“330. Decision of the Board.

“331. Effect of decision.

“332. Settlement.

“333. Relationship to other pending proceedings.

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

“335. Effect of final decision on future proceedings.

“336. Appeal.

3 **“§ 321. Petition for post-grant review**

4 “Subject to sections 322, 324, 332, and 333, a per-
 5 son who is not the patent owner may file with the Office
 6 a petition for cancellation seeking to institute a post-grant
 7 review proceeding to cancel as unpatentable any claim of
 8 a patent on any ground that could be raised under ~~para-~~
 9 ~~graph (2) or (3) of section 282(b)~~section 282 (relating to
 10 invalidity of the patent or any claim). The Director shall
 11 establish, by regulation, fees to be paid by the person re-
 12 questing the proceeding, in such amounts as the Director
 13 determines to be reasonable.

14 **“§ 322. Timing and bases of petition**

15 “A post-grant proceeding may be instituted *by the Di-*
 16 *rector* under this chapter pursuant to a cancellation peti-

1 tion filed under section 321. *Such proceeding may be insti-*
2 *tuted* only if—

3 “(1) the petition is filed not later than 12
4 months after the issuance of the patent or a reissue
5 patent, as the case may be; or

6 “(2) the patent owner consents in writing to the
7 proceeding.

8 **“§ 323. Requirements of petition**

9 “A cancellation petition filed under section 321 may
10 be considered only if—

11 “(1) the petition is accompanied by payment of
12 the fee established by the Director under section
13 321;

14 “(2) the petition identifies the cancellation peti-
15 tioner;

16 “(3) for each claim sought to be canceled, the
17 petition sets forth in writing the basis for cancella-
18 tion and provides the evidence in support thereof, in-
19 cluding copies of patents and printed publications,
20 or written testimony of a witness attested to under
21 oath or declaration by the witness, or any other in-
22 formation that the Director may require by regula-
23 tion; and

24 “(4) the petitioner provides copies of the peti-
25 tion, including any evidence submitted with the peti-

1 tion and any other information submitted under
2 paragraph (3), to the patent owner or, if applicable,
3 the designated representative of the patent owner.

4 **“§ 324. Prohibited filings**

5 “A post-grant review proceeding may not be insti-
6 tuted under section 322 if the petition for cancellation re-
7 questing the proceeding—

8 “(1) identifies the same cancellation petitioner
9 and the same patent as a previous petition for can-
10 cellation filed under such section; or

11 “(2) is based on the best mode requirement
12 contained in section 112.

13 **“§ 325. Submission of additional information; show-
14 ing of sufficient grounds**

15 “(a) IN GENERAL.—The cancellation petitioner shall
16 file such additional information with respect to the peti-
17 tion as the Director may require. For each petition sub-
18 mitted under section 321, the Director shall determine if
19 the written statement, and any evidence submitted with
20 the request, establish that a substantial question of pat-
21 entability exists for at least one claim in the patent. The
22 Director may ~~initiate~~*institute* a post-grant review pro-
23 ceeding if the Director determines that the information
24 presented provides sufficient grounds to believe that there

1 is a substantial question of patentability concerning one
2 or more claims of the patent at issue.

3 “(b) NOTIFICATION; DETERMINATIONS NOT RE-
4 VIEWABLE.—The Director shall notify the patent owner
5 and each petitioner in writing of the Director’s determina-
6 tion under subsection (a), including a determination to
7 deny the petition. The Director shall make that determina-
8 tion in writing not later than 60 days after receiving the
9 petition. Any determination made by the Director under
10 subsection (a), including whether or not to institute a
11 post-grant review proceeding or to deny the petition, shall
12 not be reviewable.

13 **“§ 326. Conduct of post-grant review proceedings**

14 “(a) IN GENERAL.—The Director shall prescribe reg-
15 ulations, in accordance with section 2(b)(2)—

16 “(1) establishing and governing post-grant re-
17 view proceedings under this chapter and their rela-
18 tionship to other proceedings under this title;

19 “(2) establishing procedures for the submission
20 of supplemental information after the petition for
21 cancellation is filed; and

22 “(3) setting forth procedures for discovery of
23 relevant evidence, including that such discovery shall
24 be limited to evidence directly related to factual as-
25 sertions advanced by either party in the proceeding,

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

4 In carrying out paragraph (3), the Director shall bear in
5 mind that discovery must be in the interests of justice.

6 “(b) POST-GRANT REGULATIONS.—Regulations
7 under subsection (a)(1)—

8 “(1) shall require that the final determination
9 in a post-grant proceeding issue not later than one
10 year after the date on which the post-grant review
11 proceeding is instituted under this chapter, except
12 that, for good cause shown, the Director may extend
13 the 1-year period by not more than six months;

14 “(2) shall provide for discovery upon order of
15 the Director;

16 “(3) shall provide for publication of notice in
17 the Federal Register of the filing of a petition for
18 post-grant review under this chapter, for publication
19 of the petition, and documents, orders, and decisions
20 relating to the petition, on the website of the Patent
21 and Trademark Office, and for filings under seal ex-
22 empt from publication requirements;

23 “(4) shall prescribe sanctions for abuse of dis-
24 covery, abuse of process, or any other improper use
25 of the proceeding, such as to harass or to cause un-

1 necessary delay or unnecessary increase in the cost
2 of the proceeding;

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

6 “(6) shall ensure that any information sub-
7 mitted by the patent owner in support of any
8 amendment entered under section 329 is made avail-
9 able to the public as part of the prosecution history
10 of the patent.

11 “(c) CONSIDERATIONS.—In prescribing regulations
12 under this section, the Director shall consider the effect
13 on the economy, the integrity of the patent system, and
14 the efficient administration of the Office.

15 “(d) CONDUCT OF PROCEEDING.—The Patent Trial
16 and Appeal Board shall, in accordance with section 6(b),
17 conduct each post-grant review proceeding ~~autho-~~
18 ~~ized~~ *instituted* by the Director.

19 **“§ 327. Patent owner response**

20 “After a post-grant proceeding under this chapter
21 has been instituted with respect to a patent, the patent
22 owner shall have the right to file, within a time period
23 set by the Director, a response to the cancellation petition.
24 The patent owner shall file with the response, through af-
25 fidavits or declarations, any additional factual evidence

1 and expert opinions on which the patent owner relies in
2 support of the response.

3 **“§ 328. 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 by a preponderance of the evi-
10 dence.

11 **“§ 329. Amendment of the patent**

12 “(a) IN GENERAL.—In response to a challenge in a
13 petition for cancellation, the patent owner may file one
14 motion to amend the patent in one or more of the fol-
15 lowing ways:

16 “(1) Cancel any challenged patent claim.

17 “(2) For each challenged claim, propose a sub-
18 stitute claim.

19 “(3) Amend the patent drawings or otherwise
20 amend the patent other than the claims.

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

23 “(c) SCOPE OF CLAIMS.—An amendment under this
24 section may not enlarge the scope of the claims of the pat-
25 ent or introduce new matter.

1 **“§ 330. Decision of the Board**

2 “If the post-grant review proceeding is instituted and
3 not dismissed under this chapter, the Patent Trial and
4 Appeal Board shall issue a final written decision address-
5 ing the patentability of any patent claim challenged and
6 any new claim added under section 329.

7 **“§ 331. Effect of decision**

8 “(a) IN GENERAL.—If the Patent Trial and Appeal
9 Board issues a final decision under section 330 and the
10 time for appeal has expired or any appeal proceeding has
11 terminated, the Director shall issue and publish a certifi-
12 cate canceling any claim of the patent finally determined
13 to be unpatentable and incorporating in the patent by op-
14 eration of the certificate any new claim determined to be
15 patentable.

16 “(b) NEW CLAIMS.—Any new claim held to be pat-
17 entable and incorporated into a patent in a post-grant re-
18 view proceeding shall have the same effect as that speci-
19 fied in section 252 for reissued patents on the right of
20 any person who made, purchased, offered to sell, or used
21 within the United States, or imported into the United
22 States, anything patented by such new claim, or who made
23 substantial preparations therefor, before a certificate
24 under subsection (a) of this section is issued.

1 **“§ 332. Settlement**

2 “(a) IN GENERAL.—A post-grant review proceeding
3 shall be terminated with respect to any petitioner upon
4 the joint request of the petitioner and the patent owner,
5 unless the Patent Trial and Appeal Board has issued a
6 written decision before the request for termination is filed.
7 If the post-grant review proceeding is terminated with re-
8 spect to a petitioner under this paragraph, no estoppel
9 shall apply to that petitioner. If no petitioner remains in
10 the proceeding, the panel of administrative patent judges
11 assigned to the proceeding shall terminate the proceeding.

12 “(b) AGREEMENT IN WRITING.—Any agreement or
13 understanding between the patent owner and a petitioner,
14 including any collateral agreements referred to in the
15 agreement or understanding, that is made in connection
16 with or in contemplation of the termination of a post-grant
17 review proceeding, must be in writing. A post-grant review
18 proceeding as between the parties to the agreement or un-
19 derstanding may not be terminated until a copy of the
20 agreement or understanding, including any such collateral
21 agreements, has been filed in the Office. If any party filing
22 such an agreement or understanding requests, the agree-
23 ment or understanding shall be kept separate from the
24 file of the post-grant review proceeding, and shall be made
25 available only to Government agencies on written request,
26 or to any person on a showing of good cause.

1 **“§ 333. Relationship to other proceedings**

2 “(a) IN GENERAL.—Notwithstanding subsection
3 135(a), sections 251 and 252, and chapter 30, the Direc-
4 tor may determine the manner in which any reexamination
5 proceeding, reissue proceeding, interference proceeding
6 (commenced with respect to an application for patent filed
7 before the effective date provided in ~~section 3(k)~~section
8 5(k) of the Patent Reform Act of 2009), derivation pro-
9 ceeding, or post-grant review proceeding, that is pending
10 during a post-grant review proceeding, may proceed, in-
11 cluding providing for stay, transfer, consolidation, or ter-
12 mination of any such proceeding.

13 “(b) STAYS.—The Director may stay a post-grant re-
14 view proceeding if a pending civil action for infringement
15 of a patent addresses the same or substantially the same
16 questions of patentability raised against the patent in a
17 petition for the post-grant review proceeding.

18 “(c) EFFECT OF COMMENCEMENT OF PRO-
19 CEEDING.—The commencement of a post-grant review
20 proceeding—

21 “(1) shall not limit in any way the right of the
22 patent owner to commence an action for infringe-
23 ment of the patent; and

24 “(2) shall not be cited as evidence relating to
25 the validity of any claim of the patent in any pro-

1 ceeding before a court or the International Trade
2 Commission concerning the patent.

3 **“§ 334. Effect of decisions rendered in civil action on**
4 **post-grant review proceedings**

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

9 “(1) that party to the civil action and the
10 privies of that party may not thereafter request a
11 post-grant review proceeding on that patent claim on
12 the basis of any grounds, under the provisions of
13 section 321, which that party or the privies of that
14 party raised or could have raised; and

15 “(2) the Director may not thereafter maintain
16 a post-grant review proceeding that was requested,
17 before the final decision was so entered, by that
18 party or the privies of that party on the basis of
19 such grounds.

20 **“§ 335. Effect of final decision on future proceedings**

21 “If a final decision under section 330 is favorable to
22 the patentability of any original or new claim of the patent
23 challenged by the cancellation petitioner, the cancellation
24 petitioner may not thereafter, based on any ground that

1 the cancellation petitioner raised during the post-grant re-
 2 view proceeding—

3 “(1) request or pursue a reexamination of such
 4 claim under chapter 31;

5 “(2) request or pursue a derivation proceeding
 6 with respect to such claim;

7 “(3) request or pursue a post-grant review pro-
 8 ceeding under this chapter with respect to such
 9 claim;

10 “(4) assert the invalidity of any such claim in
 11 any civil action arising in whole or in part under sec-
 12 tion 1338 of title 28; or

13 “(5) assert the invalidity of any such claim in
 14 defense to an action brought under section 337 of
 15 the Tariff Act of 1930 (19 U.S.C. 1337).

16 **“§ 336. Appeal**

17 “A party dissatisfied with the final determination of
 18 the Patent Trial and Appeal Board in a post-grant pro-
 19 ceeding under this chapter may appeal the determination
 20 under sections 141 through 144. Any party to the post-
 21 grant proceeding shall have the right to be a party to the
 22 appeal.”.

23 (ig) CONFORMING AMENDMENT.—The table of chap-
 24 ters for part III of title 35, United States Code, is amend-
 25 ed by adding at the end the following:

“32. Post-Grant Review Proceedings 321”.

1 (j*h*) REPEAL.—Section 4607 of the Intellectual Prop-
2 erty and Communications Omnibus Reform Act of 1999,
3 as enacted by section 1000(a)(9) of Public Law 106–113,
4 is repealed.

5 (k*i*) EFFECTIVE DATES.—

6 (1) IN GENERAL.—The amendments and repeal
7 made by this section shall take effect at the end of
8 the 1-year period beginning on the date of the enact-
9 ment of this Act.

10 (2) APPLICABILITY TO EX PARTE AND INTER
11 PARTES PROCEEDINGS.—Notwithstanding any other
12 provision of law, sections 301 and 311 through 318
13 of title 35, United States Code, as amended by this
14 section, shall apply to any patent that issues before,
15 on, or after the effective date under paragraph (1)
16 from an original application filed on any date.

17 (3) APPLICABILITY TO POST-GRANT PRO-
18 CEEDINGS.—The amendments made by subsections
19 ~~(h)~~ and (i)(f) and (g) shall apply to patents issued
20 on or after the effective date under paragraph (1).

21 (j*j*) REGULATIONS.—The Under Secretary of Com-
22 merce for Intellectual Property and Director of the United
23 States Patent and Trademark Office (in this subsection
24 referred to as the “Director”) shall, not later than the
25 date that is 1 year after the date of the enactment of this

1 Act, issue regulations to carry out chapter 32 of title 35,
 2 United States Code, as added by subsection ~~(h)~~(f) of this
 3 section.

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

5 (a) DEFINITIONS.—Section 100 of title 35, United
 6 States Code, (as amended by section 2 of this Act) is fur-
 7 ther amended—

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

10 (2) by adding at the end the following: amended
 11 by adding at the end the following:

12 “(k) The term ‘cancellation petitioner’ means the
 13 real party in interest requesting cancellation of any claim
 14 of a patent under chapter ~~31~~32 of this title and the privies
 15 of the real party in interest.”.

16 (b) PATENT TRIAL AND APPEAL BOARD.—Section 6
 17 of title 35, United States Code, is amended to read as
 18 follows:

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

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

1 shall be persons of competent legal knowledge and sci-
 2 entific ability who are appointed by the Secretary of Com-
 3 merce. Any reference in any Federal law, Executive order,
 4 rule, regulation, or delegation of authority, or any docu-
 5 ment of or pertaining to the Board of Patent Appeals and
 6 Interferences is deemed to refer to the Patent Trial and
 7 Appeal Board.

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

10 “(1) on written appeal of an applicant, review
 11 adverse decisions of examiners upon application for
 12 patents;

13 “(2) on written appeal of a patent owner, re-
 14 view adverse decisions of ~~examiners~~ upon patents in
 15 reexamination proceedings under chapter 30;

16 “(3) conduct derivation proceedings under sub-
 17 section 135(a); and

18 “(4) conduct post-grant opposition proceedings
 19 under chapter 32.

20 ~~Each appeal and derivation proceeding~~*Each appeal, deri-*
 21 *vation, and post-grant review proceeding* shall be heard by
 22 at least 3 members of the Patent Trial and Appeal Board,
 23 who shall be designated by the Director. Only the Patent
 24 Trial and Appeal Board may grant rehearings. The Direc-
 25 tor shall assign each post-grant review proceeding to a

1 panel of 3 administrative patent judges. Once assigned,
2 each such panel of administrative patent judges shall have
3 the responsibilities under chapter 32 in connection with
4 post-grant review proceedings.”.

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

6 Section 122 of title 35, United States Code, is
7 amended by adding at the end the following:

8 “(e) PREISSUANCE SUBMISSIONS BY THIRD PAR-
9 TIES.—

10 “(1) IN GENERAL.—Any person may submit for
11 consideration and inclusion in the record of a patent
12 application, any patent, published patent application,
13 or other publication of potential relevance to the ex-
14 amination of the application, if such submission is
15 made in writing before the earlier of—

16 “(A) the date a notice of allowance under
17 section 151 is mailed in the application for pat-
18 ent; or

19 “(B) either—

20 “(i) 6 months after the date on which
21 the application for patent is published
22 under section 122, or

23 “(ii) the date of the first rejection
24 under section 132 of any claim by the ex-

1 aminer during the examination of the ap-
 2 plication for patent,
 3 whichever occurs later.

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

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

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

10 “(C) include a statement by the person
 11 making such submission affirming that the sub-
 12 mission was made in compliance with this sec-
 13 tion.”.

14 **SEC. 8. VENUE AND JURISDICTION.**

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

18 ~~“(b) Notwithstanding section 1391 of this title, in~~
 19 ~~any civil action arising under any Act of Congress relating~~
 20 ~~to patents, a party shall not manufacture venue by assign-~~
 21 ~~ment, incorporation, or otherwise to invoke the venue of~~
 22 ~~a specific district court.~~

23 ~~“(c) Notwithstanding section 1391 of this title, any~~
 24 ~~civil action for patent infringement or any action for de-~~

1 claratory judgment may be brought only in a judicial dis-
2 trict—

3 “(1) where the defendant has its principal place
4 of business or in the location or place in which the
5 defendant is incorporated or formed, or, for foreign
6 corporations with a United States subsidiary, where
7 the defendant’s primary United States subsidiary
8 has its principal place of business or is incorporated
9 or formed;

10 “(2) where the defendant has committed sub-
11 stantial acts of infringement and has a regular and
12 established physical facility that the defendant con-
13 trols and that constitutes a substantial portion of
14 the operations of the defendant;

15 “(3) where the primary plaintiff resides, if the
16 primary plaintiff in the action is—

17 “(A) an institution of higher education as
18 defined under section 101(a) of the Higher
19 Education Act of 1965 (20 U.S.C. 1001(a)); or

20 “(B) a nonprofit organization that—

21 “(i) qualifies for treatment under sec-
22 tion 501(c)(3) of the Internal Revenue
23 Code (26 U.S.C. 501(c)(3));

24 “(ii) is exempt from taxation under
25 section 501(a) of such Code; and

1 “(iii) serves as the patent and licens-
2 ing organization for an institution of high-
3 er education as defined under section
4 101(a) of the Higher Education Act of
5 1965 (20 U.S.C. 1001(a)); or

6 “(4) where the plaintiff resides, if the sole
7 plaintiff in the action is an individual inventor who
8 is a natural person and who qualifies at the time
9 such action is filed as a micro-entity pursuant to
10 section 123 of title 35.

11 “(d) If a plaintiff brings a civil action for patent in-
12 fringement or declaratory judgment relief under sub-
13 section (c), then the defendant may request the district
14 court to transfer that action to another district or division
15 where, in the court’s determination—

16 “(1) any of the parties has substantial evidence
17 or witnesses that otherwise would present consider-
18 able evidentiary burdens to the defendant if such
19 transfer were not granted;

20 “(2) such transfer would not cause undue hard-
21 ship to the plaintiff; and

22 “(3) venue would be otherwise appropriate
23 under section 1391 of this title.”.

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 the following:

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 Application for an appeal under paragraph ~~(3)~~ shall
9 be made to the court within 10 days after entry of
10 the order or decree. The district court shall have dis-
11 cretion whether to approve the application and, if so,
12 whether to stay proceedings in the district court dur-
13 ing the pendency of such appeal.”.

14 (a) *CHANGE OF VENUE*.—Section 1400 of title 28,
15 United States Code, is amended by adding at the end the
16 following:

17 “(c) *CHANGE OF VENUE*.—For the convenience of par-
18 ties and witnesses, in the interest of justice, a district court
19 shall transfer any civil action arising under any Act of
20 Congress relating to patents upon a showing that the trans-
21 feree venue is clearly more convenient than the venue in
22 which the civil action is pending.”.

23 (b) *INTERLOCUTORY APPEALS*.—Section 1292(c) of
24 title 28, United States Code, is amended—

1 (1) in paragraph (1), by striking “and” after the
2 semicolon;

3 (2) in paragraph (2), by striking the period and
4 inserting “; and”; and

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

6 “(3) of a final order or decree of a district court
7 determining construction of a patent claim in a civil
8 action for patent infringement under section 271 of
9 title 35, if the district court finds that there is a suffi-
10 cient evidentiary record and an immediate appeal
11 from the order (A) may materially advance the ulti-
12 mate termination of the litigation, or (B) will likely
13 control the outcome of the case, unless such certifi-
14 cation is clearly erroneous.”.

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

1 “United States District Court for the Eastern District of
2 Virginia”.

3 **SEC. 9. PATENT AND TRADEMARK OFFICE REGULATORY**
4 **AUTHORITY.**

5 (a) FEE SETTING.—

6 (1) IN GENERAL.—The Director shall have au-
7 thority to set or adjust by rule any fee established
8 or charged by the Office under sections 41 and 376
9 of title 35, United States Code or under section 31
10 of the Trademark Act of 1946 (15 U.S.C. 1113) for
11 the filing or processing of any submission to, and for
12 all other services performed by or materials fur-
13 nished by, the Office, provided that such fee
14 amounts are set to reasonably compensate the Office
15 for the services performed.

16 (2) REDUCTION OF FEES IN CERTAIN FISCAL
17 YEARS.—In any fiscal year, the Director—

18 (A) shall consult with the Patent Public
19 Advisory Committee and the Trademark Public
20 Advisory Committee on the advisability of re-
21 ducing any fees described in paragraph (1); and

22 (B) after that consultation may reduce
23 such fees.

24 (3) ROLE OF THE PUBLIC ADVISORY COM-
25 MITTEE.—The Director shall—

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

6 (B) provide the relevant advisory com-
7 mittee described in subparagraph (A) a 30-day
8 period following the submission of any proposed
9 fee, on which to deliberate, consider, and com-
10 ment on such proposal, and require that—

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

14 (ii) the Director shall assist the rel-
15 evant advisory committee in carrying out
16 such public hearing, including by offering
17 the use of Office resources to notify and
18 promote the hearing to the public and in-
19 terested stakeholders;

20 (C) require the relevant advisory com-
21 mittee to make available to the public a written
22 report detailing the comments, advice, and rec-
23 ommendations of the committee regarding any
24 proposed fee;

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

5 (E) notify, through the Chair and Ranking
6 Member of the Senate and House Judiciary
7 Committees, the Congress of any final decision
8 regarding proposed fees.

9 (4) PUBLICATION IN THE FEDERAL REG-
10 ISTER.—

11 (A) IN GENERAL.—Any rules prescribed
12 under this subsection shall be published in the
13 Federal Register.

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

16 (i) be published in the Federal Reg-
17 ister; and

18 (ii) include, in such publication, the
19 specific rationale and purpose for the pro-
20 posal, including the possible expectations
21 or benefits resulting from the proposed
22 change.

23 (C) PUBLIC COMMENT PERIOD.—Following
24 the publication of any proposed fee in the Fed-
25 eral Register pursuant to subparagraph (A), the

1 Director shall seek public comment for a period
2 of not less than 45 days.

3 (5) CONGRESSIONAL COMMENT PERIOD.—Fol-
4 lowing the notification described in paragraph
5 (3)(E), Congress shall have not more than 45 days
6 to consider and comment on any proposed fee under
7 paragraph (1). No proposed fee shall be effective
8 prior to the end of such 45-day comment period.

9 (6) RULE OF CONSTRUCTION.—No rules pre-
10 scribed under this subsection may diminish—

11 (A) an applicant’s rights under this title or
12 the Trademark Act of 1946; or

13 (B) any rights under a ratified treaty.

14 (b) FEES FOR PATENT SERVICES.—Division B of
15 Public Law 108–447 is amended in title VIII of the De-
16 partments of Commerce, Justice and State, the Judiciary,
17 and Related Agencies Appropriations Act, 2005, in section
18 801(a) by striking “During ~~fiscal years 2005, 2006 and~~
19 ~~2007~~2005 and 2006”, and inserting “Until such time as
20 the Director sets or adjusts the fees otherwise,”.

21 (c) ADJUSTMENT OF TRADEMARK FEES.—Division
22 B of Public Law 108–447 is amended in title VIII of the
23 Departments of Commerce, Justice and State, the Judici-
24 ary and Related Agencies Appropriations Act, 2005, in
25 section 802(a) by striking “During ~~fiscal years 2005,~~

1 ~~2006 and 2007~~2005 and 2006”, and inserting “Until such
 2 time as the Director sets or adjusts the fees otherwise,”.

3 (d) EFFECTIVE DATE, APPLICABILITY, AND TRANSI-
 4 TIONAL PROVISION.—Division B of Public Law 108–447
 5 is amended in title VIII of the Departments of Commerce,
 6 Justice and State, the Judiciary and Related Agencies Ap-
 7 propriations Act, 2005, in section 803(a) by striking “and
 8 shall apply only with respect to the remaining portion of
 9 ~~fiscal year 2005, 2006 and 2007~~fiscal year 2005 and fiscal
 10 year 2006”.

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

14 (ef) RULE OF CONSTRUCTION.—Nothing in this sec-
 15 tion shall be construed to affect any other provision of Di-
 16 vision B of Public Law 108–447, including section 801(c)
 17 of title VII of the Departments of Commerce, Justice and
 18 State, the Judiciary and Related Agencies Appropriations
 19 Act, 2005.

20 (fg) DEFINITIONS.—In this section:

21 (1) DIRECTOR.—The term “Director” means
 22 the Director of the United States Patent and Trade-
 23 mark Office.

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

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

9 **SEC. 10. RESIDENCY OF FEDERAL CIRCUIT JUDGES.**

10 (a) RESIDENCY.—The second sentence of section
11 44(c) of title 28, United States Code, is repealed.

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

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

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

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

1 “(i) in the district and division in which
2 that judge resides; or

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

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

11 **SEC. 11. MICRO-ENTITY DEFINED.**

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

14 **“§ 123. Micro-entity defined**

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

18 “(b) UNASSIGNED APPLICATION.—For an unas-
19 signed application, each applicant shall certify that the ap-
20 plicant—

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

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

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

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

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

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

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

19 “(3) has assigned, granted, conveyed, or is
20 under an obligation by contract or law to assign,
21 grant, or convey, a license or other ownership inter-
22 est in the particular application to an entity that has
23 5 or fewer employees and that such entity has a
24 gross income, as defined in section 61(a) of the In-
25 ternal Revenue Code (26 U.S.C. 61(a)), that does

1 not exceed 2.5 times the average gross income, as
 2 reported by the Department of Labor, in the cal-
 3 endar year immediately preceding the calendar year
 4 in which the examination fee is being paid.

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

11 **SEC. 12. FUNDING AGREEMENTS.**

12 *Section 202(c)(7)(E)(i) of title 35, United States Code,*
 13 *is amended—*

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

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

18 **SEC. 13. PATENT AND TRADEMARK OFFICE TRAVEL EX-**
 19 **PENSES TEST PROGRAM.**

20 (a) *IN GENERAL.—Section 5710 of title 5, United*
 21 *States Code, is amended—*

22 (1) *in subsection (a)(1), by striking “for a period*
 23 *not to exceed 24 months”;* and

24 (2) *by striking subsection (e) and inserting the*
 25 *following:*

1 “(e)(1) *The Patent and Trademark Office shall conduct*
2 *a test program under this section.*

3 “(2) *In conducting the program under this subsection,*
4 *the Patent and Trademark Office may pay any travel ex-*
5 *penses of an employee for travel to and from a Patent and*
6 *Trademark Office worksite, if—*

7 “(A) *the employee is employed at a Patent and*
8 *Trademark Office worksite and enters into an ap-*
9 *proved telework arrangement;*

10 “(B) *the employee requests to telework from a lo-*
11 *cation beyond the local commuting area of the Patent*
12 *and Trademark Office worksite; and*

13 “(C) *the Patent and Trademark Office approves*
14 *the requested arrangement for reasons of employee*
15 *convenience instead of an agency need for the em-*
16 *ployee to relocate in order to perform duties specific*
17 *to the new location.*

18 “(3)(A) *The Patent and Trademark Office shall estab-*
19 *lish an oversight committee comprising an equal number*
20 *of members representing management and labor, including*
21 *representatives from each collective bargaining unit.*

22 “(B) *The oversight committee shall develop the oper-*
23 *ating procedures for the program under this subsection to—*

24 “(i) *provide for the effective and appropriate*
25 *functioning of the program; and*

1 “(ii) ensure that—

2 “(I) reasonable technological or other alter-
3 natives to employee travel are used before requir-
4 ing employee travel, including teleconferencing,
5 videoconferencing or internet-based technologies;

6 “(II) the program is applied consistently
7 and equitably throughout the Patent and Trade-
8 mark Office; and

9 “(III) an optimal operating standard is de-
10 veloped and implemented for maximizing the use
11 of the telework arrangement described under
12 paragraph (2) while minimizing agency travel
13 expenses and employee travel requirements.

14 “(4)(A) The test program under this subsection shall
15 be designed to enhance cost savings or other efficiencies that
16 accrue to the Government.

17 “(B) The Director of the Patent and Trademark Office
18 shall—

19 “(i) prepare an analysis of the expected
20 costs and benefits and a set of criteria for evalu-
21 ating the effectiveness of the program; and

22 “(ii) before the test program is imple-
23 mented, submit the analysis and criteria to the
24 Administrator of General Services and to the ap-
25 propriate committees of Congress.

1 “(C) With respect to an employee of the Patent and
2 Trademark Office who voluntarily relocates from the pre-
3 existing duty station of that employee, the operating proce-
4 dures of the program may include a reasonable maximum
5 number of occasional visits to the pre-existing duty station
6 before that employee is eligible for payment of any accrued
7 travel expenses by the Office.

8 “(D)(i) Not later than 3 months after completion of
9 the test program under this subsection, the Director of the
10 Patent and Trademark Office shall provide a report on the
11 results of the program to the Administrator of General Serv-
12 ices and to the appropriate committees of Congress.

13 “(ii) The results in the report described under para-
14 graph (1) may include—

15 “(I) the number of visits an employee makes to
16 the pre-existing duty station of that employee;

17 “(II) the travel expenses paid by the Office;

18 “(III) the travel expenses paid by the employee;

19 or

20 “(IV) any other information that the Director
21 determines may be useful to aid the Administrator
22 and Congress in understanding the test program and
23 the impact of the program.

24 “(E) In this paragraph, the term ‘appropriate com-
25 mittees of Congress’ means—

1 “(i) the Committees on Homeland Security and
2 Governmental Affairs and on the Judiciary of the
3 Senate; and

4 “(ii) the Committees on Government Oversight
5 and Reform and on the Judiciary of the House of
6 Representatives.

7 “(f)(1) Except as provided under paragraph (2), the
8 authority to conduct test programs under this section shall
9 expire 7 years after the date of the enactment of the Travel
10 and Transportation Reform Act of 1998.

11 “(2) The authority to conduct a test program by the
12 Patent and Trademark Office under this section shall expire
13 20 years after the date of the enactment of the Travel and
14 Transportation Reform Act of 1998.”.

15 (b) *EFFECTIVE DATE.*—The amendments made by this
16 section shall take effect as though enacted as part of the
17 Travel and Transportation Reform Act of 1998 (Public
18 Law 105–264; 112 Stat. 2350).

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

20 Section 282(b), as so designated and amended by sec-
21 tion 16(f), is further amended by striking paragraph (3)
22 and inserting the following:

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

1 “(A) any requirement of section 112 of this
2 title, except that the failure to disclose the best
3 mode shall not be a basis on which any claim of
4 a patent may be canceled or held invalid or oth-
5 erwise unenforceable; or

6 “(B) any requirement of section 251 of this
7 title.”.

8 **SEC. 15. PILOT PROGRAM IN CERTAIN DISTRICT COURTS.**

9 (a) *ESTABLISHMENT.*—

10 (1) *IN GENERAL.*—There is established a pro-
11 gram, in each of the United States district courts des-
12 igned under subsection (b), under which—

13 (A) those district judges of that district
14 court who request to hear cases under which 1 or
15 more issues arising under any Act of Congress
16 relating to patents or plant variety protection
17 are required to be decided, are designated by the
18 chief judge of the court to hear those cases;

19 (B) cases described in subparagraph (A) are
20 randomly assigned to the judges of the district
21 court, regardless of whether the judges are des-
22 igned under subparagraph (A);

23 (C) a judge not designated under subpara-
24 graph (A) to whom a case is assigned under sub-

1 *paragraph (B) may decline to accept the case;*
2 *and*

3 *(D) a case declined under subparagraph (C)*
4 *is randomly reassigned to 1 of those judges of the*
5 *court designated under subparagraph (A).*

6 (2) *SENIOR JUDGES.*—*Senior judges of a district*
7 *court may be designated under paragraph (1)(A) if at*
8 *least 1 judge of the court in regular active service is*
9 *also so designated.*

10 (3) *RIGHT TO TRANSFER CASES PRESERVED.*—
11 *This section shall not be construed to limit the ability*
12 *of a judge to request the reassignment of or otherwise*
13 *transfer a case to which the judge is assigned under*
14 *this section, in accordance with otherwise applicable*
15 *rules of the court.*

16 (b) *DESIGNATION.*—

17 (1) *IN GENERAL.*—*Not later than 6 months after*
18 *the date of the enactment of this Act, the Director of*
19 *the Administrative Office of the United States Courts*
20 *shall designate not less than 6 United States district*
21 *courts, in at least 3 different judicial circuits, in*
22 *which the program established under subsection (a)*
23 *will be carried out.*

24 (2) *CRITERIA FOR DESIGNATIONS.*—

1 (A) *IN GENERAL.*—*The Director shall make*
2 *designations under paragraph (1) from—*

3 (i) *the 15 district courts in which the*
4 *largest number of patent and plant variety*
5 *protection cases were filed in the most re-*
6 *cent calendar year that has ended; or*

7 (ii) *the district courts that have adopt-*
8 *ed local rules for patent and plant variety*
9 *protection cases.*

10 (B) *SELECTION OF COURTS.*—*From*
11 *amongst the district courts that satisfy the cri-*
12 *teria for designation under this subsection, the*
13 *Director shall select—*

14 (i) *3 district courts that each have at*
15 *least 10 district judges authorized to be ap-*
16 *pointed by the President, whether under sec-*
17 *tion 133(a) of title 28, United States Code,*
18 *or on a temporary basis under any other*
19 *provision of law, and at least 3 judges of*
20 *the court have made the request under sub-*
21 *section (a)(1)(A); and*

22 (ii) *3 district courts that each have*
23 *fewer than 10 district judges authorized to*
24 *be appointed by the President, whether*
25 *under section 133(a) of title 28, United*

1 *States Code, or on a temporary basis under*
2 *any other provision of law, and at least 2*
3 *judges of the court have made the request*
4 *under subsection (a)(1)(A).*

5 (c) *DURATION.*—*The program established under sub-*
6 *section (a) shall terminate 10 years after the end of the 6-*
7 *month period described in subsection (b).*

8 (d) *APPLICABILITY.*—*The program established under*
9 *subsection (a) shall apply in a district court designated*
10 *under subsection (b) only to cases commenced on or after*
11 *the date of such designation.*

12 (e) *REPORTS TO CONGRESS.*—

13 (1) *IN GENERAL.*—*At the times specified in*
14 *paragraph (2), the Director of the Administrative Of-*
15 *fice of the United States Courts, in consultation with*
16 *the chief judge of each of the district courts designated*
17 *under subsection (b) and the Director of the Federal*
18 *Judicial Center, shall submit to the Committee on the*
19 *Judiciary of the House of Representatives and the*
20 *Committee on the Judiciary of the Senate a report on*
21 *the pilot program established under subsection (a).*

22 *The report shall include—*

23 (A) *an analysis of the extent to which the*
24 *program has succeeded in developing expertise in*
25 *patent and plant variety protection cases among*

1 *the district judges of the district courts so des-*
2 *ignated;*

3 *(B) an analysis of the extent to which the*
4 *program has improved the efficiency of the courts*
5 *involved by reason of such expertise;*

6 *(C) with respect to patent cases handled by*
7 *the judges designated pursuant to subsection*
8 *(a)(1)(A) and judges not so designated, a com-*
9 *parison between the 2 groups of judges with re-*
10 *spect to—*

11 *(i) the rate of reversal by the Court of*
12 *Appeals for the Federal Circuit, of such*
13 *cases on the issues of claim construction*
14 *and substantive patent law; and*

15 *(ii) the period of time elapsed from the*
16 *date on which a case is filed to the date on*
17 *which trial begins or summary judgment is*
18 *entered;*

19 *(D) a discussion of any evidence indicating*
20 *that litigants select certain of the judicial dis-*
21 *tricts designated under subsection (b) in an at-*
22 *tempt to ensure a given outcome; and*

23 *(E) an analysis of whether the pilot pro-*
24 *gram should be extended to other district courts,*

1 *or should be made permanent and apply to all*
2 *district courts.*

3 (2) *TIMETABLE FOR REPORTS.*—*The times re-*
4 *ferred to in paragraph (1) are—*

5 (A) *not later than the date that is 5 years*
6 *and 3 months after the end of the 6-month period*
7 *described in subsection (b); and*

8 (B) *not later than 5 years after the date de-*
9 *scribed in subparagraph (A).*

10 (3) *PERIODIC REPORTS.*—*The Director of the*
11 *Administrative Office of the United States Courts, in*
12 *consultation with the chief judge of each of the district*
13 *courts designated under subsection (b) and the Direc-*
14 *tor of the Federal Judicial Center, shall keep the com-*
15 *mittees referred to in paragraph (1) informed, on a*
16 *periodic basis while the pilot program is in effect,*
17 *with respect to the matters referred to in subpara-*
18 *graphs (A) through (E) of paragraph (1).*

19 (f) *AUTHORIZATION FOR TRAINING AND CLERK-*
20 *SHIPS.*—

21 (1) *IN GENERAL.*—*In addition to any other*
22 *funds made available to carry out this section, there*
23 *are authorized to be appropriated not less than*
24 *\$5,000,000 in each fiscal year for—*

1 (A) *educational and professional develop-*
 2 *ment of those district judges designated under*
 3 *subsection (a)(1)(A) in matters relating to pat-*
 4 *ents and plant variety protection; and*

5 (B) *compensation of law clerks with exper-*
 6 *tise in technical matters arising in patent and*
 7 *plant variety protection cases, to be appointed*
 8 *by the courts designated under subsection (b) to*
 9 *assist those courts in such cases.*

10 (2) *AVAILABILITY OF FUNDS.—Amounts made*
 11 *available pursuant to this subsection shall remain*
 12 *available until expended.*

13 **SEC. 1216. TECHNICAL AMENDMENTS.**

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

16 (1) in the first paragraph, by striking
 17 “When” and inserting “(a) JOINT INVEN-
 18 TIONS.—When”;

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

22 (3) in the third paragraph, by striking
 23 “Whenever” and inserting “(c) CORRECTION OF
 24 ERRORS IN APPLICATION.—Whenever”.

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

4 (1) in the first paragraph, by striking “Except
5 when” and inserting “(a) FILING IN FOREIGN
6 COUNTRY.—Except when”;

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

10 (3) in the third paragraph, by striking “The
11 scope” and inserting “(c) SUBSEQUENT MODIFICA-
12 TIONS, AMENDMENTS, AND SUPPLEMENTS.—The
13 scope”.

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

16 (1) in the first paragraph, by striking “When-
17 ever” and inserting “(a) IN GENERAL.—Whenever”;

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

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

24 (4) in the last paragraph, by striking “No re-
25 issued patent” and inserting “(d) REISSUE PATENT

1 ENLARGING SCOPE OF CLAIMS.—No reissued pat-
2 ent”.

3 (d) EFFECT OF REISSUE.—Section 253 of title 35,
4 United States Code, is amended—

5 (1) in the first paragraph, by striking “When-
6 ever” and inserting “(a) IN GENERAL.—Whenever”;
7 and

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

12 (e) CORRECTION OF NAMED INVENTOR.—Section
13 256 of title 35, United States Code, is amended—

14 (1) in the first paragraph, by striking “When-
15 ever” and inserting “(a) CORRECTION.—Whenever”;
16 and

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

20 (f) PRESUMPTION OF VALIDITY.—Section 282 of title
21 35, United States Code, is amended—

22 (1) in the first undesignated paragraph, by
23 striking “A patent” and inserting “(a) IN GEN-
24 ERAL.—A patent”;

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

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

8 **SEC. ~~1317~~. EFFECTIVE DATE; RULE OF CONSTRUCTION.**

9 (a) EFFECTIVE DATE.—Except as otherwise provided
10 in this Act, the provisions of this Act shall take effect 12
11 months after the date of the enactment of this Act and
12 shall apply to any patent issued on or after that effective
13 date.

14 (b) CONTINUITY OF INTENT UNDER THE CREATE
15 ACT.—The enactment of section 102(b)(3) of title 35,
16 United States Code, under section (2)(b) of this Act is
17 done with the same intent to promote joint research activi-
18 ties that was expressed, including in the legislative history,
19 through the enactment of the Cooperative Research and
20 Technology Enhancement Act of 2004 (Public Law 108–
21 453; the “CREATE Act”), the amendments of which are
22 stricken by section 2(c) of this Act. The United States
23 Patent and Trademark Office shall administer section
24 102(b)(3) of title 35, United States Code, in a manner
25 consistent with the legislative history of the CREATE Act

1 that was relevant to its administration by the United
2 States Patent and Trademark Office.

3 **SEC. 1418. SEVERABILITY.**

4 If any provision of this Act or of any amendment or
5 repeals made by this Act, or the application of such a pro-
6 vision to any person or circumstance, is held to be invalid
7 or unenforceable, the remainder of this Act and the
8 amendments and repeals made by this Act, and the appli-
9 cation of this Act and such amendments and repeals to
10 any other person or circumstance, shall not be affected
11 by such holding.

Calendar No. 46

111TH CONGRESS
1ST Session

S. 515

A BILL

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

APRIL 2, 2009

Reported with amendments