

112TH CONGRESS
1ST SESSION

S. 23

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

IN THE SENATE OF THE UNITED STATES

JANUARY 25 (legislative day, JANUARY 5), 2011

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

A BILL

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

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Patent Reform Act of 2011”.

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

- Sec. 1. Short title; table of contents.
- Sec. 2. First inventor to file.
- Sec. 3. Inventor’s oath or declaration.
- Sec. 4. Damages.
- Sec. 5. Post-grant review proceedings.
- Sec. 6. Patent Trial and Appeal Board.

- Sec. 7. Preissuance submissions by third parties.
- Sec. 8. Venue.
- Sec. 9. Fee setting authority.
- Sec. 10. Supplemental examination.
- Sec. 11. Residency of Federal Circuit judges.
- Sec. 12. Micro entity defined.
- Sec. 13. Funding agreements.
- Sec. 14. Tax strategies deemed within the prior art.
- Sec. 15. Best mode requirement.
- Sec. 16. Technical amendments.
- Sec. 17. Effective date; rule of construction.

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

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

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

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

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

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

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

1 “(B) the filing date of the earliest application
2 for which the patent or application is entitled, as to
3 such invention, to a right of priority under section
4 119, 365(a), or 365(b) or to the benefit of an earlier
5 filing date under section 120, 121, or 365(c).

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

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

13 (b) CONDITIONS FOR PATENTABILITY.—

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

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

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

19 “(1) the claimed invention was patented, de-
20 scribed in a printed publication, or in public use, on
21 sale, or otherwise available to the public before the
22 effective filing date of the claimed invention; or

23 “(2) the claimed invention was described in a
24 patent issued under section 151, or in an application
25 for patent published or deemed published under sec-

1 tion 122(b), in which the patent or application, as
2 the case may be, names another inventor and was
3 effectively filed before the effective filing date of the
4 claimed invention.

5 “(b) EXCEPTIONS.—

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

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

16 “(B) the subject matter disclosed had, be-
17 fore such disclosure, been publicly disclosed by
18 the inventor or a joint inventor or another who
19 obtained the subject matter disclosed directly or
20 indirectly from the inventor or a joint inventor.

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

1 “(A) the subject matter disclosed was ob-
2 tained directly or indirectly from the inventor or
3 a joint inventor;

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

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

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

22 “(1) the subject matter disclosed was developed
23 and the claimed invention was made by, or on behalf
24 of, 1 or more parties to a joint research agreement

1 that was in effect on or before the effective filing
2 date of the claimed invention;

3 “(2) the claimed invention was made as a result
4 of activities undertaken within the scope of the joint
5 research agreement; and

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

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

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

20 “(2) if the patent or application for patent is
21 entitled to claim a right of priority under section
22 119, 365(a), or 365(b), or to claim the benefit of an
23 earlier filing date under section 120, 121, or 365(c),
24 based upon 1 or more prior filed applications for

1 patent, as of the filing date of the earliest such ap-
2 plication that describes the subject matter.”.

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

“102. Conditions for patentability; novelty.”.

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

10 **“§ 103. Conditions for patentability; nonobvious sub-**
11 **ject matter**

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

22 (d) REPEAL OF REQUIREMENTS FOR INVENTIONS
23 MADE ABROAD.—Section 104 of title 35, United States
24 Code, and the item relating to that section in the table

1 of sections for chapter 10 of title 35, United States Code,
2 are repealed.

3 (e) REPEAL OF STATUTORY INVENTION REGISTRA-
4 TION.—

5 (1) IN GENERAL.—Section 157 of title 35,
6 United States Code, and the item relating to that
7 section in the table of sections for chapter 14 of title
8 35, United States Code, are repealed.

9 (2) REMOVAL OF CROSS REFERENCES.—Section
10 111(b)(8) of title 35, United States Code, is amend-
11 ed by striking “sections 115, 131, 135, and 157”
12 and inserting “sections 131 and 135”.

13 (3) EFFECTIVE DATE.—The amendments made
14 by this subsection shall take effect 1 year after the
15 date of the enactment of this Act, and shall apply
16 to any request for a statutory invention registration
17 filed on or after that date.

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

23 (g) CONFORMING AMENDMENTS.—

1 (1) RIGHT OF PRIORITY.—Section 172 of title
2 35, United States Code, is amended by striking
3 “and the time specified in section 102(d)”.

4 (2) LIMITATION ON REMEDIES.—Section
5 287(c)(4) of title 35, United States Code, is amend-
6 ed by striking “the earliest effective filing date of
7 which is prior to” and inserting “which has an effec-
8 tive filing date before”.

9 (3) INTERNATIONAL APPLICATION DESIG-
10 NATING THE UNITED STATES: EFFECT.—Section
11 363 of title 35, United States Code, is amended by
12 striking “except as otherwise provided in section
13 102(e) of this title”.

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

18 (5) PATENT ISSUED ON INTERNATIONAL APPLI-
19 CATION: EFFECT.—The second sentence of section
20 375(a) of title 35, United States Code, is amended
21 by striking “Subject to section 102(e) of this title,
22 such” and inserting “Such”.

23 (6) LIMIT ON RIGHT OF PRIORITY.—Section
24 119(a) of title 35, United States Code, is amended
25 by striking “; but no patent shall be granted” and

1 all that follows through “one year prior to such fil-
2 ing”.

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

6 (A) in paragraph (2)—

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

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

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

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

22 **“§ 291. Derived patents**

23 “(a) IN GENERAL.—The owner of a patent may have
24 relief by civil action against the owner of another patent
25 that claims the same invention and has an earlier effective

1 filing date if the invention claimed in such other patent
2 was derived from the inventor of the invention claimed in
3 the patent owned by the person seeking relief under this
4 section.

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

10 (i) DERIVATION PROCEEDINGS.—Section 135 of title
11 35, United States Code, is amended to read as follows:

12 “§ 135. **Derivation proceedings**

13 “(a) INSTITUTION OF PROCEEDING.—An applicant
14 for patent may file a petition to institute a derivation pro-
15 ceeding in the Office. The petition shall set forth with par-
16 ticularity the basis for finding that an inventor named in
17 an earlier application derived the claimed invention from
18 an inventor named in the petitioner’s application and,
19 without authorization, the earlier application claiming
20 such invention was filed. Any such petition may only be
21 filed within 1 year after the first publication of a claim
22 to an invention that is the same or substantially the same
23 as the earlier application’s claim to the invention, shall
24 be made under oath, and shall be supported by substantial
25 evidence. Whenever the Director determines that a peti-

1 tion filed under this subsection demonstrates that the
2 standards for instituting a derivation proceeding are met,
3 the Director may institute a derivation proceeding. The
4 determination by the Director whether to institute a deri-
5 vation proceeding shall be final and nonappealable.

6 “(b) DETERMINATION BY PATENT TRIAL AND AP-
7 PEAL BOARD.—In a derivation proceeding instituted
8 under subsection (a), the Patent Trial and Appeal Board
9 shall determine whether an inventor named in the earlier
10 application derived the claimed invention from an inventor
11 named in the petitioner’s application and, without author-
12 ization, the earlier application claiming such invention was
13 filed. The Director shall prescribe regulations setting forth
14 standards for the conduct of derivation proceedings.

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

1 “(d) EFFECT OF FINAL DECISION.—The final deci-
2 sion of the Patent Trial and Appeal Board, if adverse to
3 claims in an application for patent, shall constitute the
4 final refusal by the Office on those claims. The final deci-
5 sion of the Patent Trial and Appeal Board, if adverse to
6 claims in a patent, shall, if no appeal or other review of
7 the decision has been or can be taken or had, constitute
8 cancellation of those claims, and notice of such cancella-
9 tion shall be endorsed on copies of the patent distributed
10 after such cancellation.

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

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

14 (j) ELIMINATION OF REFERENCES TO INTER-
15 FERENCES.—(1) Sections 41, 134, 145, 146, 154, 305,
16 and 314 of title 35, United States Code, are each amended
17 by striking “Board of Patent Appeals and Interferences”
18 each place it appears and inserting “Patent Trial and Ap-
19 peal Board”.

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

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

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

4 (B) The subparagraph heading for section
5 154(b)(1)(C) of title 35, United States Code, as
6 amended by this paragraph, is further amended
7 by—

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

9 (ii) striking “SECURITY ORDER” and insert-
10 ing “SECURITY ORDERS”.

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

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

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

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

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

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

“6. Patent Trial and Appeal Board.”.

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

“134. Appeal to the Patent Trial and Appeal Board.
“135. Derivation proceedings.”.

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

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

4 (k) FALSE MARKING.—

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

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

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

11 (B) by striking subsection (b) and insert-
12 ing the following:

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

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

22 (l) STATUTE OF LIMITATIONS.—

1 (1) IN GENERAL.—Section 32 of title 35,
2 United States Code, is amended by inserting be-
3 tween the third and fourth sentences the following:
4 “A proceeding under this section shall be com-
5 menced not later than the earlier of either 10 years
6 after the date on which the misconduct forming the
7 basis for the proceeding occurred, or 1 year after the
8 date on which the misconduct forming the basis for
9 the proceeding is made known to an officer or em-
10 ployee of the Office as prescribed in the regulations
11 established under section 2(b)(2)(D).”.

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

24 (3) EFFECTIVE DATE.—The amendment made
25 by paragraph (1) shall apply in all cases in which

1 the time period for instituting a proceeding under
2 section 32 of title 35, United State Code, had not
3 lapsed prior to the date of the enactment of this Act.

4 (m) SMALL BUSINESS STUDY.—

5 (1) DEFINITIONS.—In this subsection—

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

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

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

15 (2) STUDY.—

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

22 (B) AREAS OF STUDY.—The study con-
23 ducted under subparagraph (A) shall include
24 examination of the effects of eliminating the use
25 of invention dates, including examining—

1 (i) how the change would affect the
2 ability of small business concerns to obtain
3 patents and their costs of obtaining pat-
4 ents;

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

15 (iii) the cost savings and other poten-
16 tial benefits to small business concerns of
17 the change; and

18 (iv) the feasibility and costs and bene-
19 fits to small business concerns of alter-
20 native means of determining whether an
21 applicant is entitled to a patent under title
22 35, United States Code.

23 (3) REPORT.—Not later than 1 year after the
24 date of enactment of this Act, the Chief Counsel
25 shall submit to the Committee on Small Business

1 and Entrepreneurship and the Committee on the Ju-
2 diciary of the Senate and the Committee on Small
3 Business and the Committee on the Judiciary of the
4 House of Representatives a report regarding the re-
5 sults of the study under paragraph (2).

6 (n) REPORT ON PRIOR USER RIGHTS.—

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

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

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

24 (C) An analysis of the correlation, if any,
25 between prior user rights and start-up enter-

1 prises and the ability to attract venture capital
2 to start new companies.

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

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

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

12 (2) CONSULTATION WITH OTHER AGENCIES.—

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

17 (o) EFFECTIVE DATE.—

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

1 (A) a claim to a claimed invention that has
2 an effective filing date as defined in section
3 100(i) of title 35, United States Code, that is
4 18 months or more after the date of the enact-
5 ment of this Act; or

6 (B) a specific reference under section 120,
7 121, or 365(c) of title 35, United States Code,
8 to any patent or application that contains or
9 contained at any time such a claim.

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

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

23 (B) a specific reference under section 120,
24 121, or 365(c) of title 35, United States Code,

1 to any patent or application that contains or
2 contained at any time such a claim.

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

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

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

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

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

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

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

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

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 “(1) EXCEPTION.—The requirements under
2 this section shall not apply to an individual with re-
3 spect to an application for patent in which the indi-
4 vidual is named as the inventor or a joint inventor
5 and who claims the benefit under section 120, 121,
6 or 365(c) of the filing of an earlier-filed application,
7 if—

8 “(A) an oath or declaration meeting the
9 requirements of subsection (a) was executed by
10 the individual and was filed in connection with
11 the earlier-filed application;

12 “(B) a substitute statement meeting the
13 requirements of subsection (d) was filed in the
14 earlier filed application with respect to the indi-
15 vidual; or

16 “(C) an assignment meeting the require-
17 ments of subsection (e) was executed with re-
18 spect to the earlier-filed application by the indi-
19 vidual and was recorded in connection with the
20 earlier-filed application.

21 “(2) COPIES OF OATHS, DECLARATIONS, STATE-
22 MENTS, OR ASSIGNMENTS.—Notwithstanding para-
23 graph (1), the Director may require that a copy of
24 the executed oath or declaration, the substitute

1 statement, or the assignment filed in the earlier-filed
2 application be included in the later-filed application.

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

5 “(1) IN GENERAL.—Any person making a state-
6 ment required under this section may withdraw, re-
7 place, or otherwise correct the statement at any
8 time. If a change is made in the naming of the in-
9 ventor requiring the filing of 1 or more additional
10 statements under this section, the Director shall es-
11 tablish regulations under which such additional
12 statements may be filed.

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

23 “(3) SAVINGS CLAUSE.—No patent shall be in-
24 valid or unenforceable based upon the failure to

1 comply with a requirement under this section if the
2 failure is remedied as provided under paragraph (1).

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

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

13 (3) REQUIREMENTS FOR NONPROVISIONAL AP-
14 PLICATIONS.—Section 111(a) of title 35, United
15 States Code, is amended—

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

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

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

23 (4) CONFORMING AMENDMENT.—The item re-
24 lating to section 115 in the table of sections for

1 chapter 11 of title 35, United States Code, is
2 amended to read as follows:

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

3 (b) FILING BY OTHER THAN INVENTOR.—

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

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

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

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

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

3 (1) in the first paragraph—

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

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

10 (2) in the second paragraph—

11 (A) by striking “The specification” and in-
12 serting “(b) CONCLUSION.—The specification”;
13 and

14 (B) by striking “applicant regards as his
15 invention” and inserting “inventor or a joint in-
16 ventor regards as the invention”;

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

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

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

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

4 (d) CONFORMING AMENDMENTS.—

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

8 (2) Section 111(b)(2) is amended by striking
9 “the second through fifth paragraphs of section
10 112,” and inserting “subsections (b) through (e) of
11 section 112,”.

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

16 **SEC. 4. DAMAGES.**

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

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

21 (2) by striking “fixed by the court” and all that
22 follows through “When the damages” and inserting
23 the following: “fixed by the court. When the dam-
24 ages”;

1 (3) by striking “shall assess them.” and all that
2 follows through “The court may receive” and insert-
3 ing the following: “shall assess them. The court may
4 receive”; and

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

6 “(b) PROCEDURE FOR DETERMINING DAMAGES.—

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

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

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

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

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

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

3 “(d) WILLFUL INFRINGEMENT.—

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

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

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

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

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

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

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

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

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

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

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

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

6 **“§ 298. Advice of Counsel**

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

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

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

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

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

“Sec.

“311. Inter partes review.

“312. Petitions.

“313. Preliminary response to petition.

“314. Institution of inter partes review.

“315. Relation to other proceedings or actions.

“316. Conduct of inter partes review.

“317. Settlement.

“318. Decision of the board.

“319. Appeal.

1 “§ 311. Inter partes review

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

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

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

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

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

21 “§ 312. Petitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17 “(c) JOINDER.—If the Director institutes an inter
18 partes review, the Director, in his discretion, may join as
19 a party to that inter partes review any person who prop-
20 erly files a petition under section 311 that the Director,
21 after receiving a preliminary response under section 313
22 or the expiration of the time for filing such a response,
23 determines warrants the institution of an inter partes re-
24 view under section 314.

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

9 “(e) ESTOPPEL.—

10 “(1) PROCEEDINGS BEFORE THE OFFICE.—The
11 petitioner in an inter partes review under this chap-
12 ter, or his real party in interest or privy, may not
13 request or maintain a proceeding before the Office
14 with respect to a claim on any ground that the peti-
15 tioner raised or reasonably could have raised during
16 an inter partes review of the claim that resulted in
17 a final written decision under section 318(a).

18 “(2) CIVIL ACTIONS AND OTHER PRO-
19 CEEDINGS.—The petitioner in an inter partes review
20 under this chapter, or his real party in interest or
21 privy, may not assert either in a civil action arising
22 in whole or in part under section 1338 of title 28
23 or in a proceeding before the International Trade
24 Commission that a claim in a patent is invalid on
25 any ground that the petitioner raised or reasonably

1 could have raised during an inter partes review of
2 the claim that resulted in a final written decision
3 under section 318(a).

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

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

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

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

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

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

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

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

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

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

8 “(7) prescribing sanctions for abuse of dis-
9 covery, abuse of process, or any other improper use
10 of the proceeding, such as to harass or to cause un-
11 necessary delay or an unnecessary increase in the
12 cost of the proceeding;

13 “(8) providing for protective orders governing
14 the exchange and submission of confidential infor-
15 mation;

16 “(9) allowing the patent owner to file a re-
17 sponse to the petition after an inter partes review
18 has been instituted, and requiring that the patent
19 owner file with such response, through affidavits or
20 declarations, any additional factual evidence and ex-
21 pert opinions on which the patent owner relies in
22 support of the response;

23 “(10) setting forth standards and procedures
24 for allowing the patent owner to move to amend the
25 patent under subsection (d) to cancel a challenged

1 claim or propose a reasonable number of substitute
2 claims, and ensuring that any information submitted
3 by the patent owner in support of any amendment
4 entered under subsection (d) is made available to the
5 public as part of the prosecution history of the pat-
6 ent;

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

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

17 “(b) CONSIDERATIONS.—In prescribing regulations
18 under this section, the Director shall consider the effect
19 of any such regulation on the economy, the integrity of
20 the patent system, the efficient administration of the Of-
21 fice, and the ability of the Office to timely complete pro-
22 ceedings instituted under this chapter.

23 “(c) PATENT TRIAL AND APPEAL BOARD.—The Pat-
24 ent Trial and Appeal Board shall, in accordance with sec-

1 tion 6, conduct each proceeding authorized by the Direc-
2 tor.

3 “(d) AMENDMENT OF THE PATENT.—

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

8 “(A) Cancel any challenged patent claim.

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

11 “(2) ADDITIONAL MOTIONS.—Additional mo-
12 tions to amend may be permitted upon the joint re-
13 quest of the petitioner and the patent owner to ma-
14 terially advance the settlement of a proceeding under
15 section 317, or as permitted by regulations pre-
16 scribed by the Director.

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

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

1 **“§ 317. Settlement**

2 “(a) IN GENERAL.—An inter partes review instituted
3 under this chapter shall be terminated with respect to any
4 petitioner upon the joint request of the petitioner and the
5 patent owner, unless the Office has decided the merits of
6 the proceeding before the request for termination is filed.
7 If the inter partes review is terminated with respect to
8 a petitioner under this section, no estoppel under section
9 315(e) shall apply to that petitioner. If no petitioner re-
10 mains in the inter partes review, the Office may terminate
11 the review or proceed to a final written decision under sec-
12 tion 318(a).

13 “(b) AGREEMENTS IN WRITING.—Any agreement or
14 understanding between the patent owner and a petitioner,
15 including any collateral agreements referred to in such
16 agreement or understanding, made in connection with, or
17 in contemplation of, the termination of an inter partes re-
18 view under this section shall be in writing and a true copy
19 of such agreement or understanding shall be filed in the
20 Office before the termination of the inter partes review
21 as between the parties. If any party filing such agreement
22 or understanding so requests, the copy shall be kept sepa-
23 rate from the file of the inter partes review, and shall be
24 made available only to Federal Government agencies upon
25 written request, or to any other person on a showing of
26 good cause.

1 **“§ 318. Decision of the board**

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

8 “(b) CERTIFICATE.—If the Patent Trial and Appeal
9 Board issues a final written decision under subsection (a)
10 and the time for appeal has expired or any appeal 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, confirming any claim of the patent de-
14 termined to be patentable, and incorporating in the patent
15 by operation of the certificate any new or amended claim
16 determined to be patentable.

17 **“§ 319. Appeal**

18 “A party dissatisfied with the final written decision
19 of the Patent Trial and Appeal Board under section
20 318(a) may appeal the decision pursuant to sections 141
21 through 144. Any party to the inter partes review shall
22 have the right to be a party to the appeal.”.

23 (b) TECHNICAL AND CONFORMING AMENDMENT.—
24 The table of chapters for part III of title 35, United States

1 Code, is amended by striking the item relating to chapter
2 31 and inserting the following:

“31. Inter Partes Review 311.”.

3 (c) REGULATIONS AND EFFECTIVE DATE.—

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

9 (2) APPLICABILITY.—

10 (A) IN GENERAL.—The amendments made
11 by subsection (a) shall take effect on the date
12 that is 1 year after the date of the enactment
13 of this Act and shall apply to all patents issued
14 before, on, or after the effective date of sub-
15 section (a).

16 (B) EXCEPTION.—The provisions of chap-
17 ter 31 of title 35, United States Code, as
18 amended by paragraph (3), shall continue to
19 apply to requests for inter partes reexamination
20 that are filed prior to the effective date of sub-
21 section (a) as if subsection (a) had not been en-
22 acted.

23 (C) GRADUATED IMPLEMENTATION.—The
24 Director may impose a limit on the number of
25 inter partes reviews that may be instituted dur-

1 ing each of the first 4 years following the effec-
2 tive date of subsection (a), provided that such
3 number shall in each year be equivalent to or
4 greater than the number of inter partes reex-
5 aminations that are ordered in the last full fis-
6 cal year prior to the effective date of subsection
7 (a).

8 (3) TRANSITION.—

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

11 (i) in section 312—

12 (I) in subsection (a)—

13 (aa) in the first sentence, by
14 striking “a substantial new ques-
15 tion of patentability affecting any
16 claim of the patent concerned is
17 raised by the request,” and in-
18 serting “the information pre-
19 sented in the request shows that
20 there is a reasonable likelihood
21 that the requester would prevail
22 with respect to at least 1 of the
23 claims challenged in the re-
24 quest,”; and

1 (bb) in the second sentence,
2 by striking “The existence of a
3 substantial new question of pat-
4 entability” and inserting “A
5 showing that there is a reason-
6 able likelihood that the requester
7 would prevail with respect to at
8 least 1 of the claims challenged
9 in the request”; and

10 (II) in subsection (c), in the sec-
11 ond sentence, by striking “no substan-
12 tial new question of patentability has
13 been raised,” and inserting “the show-
14 ing required by subsection (a) has not
15 been made,”; and

16 (ii) in section 313, by striking “a sub-
17 stantial new question of patentability af-
18 fecting a claim of the patent is raised” and
19 inserting “it has been shown that there is
20 a reasonable likelihood that the requester
21 would prevail with respect to at least 1 of
22 the claims challenged in the request”.

23 (B) APPLICATION.—The amendments
24 made by this paragraph shall apply to requests
25 for inter partes reexamination that are filed on

1 or after the date of the enactment of this Act,
2 but prior to the effective date of subsection (a).

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

6 **“CHAPTER 32—POST-GRANT REVIEW**

“Sec.

“321. Post-grant review.

“322. Petitions.

“323. Preliminary response to petition.

“324. Institution of post-grant review.

“325. Relation to other proceedings or actions.

“326. Conduct of post-grant review.

“327. Settlement.

“328. Decision of the board.

“329. Appeal.

7 **“§ 321. Post-grant review**

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

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

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

4 **“§ 322. Petitions**

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

7 “(1) the petition is accompanied by payment of
8 the fee established by the Director under section
9 321;

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

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

17 “(A) copies of patents and printed publica-
18 tions that the petitioner relies upon in support
19 of the petition; and

20 “(B) affidavits or declarations of sup-
21 porting evidence and opinions, if the petitioner
22 relies on other factual evidence or on expert
23 opinions;

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

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

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

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

9 “(a) PRELIMINARY RESPONSE.—If a post-grant re-
10 view petition is filed under section 321, the patent owner
11 shall have the right to file a preliminary response within
12 2 months of the filing of the petition.

13 “(b) CONTENT OF RESPONSE.—A preliminary re-
14 sponse to a petition for post-grant review shall set forth
15 reasons why no post-grant review should be instituted
16 based upon the failure of the petition to meet any require-
17 ment of this chapter.

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

19 “(a) THRESHOLD.—The Director may not authorize
20 a post-grant review to commence unless the Director de-
21 termines that the information presented in the petition,
22 if such information is not rebutted, would demonstrate
23 that it is more likely than not that at least 1 of the claims
24 challenged in the petition is unpatentable.

1 “(b) **ADDITIONAL GROUNDS.**—The determination re-
2 quired under subsection (a) may also be satisfied by a
3 showing that the petition raises a novel or unsettled legal
4 question that is important to other patents or patent ap-
5 plications.

6 “(c) **TIMING.**—The Director shall determine whether
7 to institute a post-grant review under this chapter within
8 3 months after receiving a preliminary response under sec-
9 tion 323 or, if none is filed, the expiration of the time
10 for filing such a response.

11 “(d) **NOTICE.**—The Director shall notify the peti-
12 tioner and patent owner, in writing, of the Director’s de-
13 termination under subsection (a) or (b), and shall make
14 such notice available to the public as soon as is prac-
15 ticable. The Director shall make each notice of the institu-
16 tion of a post-grant review available to the public. Such
17 notice shall list the date on which the review shall com-
18 mence.

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

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

23 “(a) **INFRINGEMENT’S ACTION.**—A post-grant review
24 may not be instituted or maintained if the petitioner or

1 real party in interest has filed a civil action challenging
2 the validity of a claim of the patent.

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

9 “(c) JOINDER.—If more than 1 petition for a post-
10 grant review is properly filed against the same patent and
11 the Director determines that more than 1 of these peti-
12 tions warrants the institution of a post-grant review under
13 section 324, the Director may consolidate such reviews
14 into a single post-grant review.

15 “(d) MULTIPLE PROCEEDINGS.—Notwithstanding
16 sections 135(a), 251, and 252, and chapter 30, during the
17 pendency of any post-grant review, if another proceeding
18 or matter involving the patent is before the Office, the
19 Director may determine the manner in which the post-
20 grant review or other proceeding or matter may proceed,
21 including providing for stay, transfer, consolidation, or
22 termination of any such matter or proceeding. In deter-
23 mining whether to institute or order a proceeding under
24 this chapter, chapter 30, or chapter 31, the Director may
25 take into account whether, and reject the petition or re-

1 quest because, the same or substantially the same prior
2 art or arguments previously were presented to the Office.

3 “(e) ESTOPPEL.—

4 “(1) PROCEEDINGS BEFORE THE OFFICE.—The
5 petitioner in a post-grant review under this chapter,
6 or his real party in interest or privy, may not re-
7 quest or maintain a proceeding before the Office
8 with respect to a claim on any ground that the peti-
9 tioner raised or reasonably could have raised during
10 a post-grant review of the claim that resulted in a
11 final written decision under section 328(a).

12 “(2) CIVIL ACTIONS AND OTHER PRO-
13 CEEDINGS.—The petitioner in a post-grant review
14 under this chapter, or his real party in interest or
15 privy, may not assert either in a civil action arising
16 in whole or in part under section 1338 of title 28
17 or in a proceeding before the International Trade
18 Commission that a claim in a patent is invalid on
19 any ground that the petitioner raised during a post-
20 grant review of the claim that resulted in a final
21 written decision under section 328(a).

22 “(f) PRELIMINARY INJUNCTIONS.—If a civil action
23 alleging infringement of a patent is filed within 3 months
24 of the grant of the patent, the court may not stay its con-
25 sideration of the patent owner’s motion for a preliminary

1 injunction against infringement of the patent on the basis
2 that a petition for post-grant review has been filed or that
3 such a proceeding has been instituted.

4 “(g) REISSUE PATENTS.—A post-grant review may
5 not be instituted if the petition requests cancellation of
6 a claim in a reissue patent that is identical to or narrower
7 than a claim in the original patent from which the reissue
8 patent was issued, and the time limitations in section
9 321(c) would bar filing a petition for a post-grant review
10 for such original patent.

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

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

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

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

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

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

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

13 “(6) prescribing sanctions for abuse of dis-
14 covery, abuse of process, or any other improper use
15 of the proceeding, such as to harass or to cause un-
16 necessary delay or an unnecessary increase in the
17 cost of the proceeding;

18 “(7) providing for protective orders governing
19 the exchange and submission of confidential infor-
20 mation;

21 “(8) allowing the patent owner to file a re-
22 sponse to the petition after a post-grant review has
23 been instituted, and requiring that the patent owner
24 file with such response, through affidavits or dec-
25 larations, any additional factual evidence and expert

1 opinions on which the patent owner relies in support
2 of the response;

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

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

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

21 “(b) CONSIDERATIONS.—In prescribing regulations
22 under this section, the Director shall consider the effect
23 of any such regulation on the economy, the integrity of
24 the patent system, the efficient administration of the Of-

1 fice, and the ability of the Office to timely complete pro-
2 ceedings instituted under this chapter.

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

7 “(d) AMENDMENT OF THE PATENT.—

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

12 “(A) Cancel any challenged patent claim.

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

15 “(2) ADDITIONAL MOTIONS.—Additional mo-
16 tions to amend may be permitted upon the joint re-
17 quest of the petitioner and the patent owner to ma-
18 terially advance the settlement of a proceeding under
19 section 327, or upon the request of the patent owner
20 for good cause shown.

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

24 “(e) EVIDENTIARY STANDARDS.—In a post-grant re-
25 view instituted under this chapter, the petitioner shall

1 have the burden of proving a proposition of
2 unpatentability by a preponderance of the evidence.

3 **“§ 327. Settlement**

4 “(a) IN GENERAL.—A post-grant review instituted
5 under this chapter shall be terminated with respect to any
6 petitioner upon the joint request of the petitioner and the
7 patent owner, unless the Office has decided the merits of
8 the proceeding before the request for termination is filed.
9 If the post-grant review is terminated with respect to a
10 petitioner under this section, no estoppel under section
11 325(e) shall apply to that petitioner. If no petitioner re-
12 mains in the post-grant review, the Office may terminate
13 the post-grant review or proceed to a final written decision
14 under section 328(a).

15 “(b) AGREEMENTS IN WRITING.—Any agreement or
16 understanding between the patent owner and a petitioner,
17 including any collateral agreements referred to in such
18 agreement or understanding, made in connection with, or
19 in contemplation of, the termination of a post-grant review
20 under this section shall be in writing, and a true copy of
21 such agreement or understanding shall be filed in the Of-
22 fice before the termination of the post-grant review as be-
23 tween the parties. If any party filing such agreement or
24 understanding so requests, the copy shall be kept separate
25 from the file of the post-grant review, and shall be made

1 available only to Federal Government agencies upon writ-
2 ten request, or to any other person on a showing of good
3 cause.

4 **“§ 328. Decision of the board**

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

11 “(b) CERTIFICATE.—If the Patent Trial and Appeal
12 Board issues a final written decision under subsection (a)
13 and the time for appeal has expired or any appeal has
14 terminated, the Director shall issue and publish a certifi-
15 cate canceling any claim of the patent finally determined
16 to be unpatentable, confirming any claim of the patent de-
17 termined to be patentable, and incorporating in the patent
18 by operation of the certificate any new or amended claim
19 determined to be patentable.

20 **“§ 329. Appeal**

21 “A party dissatisfied with the final written decision
22 of the Patent Trial and Appeal Board under section
23 328(a) may appeal the decision pursuant to sections 141
24 through 144. Any party to the post-grant review shall have
25 the right to be a party to the appeal.”.

1 (e) TECHNICAL AND CONFORMING AMENDMENT.—

2 The table of chapters for part III of title 35, United States

3 Code, is amended by adding at the end the following:

“32. Post-Grant Review 321.”.

4 (f) REGULATIONS AND EFFECTIVE DATE.—

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

10 (2) APPLICABILITY.—The amendments made
11 by subsection (d) shall take effect on the date that
12 is 1 year after the date of the enactment of this Act
13 and shall apply only to patents issued on or after
14 that date. The Director may impose a limit on the
15 number of post-grant reviews that may be instituted
16 during each of the 4 years following the effective
17 date of subsection (d).

18 (3) PENDING INTERFERENCES.—The Director
19 shall determine the procedures under which inter-
20 ferences commenced before the effective date of sub-
21 section (d) are to proceed, including whether any
22 such interference is to be dismissed without preju-
23 dice to the filing of a petition for a post-grant review
24 under chapter 32 of title 35, United States Code, or
25 is to proceed as if this Act had not been enacted.

1 The Director shall include such procedures in regu-
2 lations issued under paragraph (1). For purposes of
3 an interference that is commenced before the effec-
4 tive date of subsection (d), the Director may deem
5 the Patent Trial and Appeal Board to be the Board
6 of Patent Appeals and Interferences, and may allow
7 the Patent Trial and Appeal Board to conduct any
8 further proceedings in that interference. The author-
9 ization to appeal or have remedy from derivation
10 proceedings in sections 141(d) and 146 of title 35,
11 United States Code, and the jurisdiction to entertain
12 appeals from derivation proceedings in section
13 1295(a)(4)(A) of title 28, United States Code, shall
14 be deemed to extend to final decisions in inter-
15 ferences that are commenced before the effective
16 date of subsection (d) and that are not dismissed
17 pursuant to this paragraph.

18 (g) CITATION OF PRIOR ART AND WRITTEN STATE-
19 MENTS.—

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

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

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

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

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

9 “(b) OFFICIAL FILE.—If the person citing prior art
10 or written statements pursuant to subsection (a) explains
11 in writing the pertinence and manner of applying the prior
12 art or written statements to at least 1 claim of the patent,
13 the citation of the prior art or written statements and the
14 explanation thereof shall become a part of the official file
15 of the patent.

16 “(c) ADDITIONAL INFORMATION.—A party that sub-
17 mits a written statement pursuant to subsection (a)(2)
18 shall include any other documents, pleadings, or evidence
19 from the proceeding in which the statement was filed that
20 addresses the written statement.

21 “(d) LIMITATIONS.—A written statement submitted
22 pursuant to subsection (a)(2), and additional information
23 submitted pursuant to subsection (c), shall not be consid-
24 ered by the Office for any purpose other than to determine
25 the proper meaning of a patent claim in a proceeding that

1 is ordered or instituted pursuant to section 304, 314, or
2 324. If any such written statement or additional informa-
3 tion is subject to an applicable protective order, it shall
4 be redacted to exclude information that is subject to that
5 order.

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

10 (2) EFFECTIVE DATE.—The amendment made
11 by this subsection shall take effect 1 year after the
12 date of the enactment of this Act and shall apply to
13 patents issued before, on, or after that effective
14 date.

15 (h) REEXAMINATION.—

16 (1) DETERMINATION BY DIRECTOR.—

17 (A) IN GENERAL.—Section 303(a) of title
18 35, United States Code, is amended by striking
19 “section 301 of this title” and inserting “sec-
20 tion 301 or 302”.

21 (B) EFFECTIVE DATE.—The amendment
22 made by this paragraph shall take effect 1 year
23 after the date of the enactment of this Act and
24 shall apply to patents issued before, on, or after
25 that effective date.

1 (2) APPEAL.—

2 (A) IN GENERAL.—Section 306 of title 35,
3 United States Code, is amended by striking
4 “145” and inserting “144”.

5 (B) EFFECTIVE DATE.—The amendment
6 made by this paragraph shall take effect on the
7 date of enactment of this Act and shall apply
8 to appeals of reexaminations that are pending
9 before the Board of Patent Appeals and Inter-
10 ferences or the Patent Trial and Appeal Board
11 on or after the date of the enactment of this
12 Act.

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

14 (a) COMPOSITION AND DUTIES.—Section 6 of title
15 35, United States Code, is amended to read as follows:

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

17 “(a) There shall be in the Office a Patent Trial and
18 Appeal Board. The Director, the Deputy Director, the
19 Commissioner for Patents, the Commissioner for Trade-
20 marks, and the administrative patent judges shall con-
21 stitute the Patent Trial and Appeal Board. The adminis-
22 trative patent judges shall be persons of competent legal
23 knowledge and scientific ability who are appointed by the
24 Secretary, in consultation with the Director. Any reference
25 in any Federal law, Executive order, rule, regulation, or

1 delegation of authority, or any document of or pertaining
2 to the Board of Patent Appeals and Interferences is
3 deemed to refer to the Patent Trial and Appeal Board.

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

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

8 “(2) review appeals of reexaminations pursuant
9 to section 134(b);

10 “(3) conduct derivation proceedings pursuant to
11 section 135; and

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

14 “(c) Each appeal, derivation proceeding, post-grant
15 review, and inter partes review shall be heard by at least
16 3 members of the Patent Trial and Appeal Board, who
17 shall be designated by the Director. Only the Patent Trial
18 and Appeal Board may grant rehearings.

19 “(d) The Secretary of Commerce may, in his discre-
20 tion, deem the appointment of an administrative patent
21 judge who, before the date of the enactment of this sub-
22 section, held office pursuant to an appointment by the Di-
23 rector to take effect on the date on which the Director
24 initially appointed the administrative patent judge. It shall
25 be a defense to a challenge to the appointment of an ad-

1 ministrative patent judge on the basis of the judge’s hav-
2 ing been originally appointed by the Director that the ad-
3 ministrative patent judge so appointed was acting as a de
4 facto officer.”.

5 (b) ADMINISTRATIVE APPEALS.—Section 134 of title
6 35, United States Code, is amended—

7 (1) in subsection (b), by striking “any reexam-
8 ination proceeding” and inserting “a reexamina-
9 tion”; and

10 (2) by striking subsection (c).

11 (c) CIRCUIT APPEALS.—

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

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

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

22 “(b) REEXAMINATIONS.—A patent owner who is dis-
23 satisfied with the final decision in an appeal of a reexam-
24 ination to the Patent Trial and Appeal Board under sec-

1 tion 134(b) may appeal the Board’s decision only to the
2 United States Court of Appeals for the Federal Circuit.

3 “(c) POST-GRANT AND INTER PARTES REVIEWS.—

4 A party to a post-grant or inter partes review who is dis-
5 satisfied with the final written decision of the Patent Trial
6 and Appeal Board under section 318(a) or 328(a) may
7 appeal the Board’s decision only to the United States
8 Court of Appeals for the Federal Circuit.

9 “(d) DERIVATION PROCEEDINGS.—A party to a deri-
10 vation proceeding who is dissatisfied with the final deci-
11 sion of the Patent Trial and Appeal Board on the pro-
12 ceeding may appeal the decision to the United States
13 Court of Appeals for the Federal Circuit, but such appeal
14 shall be dismissed if any adverse party to such derivation
15 proceeding, within 20 days after the appellant has filed
16 notice of appeal in accordance with section 142, files no-
17 tice with the Director that the party elects to have all fur-
18 ther proceedings conducted as provided in section 146. If
19 the appellant does not, within 30 days after the filing of
20 such notice by the adverse party, file a civil action under
21 section 146, the Board’s decision shall govern the further
22 proceedings in the case.”.

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

1 “(A) the Patent Trial and Appeal Board of
2 the United States Patent and Trademark Office
3 with respect to patent applications, derivation
4 proceedings, reexaminations, post-grant reviews,
5 and inter partes reviews at the instance of a
6 party who exercised his right to participate in
7 a proceeding before or appeal to the Board, ex-
8 cept that an applicant or a party to a derivation
9 proceeding may also have remedy by civil action
10 pursuant to section 145 or 146 of title 35. An
11 appeal under this subparagraph of a decision of
12 the Board with respect to an application or der-
13 ivation proceeding shall waive the right of such
14 applicant or party to proceed under section 145
15 or 146 of title 35;”.

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

18 (A) by striking the third sentence and in-
19 serting the following: “In an ex parte case, the
20 Director shall submit to the court in writing the
21 grounds for the decision of the Patent and
22 Trademark Office, addressing all of the issues
23 raised in the appeal. The Director shall have
24 the right to intervene in an appeal from a deci-
25 sion entered by the Patent Trial and Appeal

1 Board in a derivation proceeding under section
2 135 or in an inter partes or post-grant review
3 under chapter 31 or 32.”; and

4 (B) by repealing the second of the two
5 identical fourth sentences.

6 (d) EFFECTIVE DATE.—The amendments made by
7 this section shall take effect 1 year after the date of the
8 enactment of this Act and shall apply to proceedings com-
9 menced on or after that effective date, except that—

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

20 (2) the provisions of sections 6, 134, and 141
21 of title 35, United States Code, in effect on the day
22 prior to the date of the enactment of this Act shall
23 continue to apply to inter partes reexaminations that
24 are requested under section 311 prior to the date

1 that is 1 year after the date of the enactment of this
2 Act;

3 (3) the Patent Trial and Appeal Board may be
4 deemed to be the Board of Patent Appeals and
5 Interferences for purposes of appeals of inter partes
6 reexaminations that are requested under section 311
7 prior to the date that is 1 year after the date of the
8 enactment of this Act; and

9 (4) the Director's right under the last sentence
10 of section 143 of title 35, United States Code, as
11 amended by subsection (c)(3), to intervene in an ap-
12 peal from a decision entered by the Patent Trial and
13 Appeal Board shall be deemed to extend to inter
14 partes reexaminations that are requested under sec-
15 tion 311 prior to the date that is 1 year after the
16 date of the enactment of this Act.

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

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

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

23 “(1) IN GENERAL.—Any third party may sub-
24 mit for consideration and inclusion in the record of
25 a patent application, any patent, published patent

1 application, or other printed publication of potential
2 relevance to the examination of the application, if
3 such submission is made in writing before the earlier
4 of—

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

8 “(B) the later of—

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

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

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

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

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

22 “(C) include a statement by the person
23 making such submission affirming that the sub-
24 mission was made in compliance with this sec-
25 tion.”.

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

5 **SEC. 8. VENUE.**

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

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

15 (b) 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 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall take effect upon the date of the enact-
5 ment of this Act and shall apply to civil actions com-
6 menced on or after that date.

7 **SEC. 9. FEE SETTING AUTHORITY.**

8 (a) FEE SETTING.—

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

1 (2) SMALL AND MICRO ENTITIES.—The fees es-
2 tablished under paragraph (1) for filing, processing,
3 issuing, and maintaining patent applications and
4 patents shall be reduced by 50 percent with respect
5 to their application to any small entity that qualifies
6 for reduced fees under section 41(h)(1) of title 35,
7 United States Code, and shall be reduced by 75 per-
8 cent with respect to their application to any micro
9 entity as defined in section 123 of that title.

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

12 (A) shall consult with the Patent Public
13 Advisory Committee and the Trademark Public
14 Advisory Committee on the advisability of re-
15 ducing any fees described in paragraph (1); and

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

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

20 (A) submit to the Patent Public Advisory
21 Committee or the Trademark Public Advisory
22 Committee, or both, as appropriate, any pro-
23 posed fee under paragraph (1) not less than 45
24 days before publishing any proposed fee in the
25 Federal Register;

1 (B) provide the relevant advisory com-
2 mittee described in subparagraph (A) a 30-day
3 period following the submission of any proposed
4 fee, on which to deliberate, consider, and com-
5 ment on such proposal, and require that—

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

9 (ii) the Director shall assist the rel-
10 evant advisory committee in carrying out
11 such public hearing, including by offering
12 the use of Office resources to notify and
13 promote the hearing to the public and in-
14 terested stakeholders;

15 (C) require the relevant advisory com-
16 mittee to make available to the public a written
17 report detailing the comments, advice, and rec-
18 ommendations of the committee regarding any
19 proposed fee;

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

24 (E) notify, through the Chair and Ranking
25 Member of the Senate and House Judiciary

1 Committees, the Congress of any final rule set-
2 ting or adjusting fees under paragraph (1).

3 (5) PUBLICATION IN THE FEDERAL REG-
4 ISTER.—

5 (A) IN GENERAL.—Any rules prescribed
6 under this subsection shall be published in the
7 Federal Register.

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

10 (i) be published in the Federal Reg-
11 ister; and

12 (ii) include, in such publication, the
13 specific rationale and purpose for the pro-
14 posal, including the possible expectations
15 or benefits resulting from the proposed
16 change.

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

22 (6) CONGRESSIONAL COMMENT PERIOD.—Fol-
23 lowing the notification described in paragraph
24 (3)(E), Congress shall have not more than 45 days
25 to consider and comment on any final rule setting or

1 adjusting fees under paragraph (1). No fee set or
2 adjusted under paragraph (1) shall be effective prior
3 to the end of such 45-day comment period.

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

6 (A) an applicant’s rights under title 35,
7 United States Code, or the Trademark Act of
8 1946; or

9 (B) any rights under a ratified treaty.

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

14 (1) in subsections (a), (b), and (c) of section
15 801, by—

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

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

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

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

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

4 (B) striking “shall be administered as
5 though that subsection”.

6 (c) ADJUSTMENT OF TRADEMARK FEES.—Division
7 B of Public Law 108–447 is amended in title VIII of the
8 Departments of Commerce, Justice and State, the Judici-
9 ary and Related Agencies Appropriations Act, 2005, in
10 section 802(a) by striking “During fiscal years 2005,
11 2006 and 2007”, and inserting “Until such time as the
12 Director sets or adjusts the fees otherwise,”.

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

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

24 (f) RULE OF CONSTRUCTION.—Nothing in this sec-
25 tion shall be construed to affect any other provision of Di-

1 vision B of Public Law 108–447, including section 801(c)
2 of title VIII of the Departments of Commerce, Justice and
3 State, the Judiciary and Related Agencies Appropriations
4 Act, 2005.

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

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

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

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

20 (h) ELECTRONIC FILING INCENTIVE.—

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

1 the Director. The fee established by this subsection
2 shall be reduced 50 percent for small entities that
3 qualify for reduced fees under section 41(h)(1) of
4 title 35, United States Code. All fees paid under this
5 subsection shall be deposited in the Treasury as an
6 offsetting receipt that shall not be available for obli-
7 gation or expenditure.

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

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

14 **SEC. 10. SUPPLEMENTAL EXAMINATION.**

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

18 **“§ 257. Supplemental examinations to consider, re-**
19 **consider, or correct information**

20 “(a) IN GENERAL.—A patent owner may request
21 supplemental examination of a patent in the Office to con-
22 sider, reconsider, or correct information believed to be rel-
23 evant to the patent. Within 3 months of the date a request
24 for supplemental examination meeting the requirements of
25 this section is received, the Director shall conduct the sup-

1 plemental examination and shall conclude such examina-
2 tion by issuing a certificate indicating whether the infor-
3 mation presented in the request raises a substantial new
4 question of patentability.

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

17 “(c) EFFECT.—

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

1 shall not be relevant to enforceability of the patent
2 under section 282.

3 “(2) EXCEPTIONS.—

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

14 “(B) PATENT ENFORCEMENT ACTIONS.—

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

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

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

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

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

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

5 (b) EFFECTIVE DATE.—This section shall take effect
6 1 year after the date of the enactment of this Act and
7 shall apply to patents issued before, on, or after that date.

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

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

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

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

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

21 “(B) a judge of the Federal judicial circuit who
22 does not live within 50 miles of the District of Co-
23 lumbia with appropriate facilities and administrative
24 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. 12. 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 (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. 13. FUNDING AGREEMENTS.**

12 (a) IN GENERAL.—Section 202(c)(7)(E)(i) of title
13 35, United States Code, 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 (b) EFFECTIVE DATE.—The amendments made by
19 this section shall take effect on the date of enactment of
20 this Act and shall apply to patents issued before, on, or
21 after that date.

22 **SEC. 14. TAX STRATEGIES DEEMED WITHIN THE PRIOR**
23 **ART.**

24 (a) IN GENERAL.—For purposes of evaluating an in-
25 vention under section 102 or 103 of title 35, United States

1 Code, any strategy for reducing, avoiding, or deferring tax
2 liability, whether known or unknown at the time of the
3 invention or application for patent, shall be deemed insuf-
4 ficient to differentiate a claimed invention from the prior
5 art.

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

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

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

16 (a) IN GENERAL.—Section 282 of title 35, United
17 State Code, is amended in its second undesignated para-
18 graph by striking paragraph (3) and inserting the fol-
19 lowing:

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

22 “(A) any requirement of section 112, ex-
23 cept that the failure to disclose the best mode
24 shall not be a basis on which any claim of a

1 patent may be canceled or held invalid or other-
2 wise unenforceable; or

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

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

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

13 **SEC. 16. 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”;

22 (3) in the third paragraph—

23 (A) by striking “Whenever” and in-
24 serting “(c) CORRECTION OF ERRORS IN
25 APPLICATION.—Whenever”;

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

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

6 (1) in the first paragraph—

7 (A) by striking “Except when” and insert-
8 ing “(a) FILING IN FOREIGN COUNTRY.—Ex-
9 cept when”; and

10 (B) by striking “and without deceptive in-
11 tent”;

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

15 (3) in the third paragraph, by striking “The
16 scope” and inserting “(c) SUBSEQUENT MODIFICA-
17 TIONS, AMENDMENTS, AND SUPPLEMENTS.—The
18 scope”.

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

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

24 (1) in the first paragraph—

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

3 (B) by striking “without any deceptive in-
4 tention”;

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

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

11 (4) in the last paragraph, by striking “No re-
12 issued patent” and inserting “(d) REISSUE PATENT
13 ENLARGING SCOPE OF CLAIMS.—No reissued pat-
14 ent”.

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

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

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

24 (f) CORRECTION OF NAMED INVENTOR.—Section
25 256 of title 35, United States Code, is amended—

1 (1) in the first paragraph—

2 (A) by striking “Whenever” and inserting

3 “(a) CORRECTION.—Whenever”; and

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

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

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

11 (1) in the first undesignated paragraph—

12 (A) by striking “A patent” and inserting

13 “(a) IN GENERAL.—A patent”; and

14 (B) by striking the third sentence;

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

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

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

25 (i) REVISER’S NOTES.—

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

4 (2) Section 202(b)(3) of title 35, United States
5 Code, is amended by striking “the section 203(b)”
6 and inserting “section 203(b)”.

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

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

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

16 (j) UNNECESSARY REFERENCES.—

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

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

24 (A) Section 1(c).

25 (B) Section 101.

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

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

4 (E) Section 157(a).

5 (F) Section 161.

6 (G) Section 164.

7 (H) Section 171.

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

10 (J) Section 261.

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

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

13 (M) Section 289.

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

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

20 **SEC. 17. EFFECTIVE DATE; RULE OF CONSTRUCTION.**

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

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

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