

Calendar No. _____

110TH CONGRESS
1ST SESSION**S. 1145****[Report No. 110-_____]**

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

IN THE SENATE OF THE UNITED STATES

APRIL 18, 2007

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

JULY _____ (legislative day, JULY _____), 2007

Reported by Mr. LEAHY, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

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

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

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

4 (a) ~~SHORT TITLE.~~—This Act may be cited as the

5 ~~“Patent Reform Act of 2007”.~~

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

- See. 1. Short title; table of contents.
- See. 2. Reference to title 35, United States Code.
- See. 3. Right of the first inventor to file.
- See. 4. Inventor's oath or declaration.
- See. 5. Right of the inventor to obtain damages.
- See. 6. Post-grant procedures and other quality enhancements.
- See. 7. Definitions; patent trial and appeal board.
- See. 8. Study and report on reexamination proceedings.
- See. 9. Submissions by third parties and other quality enhancements.
- See. 10. Venue and jurisdiction.
- See. 11. Regulatory authority.
- See. 12. Technical amendments.
- See. 13. Effective date; rule of construction.

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

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5 amended or repealed, that amendment or repeal shall be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

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

9 (a) **DEFINITIONS.**—Section 100 is amended by add-
10 ing at the end the following:

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

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

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

1 “(1) the filing date of the patent or the applica-
2 tion for patent containing the claim to the invention;
3 or

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

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

15 “(j) The term ‘joint invention’ means an invention
16 resulting from the collaboration of inventive endeavors of
17 2 or more persons working toward the same end and pro-
18 ducing an invention by their collective efforts.”.

19 (b) CONDITIONS FOR PATENTABILITY.—

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

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

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

1 “(1) the claimed invention was patented, de-
2 scribed in a printed publication, or in public use or
3 on sale—

4 “(A) more than one year before the effec-
5 tive filing date of the claimed invention; or

6 “(B) one year or less before the effective
7 filing date of the claimed invention, other than
8 through disclosures made by the inventor or a
9 joint inventor or by others who obtained the
10 subject matter disclosed directly or indirectly
11 from the inventor or a joint inventor; or

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

19 “(b) EXCEPTIONS.—

20 “(1) PRIOR INVENTOR DISCLOSURE EXCEP-
21 TION.—Subject matter that would otherwise qualify
22 as prior art under subparagraph (B) of subsection
23 (a)(1) shall not be prior art to a claimed invention
24 under that subparagraph if the subject matter had,
25 before the applicable date under such subparagraph

1 (B), been publicly disclosed by the inventor or a
2 joint inventor or others who obtained the subject
3 matter disclosed directly or indirectly from the in-
4 ventor, joint inventor, or applicant.

5 “(2) DERIVATION AND COMMON ASSIGNMENT
6 EXCEPTIONS.—Subject matter that would otherwise
7 qualify as prior art only under subsection (a)(2),
8 after taking into account the exception under para-
9 graph (1), shall not be prior art to a claimed inven-
10 tion if—

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

14 “(B) the subject matter and the claimed
15 invention, not later than the effective filing date
16 of the claimed invention, were owned by the
17 same person or subject to an obligation of as-
18 signment to the same person.

19 “(3) JOINT RESEARCH AGREEMENT EXCEP-
20 TION.—

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

1 “(i) the claimed invention was made
2 by or on behalf of parties to a joint re-
3 search agreement that was in effect on or
4 before the effective filing date of the
5 claimed invention;

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

10 “(iii) the application for patent for
11 the claimed invention discloses or is
12 amended to disclose the names of the par-
13 ties to the joint research agreement.

14 “(B) For purposes of subparagraph (A),
15 the term ‘joint research agreement’ means a
16 written contract, grant, or cooperative agree-
17 ment entered into by two or more persons or
18 entities for the performance of experimental,
19 developmental, or research work in the field of
20 the claimed invention.

21 “(4) PATENTS AND PUBLISHED APPLICATIONS
22 EFFECTIVELY FILED.—A patent or application for
23 patent is effectively filed under subsection (a)(2)
24 with respect to any subject matter described in the
25 patent or application—

1 the claimed invention pertains. Patentability shall not be
2 negated by the manner in which the invention was made.”.

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

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

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

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

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

20 (g) CONFORMING AMENDMENTS.—

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

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

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

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

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

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

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

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

21 (A) in paragraph (2)—

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

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

3 (ii) by striking "the statutory" and
4 inserting "that 1-year"; and

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

10 (h) REPEAL OF INTERFERING PATENT REMEDIES.—

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

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

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

16 "(1) INSTITUTION OF DERIVATION PRO-
17 CEEDING.—An applicant may request initiation of a
18 derivation proceeding to determine the right of the
19 applicant to a patent by filing a request which sets
20 forth with particularity the basis for finding that an
21 earlier applicant derived the claimed invention from
22 the applicant requesting the proceeding and, without
23 authorization, filed an application claiming such in-
24 vention. Any such request may only be made within
25 12 months after the date of first publication of an

1 application containing a claim that is the same or is
2 substantially the same as the claimed invention,
3 must be made under oath, and must be supported
4 by substantial evidence. Whenever the Director de-
5 termines that patents or applications for patent
6 naming different individuals as the inventor interfere
7 with one another because of a dispute over the right
8 to patent under section 101, the Director shall insti-
9 tute a derivation proceeding for the purpose of de-
10 termining which applicant is entitled to a patent.

11 “(2) REQUIREMENTS.—A proceeding under this
12 subsection may not be commenced unless the party
13 requesting the proceeding has filed an application
14 that was filed not later than 18 months after the ef-
15 fective filing date of the application or patent
16 deemed to interfere with the subsequent application
17 or patent.

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

21 “(A) shall determine the question of the
22 right to patent;

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

1 “(C) shall issue a final decision on the
2 right to patent.

3 “(4) DERIVATION PROCEEDING.—The Board
4 may defer action on a request to initiate a derivation
5 proceeding until 3 months after the date on which
6 the Director issues a patent to the applicant that
7 filed the earlier application.

8 “(5) EFFECT OF FINAL DECISION.—The final
9 decision of the Patent Trial and Appeal Board, if
10 adverse to the claim of an applicant, shall constitute
11 the final refusal by the Patent and Trademark Of-
12 fice on the claims involved. The Director may issue
13 a patent to an applicant who is determined by the
14 Patent Trial and Appeal Board to have the right to
15 patent. The final decision of the Board, if adverse
16 to a patentee, shall, if no appeal or other review of
17 the decision has been or can be taken or had, con-
18 stitute cancellation of the claims involved in the pat-
19 ent, and notice of such cancellation shall be endorsed
20 on copies of the patent distributed after such can-
21 cellation by the Patent and Trademark Office.”.

22 (j) ELIMINATION OF REFERENCES TO INTER-
23 FERENCES.—(1) Sections 6, 41, 134, 141, 145, 146, 154,
24 305, and 314 are each amended by striking “Board of

1 Patent Appeals and Interferences” each place it appears
2 and inserting “Patent Trial and Appeal Board”.

3 (2) Sections 141, 146, and 154 are each amended—

4 (A) by striking “an interference” each place it
5 appears and inserting “a derivation proceeding”;
6 and

7 (B) by striking “interference” each additional
8 place it appears and inserting “derivation pro-
9 ceeding”.

10 (3) The section heading for section 134 is amended
11 to read as follows:

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

13 (4) The section heading for section 135 is amended
14 to read as follows:

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

16 (5) The section heading for section 146 is amended
17 to read as follows:

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

19 (6) Section 154(b)(1)(C) is amended by striking
20 “INTERFERENCES” and inserting “DERIVATION PRO-
21 CEEDINGS”.

22 (7) The item relating to section 6 in the table of sec-
23 tions for chapter 1 is amended to read as follows:

“6. Patent Trial and Appeal Board.”

1 (8) The items relating to sections 134 and 135 in
2 the table of sections for chapter 12 are amended to read
3 as follows:

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

4 (9) The item relating to section 146 in the table of
5 sections for chapter 13 is amended to read as follows:

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

6 (10) CERTAIN APPEALS.—Subsection 1295(a)(4)(A)
7 of title 28, United States Code, is amended to read as
8 follows:

9 “(A) the Patent Trial and Appeal Board of
10 the United States Patent and Trademark Office
11 with respect to patent applications, derivation
12 proceedings, and post-grant review proceedings,
13 at the instance of an applicant for a patent or
14 any party to a patent interference (commenced
15 before the effective date of the Patent Reform
16 Act of 2007), derivation proceeding, or post-
17 grant review proceeding, and any such appeal
18 shall waive any right of such applicant or party
19 to proceed under section 145 or 146 of title
20 35.”.

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

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

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

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

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

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

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

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

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

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

3 “(d) SUBSTITUTE STATEMENT.—

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

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

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

16 “(i) is deceased;

17 “(ii) is under legal incapacity; or

18 “(iii) cannot be found or reached after
19 diligent effort; or

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

23 “(3) CONTENTS.—A substitute statement under
24 this subsection shall—

1 “(A) identify the individual with respect to
2 whom the statement applies;

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

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

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

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

22 “(g) EARLIER-FILED APPLICATION CONTAINING RE-
23 QUIRED STATEMENTS OR SUBSTITUTE STATEMENT.—
24 The requirements under this section shall not apply to an
25 individual with respect to an application for patent in

1 which the individual is named as the inventor or a joint
2 inventor and that claims the benefit under section 120 or
3 365(c) of the filing of an earlier-filed application, if—

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

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

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

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

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

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

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

16 ~~(2) RELATIONSHIP TO DIVISIONAL APPLICA-~~
17 ~~TIONS.—Section 121 is amended by striking “If a~~
18 ~~divisional application” and all that follows through~~
19 ~~“inventor.”.~~

20 ~~(3) REQUIREMENTS FOR NONPROVISIONAL AP-~~
21 ~~PLICATIONS.—Section 111(a) is amended—~~

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

24 ~~(B) in the heading for paragraph (3), by~~
25 ~~striking “AND OATH”;~~ and

1 (C) by striking “and oath” each place it
2 appears:

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

“115. Inventor’s oath or declaration.”

6 (b) FILING BY OTHER THAN INVENTOR.—Section
7 118 is amended to read as follows:

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

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

21 (e) SPECIFICATION.—Section 112 is amended—

22 (1) in the first paragraph—

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

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

4 (2) in the second paragraph—

5 (A) by striking “The specifications” and
6 inserting “(b) CONCLUSION.—The specifica-
7 tions”; and

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

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

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

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

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

23 **SEC. 5. RIGHT OF THE INVENTOR TO OBTAIN DAMAGES.**

24 (a) DAMAGES.—Section 284 is amended—

25 (1) in the first paragraph—

1 (A) by striking “Upon” and inserting “(a)

2 AWARD OF DAMAGES.—

3 “(1) IN GENERAL.—Upon”;

4 (B) by aligning the remaining text accord-
5 ingly; and

6 (C) by adding at the end the following:

7 “(2) RELATIONSHIP OF DAMAGES TO CON-
8 TRIBUTIONS OVER PRIOR ART.—The court shall con-
9 duct an analysis to ensure that a reasonable royalty
10 under paragraph (1) is applied only to that economic
11 value properly attributable to the patent’s specific
12 contribution over the prior art. In a reasonable roy-
13 alty analysis, the court shall identify all factors rel-
14 evant to the determination of a reasonable royalty
15 under this subsection, and the court or the jury, as
16 the case may be, shall consider only those factors in
17 making the determination. The court shall exclude
18 from the analysis the economic value properly attrib-
19 utable to the prior art, and other features or im-
20 provements, whether or not themselves patented,
21 that contribute economic value to the infringing
22 product or process.

23 “(3) ENTIRE MARKET VALUE.—Unless the
24 claimant shows that the patent’s specific contribu-
25 tion over the prior art is the predominant basis for

1 market demand for an infringing product or process,
2 damages may not be based upon the entire market
3 value of that infringing product or process.

4 “(4) OTHER FACTORS.—In determining dam-
5 ages, the court may also consider, or direct the jury
6 to consider, the terms of any nonexclusive market-
7 place licensing of the invention, where appropriate,
8 as well as any other relevant factors under applica-
9 ble law.”;

10 (2) by amending the second undesignated para-
11 graph to read as follows:

12 “(b) WILLFUL INFRINGEMENT .—

13 “(1) INCREASED DAMAGES.—A court that has
14 determined that the infringer has willfully infringed
15 a patent or patents may increase the damages up to
16 three times the amount of damages found or as-
17 sessed under subsection (a), except that increased
18 damages under this paragraph shall not apply to
19 provisional rights under section 154(d).

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

24 “(A) after receiving written notice from
25 the patentee—

1 “(i) alleging acts of infringement in a
2 manner sufficient to give the infringer an
3 objectively reasonable apprehension of suit
4 on such patent, and

5 “(ii) identifying with particularity
6 each claim of the patent, each product or
7 process that the patent owner alleges in-
8 fringes the patent, and the relationship of
9 such product or process to such claim,
10 the infringer, after a reasonable opportunity to
11 investigate, thereafter performed one or more of
12 the alleged acts of infringement;

13 “(B) the infringer intentionally copied the
14 patented invention with knowledge that it was
15 patented; or

16 “(C) after having been found by a court to
17 have infringed that patent, the infringer en-
18 gaged in conduct that was not colorably dif-
19 ferent from the conduct previously found to
20 have infringed the patent, and which resulted in
21 a separate finding of infringement of the same
22 patent.

23 “(3) LIMITATIONS ON WILLFULNESS.—(A) A
24 court may not find that an infringer has willfully in-
25 fringed a patent under paragraph (2) for any period

1 of time during which the infringer had an informed
2 good faith belief that the patent was invalid or unen-
3 forceable, or would not be infringed by the conduct
4 later shown to constitute infringement of the patent.

5 “(B) An informed good faith belief within the
6 meaning of subparagraph (A) may be established
7 by—

8 “(i) reasonable reliance on advice of coun-
9 sel;

10 “(ii) evidence that the infringer sought to
11 modify its conduct to avoid infringement once it
12 had discovered the patent; or

13 “(iii) other evidence a court may find suffi-
14 cient to establish such good faith belief.

15 “(C) The decision of the infringer not to
16 present evidence of advice of counsel is not relevant
17 to a determination of willful infringement under
18 paragraph (2).

19 “(4) LIMITATION ON PLEADING.—Before the
20 date on which a court determines that the patent in
21 suit is not invalid, is enforceable, and has been in-
22 fringed by the infringer, a patentee may not plead
23 and a court may not determine that an infringer has
24 willfully infringed a patent. The court’s determina-

1 tion of an infringer's willfulness shall be made with-
2 out a jury.”; and

3 ~~(3)~~ in the third undesignated paragraph, by
4 striking “The court” and inserting “(c) EXPERT
5 TESTIMONY.—The court”.

6 ~~(b) DEFENSE TO INFRINGEMENT BASED ON EAR-~~
7 ~~LIER INVENTOR.—~~Section 273 of title 35, United States
8 Code, is amended—

9 ~~(1)~~ in subsection (a)—

10 (A) in paragraph (1)—

11 (i) by striking “of a method”; and

12 (ii) by striking “review period;” and
13 inserting “review period; and”;

14 (B) in paragraph ~~(2)~~(B), by striking the
15 semicolon at the end and inserting a period;
16 and

17 (C) by striking paragraphs ~~(3)~~ and (4);

18 ~~(2)~~ in subsection (b)—

19 (A) in paragraph (1)—

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

21 (ii) by striking “at least 1 year before
22 the effective filing date of such patent,
23 and” and all that follows through the pe-
24 riod and inserting “and commercially used,
25 or made substantial preparations for com-

1 mercial use of, the subject matter before
2 the effective filing date of the claimed in-
3 vention.”;

4 (B) in paragraph (2)—

5 (i) by striking “The sale or other dis-
6 position of a useful end result produced by
7 a patented method” and inserting “The
8 sale or other disposition of subject matter
9 that qualifies for the defense set forth in
10 this section”; and

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

14 (C) in paragraph (3)—

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

16 (ii) by redesignating subparagraphs
17 (B) and (C) as subparagraphs (A) and
18 (B), respectively;

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

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

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

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

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

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

9 **SEC. 6. POST-GRANT PROCEDURES AND OTHER QUALITY**
10 **ENHANCEMENTS.**

11 (a) REEXAMINATION.—Section 303(a) is amended to
12 read as follows:

13 “(a) Within 3 months after the owner of a patent
14 files a request for reexamination under section 302, the
15 Director shall determine whether a substantial new ques-
16 tion of patentability affecting any claim of the patent con-
17 cerned is raised by the request, with or without consider-
18 ation of other patents or printed publications. On the Di-
19 rector’s own initiative, and at any time, the Director may
20 determine whether a substantial new question of patent-
21 ability is raised by patents and publications discovered by
22 the Director, is cited under section 301, or is cited by any
23 person other than the owner of the patent under section
24 302 or section 311. The existence of a substantial new
25 question of patentability is not precluded by the fact that

1 a patent or printed publication was previously cited by or
2 to the Office or considered by the Office.”.

3 (b) REEXAMINATION.—Section 315(e) is amended by
4 striking “or could have raised”.

5 (c) REEXAMINATION PROHIBITED AFTER DISTRICT
6 COURT DECISION.—Section 317(b) is amended—

7 (1) in the subsection heading, by striking
8 “FINAL DECISION” and inserting “DISTRICT COURT
9 DECISION”; and

10 (2) by striking “Once a final decision has been
11 entered” and inserting “Once the judgment of the
12 district court has been entered”.

13 (d) EFFECTIVE DATES.—Notwithstanding any other
14 provision of law, sections 311 through 318 of title 35,
15 United States Code, as amended by this Act, shall apply
16 to any patent that issues before, on, or after the date of
17 enactment of this Act from an original application filed
18 on any date.

19 (e) POST-GRANT OPPOSITION PROCEDURES.—

20 (1) IN GENERAL.—Part III is amended by add-
21 ing at the end the following new chapter:

22 **“CHAPTER 32—POST-GRANT REVIEW**
23 **PROCEDURES**

“Sec.

“321. Petition for post-grant review.

“322. Timing and bases of petition.

“323. Requirements of petition.

“324. Prohibited filings.

- “325. Submission of additional information; showing of sufficient grounds.
- “326. Conduct of post-grant review proceedings.
- “327. Patent owner response.
- “328. Proof and evidentiary standards.
- “329. Amendment of the patent.
- “330. Decision of the Board.
- “331. Effect of decision.
- “332. Relationship to other pending proceedings.
- “333. Effect of decisions rendered in civil action on future post-grant review proceedings.
- “334. Effect of final decision on future proceedings.
- “335. Appeal.

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

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

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

13 “A post-grant proceeding may be instituted under
14 this chapter pursuant to a cancellation petition filed under
15 section 321 only if—

16 “(1) the petition is filed not later than 12
17 months after the grant of the patent or issuance of
18 a reissue patent, as the case may be;

19 “(2)(A) the petitioner establishes a substantial
20 reason to believe that the continued existence of the

1 challenged claim in the petition causes or is likely to
2 cause the petitioner significant economic harm; or

3 “(B) the petitioner has received notice from the
4 patent holder alleging infringement by the petitioner
5 of the patent; or

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

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

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

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

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

16 “(3) the petition sets forth in writing the basis
17 for the cancellation, identifying each claim chal-
18 lenged and providing such information as the Direc-
19 tor may require by regulation; and includes copies of
20 patents and printed publications that the cancella-
21 tion petitioner relies upon in support of the petition;
22 and

23 “(4) the petitioner provides copies of those doc-
24 uments to the patent owner or, if applicable, the
25 designated representative of the patent owner.

1 **“§ 324. Prohibited filings**

2 “A post-grant review proceeding may not be insti-
3 tuted under paragraph (1), (2), or (3) of section 322 if
4 the petition for cancellation requesting the proceeding
5 identifies the same cancellation petitioner and the same
6 patent as a previous petition for cancellation filed under
7 the same paragraph of section 322.

8 **“§ 325. Submission of additional information; show-
9 ing of sufficient grounds**

10 “The cancellation petitioner shall file such additional
11 information with respect to the petition as the Director
12 may require. The Director may not authorize a post-grant
13 review proceeding to commence unless the Director deter-
14 mines that the information presented provides sufficient
15 grounds to proceed.

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

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

18 “(1) prescribe regulations, in accordance with
19 section 2(b)(2), establishing and governing post-
20 grant review proceedings under this chapter and
21 their relationship to other proceedings under this
22 title;

23 “(2) prescribe regulations setting forth the
24 standards for showings of substantial reason to be-
25 lieve and significant economic harm under section
26 322(2) and sufficient grounds under section 325;

1 “(3) prescribe regulations establishing proce-
2 dures for the submission of supplemental informa-
3 tion after the petition for cancellation is filed; and

4 “(4) prescribe regulations setting forth proce-
5 dures for discovery of relevant evidence, including
6 that such discovery shall be limited to evidence di-
7 rectly related to factual assertions advanced by ei-
8 ther party in the proceeding; and the procedures for
9 obtaining such evidence shall be consistent with the
10 purpose and nature of the proceeding.

11 “(b) POST-GRANT REGULATIONS.—Regulations
12 under subsection (a)(1)—

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

19 “(2) shall provide for discovery upon order of
20 the Director;

21 “(3) shall prescribe sanctions for abuse of dis-
22 covery, abuse of process, or any other improper use
23 of the proceeding; such as to harass or to cause un-
24 necessary delay or unnecessary increase in the cost
25 of the proceeding;

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

4 “(5) shall ensure that any information sub-
5 mitted by the patent owner in support of any
6 amendment entered under section 328 is made avail-
7 able to the public as part of the prosecution history
8 of the patent.

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

13 “(d) CONDUCT OF PROCEEDING.—The Patent Trial
14 and Appeal Board shall, in accordance with section 6(b),
15 conduct each post-grant review proceeding authorized by
16 the Director.

17 “§ 327. Patent owner response

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

1 **“§ 328. Proof and evidentiary standards**

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

5 “(b) BURDEN OF PROOF.—The party advancing a
6 proposition under this chapter shall have the burden of
7 proving that proposition by a preponderance of the evi-
8 dence.

9 **“§ 329. Amendment of the patent**

10 “(a) IN GENERAL.—In response to a challenge in a
11 petition for cancellation, the patent owner may file 1 mo-
12 tion to amend the patent in 1 or more of the following
13 ways:

14 “(1) Cancel any challenged patent claim.

15 “(2) For each challenged claim, propose a sub-
16 stitute claim.

17 “(3) Amend the patent drawings or otherwise
18 amend the patent other than the claims.

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

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

24 **“§ 330. Decision of the Board**

25 “If the post-grant review proceeding is instituted and
26 not dismissed under this chapter, the Patent Trial and

1 Appeal Board shall issue a final written decision with re-
2 spect to the patentability of any patent claim challenged
3 and any new claim added under section 329.

4 **“§ 331. Effect of decision**

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

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

22 **“§ 332. Relationship to other pending proceedings**

23 “Notwithstanding subsection 135(a), sections 251
24 and 252, and chapter 30, the Director may determine the
25 manner in which any reexamination proceeding, reissue

1 proceeding, interference proceeding (commenced before
2 the effective date of the Patent Reform Act of 2007), deri-
3 vation proceeding, or post-grant review proceeding, that
4 is pending during a post-grant review proceeding, may
5 proceed, including providing for stay, transfer, consolida-
6 tion, or termination of any such proceeding.

7 **“§ 333. Effect of decisions rendered in civil action on**
8 **future post-grant review proceedings**

9 “If a final decision has been entered against a party
10 in a civil action arising in whole or in part under section
11 1338 of title 28 establishing that the party has not sus-
12 tained its burden of proving the invalidity of any patent
13 claim—

14 “(1) that party to the civil action and the
15 privies of that party may not thereafter request a
16 post-grant review proceeding on that patent claim on
17 the basis of any grounds, under the provisions of
18 section 311, which that party or the privies of that
19 party raised or had actual knowledge of; and

20 “(2) the Director may not thereafter maintain
21 a post-grant review proceeding previously requested
22 by that party or the privies of that party on the
23 basis of such grounds.

1 **“§ 334. Effect of final decision on future proceedings**

2 “(a) IN GENERAL.—If a final decision under section
3 330 is favorable to the patentability of any original or new
4 claim of the patent challenged by the cancellation peti-
5 tioner, the cancellation petitioner may not thereafter,
6 based on any ground which the cancellation petitioner
7 raised during the post-grant review proceeding—

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

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

12 “(3) request or pursue a post-grant review pro-
13 ceeding under this chapter with respect to such
14 claim; or

15 “(4) assert the invalidity of any such claim, in
16 any civil action arising in whole or in part under sec-
17 tion 1338 of title 28.

18 “(b) EXTENSION OF PROHIBITION.—If the final deci-
19 sion is the result of a petition for cancellation filed on the
20 basis of paragraph (2) of section 322, the prohibition
21 under this section shall extend to any ground which the
22 cancellation petitioner raised during the post-grant review
23 proceeding.

24 **“§ 335. Appeal**

25 “A party dissatisfied with the final determination of
26 the Patent Trial and Appeal Board in a post-grant pro-

1 ceeding under this chapter may appeal the determination
2 under sections 141 through 144. Any party to the post-
3 grant proceeding shall have the right to be a party to the
4 appeal.”.

5 (f) CONFORMING AMENDMENT.—The table of chap-
6 ters for part III is amended by adding at the end the fol-
7 lowing:

“32. Post-Grant Review Proceedings 321”.

8 (g) REGULATIONS AND EFFECTIVE DATE.—

9 (1) REGULATIONS.—The Under Secretary of
10 Commerce for Intellectual Property and Director of
11 the United States Patent and Trademark Office (in
12 this subsection referred to as the “Director”) shall,
13 not later than the date that is 1 year after the date
14 of the enactment of this Act, issue regulations to
15 carry out chapter 32 of title 35, United States Code,
16 as added by subsection (e) of this section

17 (2) APPLICABILITY.—The amendments made
18 by subsection (e) shall take effect on the date that
19 is 1 year after the date of the enactment of this Act
20 and shall apply to patents issued before, on, or after
21 that date, except that, in the case of a patent issued
22 before that date, a petition for cancellation under
23 section 321 of title 35, United States Code, may be
24 filed only if a circumstance described in paragraph

1 ~~(2), (3), or (4)~~ of section ~~322~~ of title ~~35~~, United
2 States Code, applies to the petition.

3 ~~(3) PENDING INTERFERENCES.~~—The Director
4 shall determine the procedures under which inter-
5 ferences commenced before the effective date under
6 paragraph ~~(2)~~ are to proceed, including whether any
7 such interference is to be dismissed without preju-
8 dice to the filing of a cancellation petition for a post-
9 grant opposition proceeding under chapter ~~32~~ of title
10 ~~35~~, United States Code, or is to proceed as if this
11 Act had not been enacted. The Director shall include
12 such procedures in regulations issued under para-
13 graph ~~(1)~~.

14 **SEC. 7. DEFINITIONS; PATENT TRIAL AND APPEAL BOARD.**

15 ~~(a) DEFINITIONS.~~—Section 100 (as amended by this
16 Act) is further amended—

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

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

20 ~~“(k) The term ‘cancellation petitioner’ means the real~~
21 ~~party in interest requesting cancellation of any claim of~~
22 ~~a patent under chapter ~~31~~ of this title and the privies of~~
23 ~~the real party in interest.”.~~

24 ~~(b) PATENT TRIAL AND APPEAL BOARD.~~—Section ~~6~~
25 is amended to read as follows:

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

2 “(a) ESTABLISHMENT AND COMPOSITION.—There
3 shall be in the Office a Patent Trial and Appeal Board.
4 The Director, the Deputy Director, the Commissioner for
5 Patents, the Commissioner for Trademarks, and the ad-
6 ministrative patent judges shall constitute the Patent
7 Trial and Appeal Board. The administrative patent judges
8 shall be persons of competent legal knowledge and sci-
9 entific ability who are appointed by the Director. Any ref-
10 erence in any Federal law, Executive order, rule, regula-
11 tion, or delegation of authority, or any document of or
12 pertaining to the Board of Patent Appeals and Inter-
13 ferences is deemed to refer to the Patent Trial and Appeal
14 Board.

15 “(b) DUTIES.—The Patent Trial and Appeal Board
16 shall—

17 “(1) on written appeal of an applicant, review
18 adverse decisions of examiners upon application for
19 patents;

20 “(2) on written appeal of a patent owner, re-
21 view adverse decisions of examiners upon patents in
22 reexamination proceedings under chapter 30; and

23 “(3) determine priority and patentability of in-
24 vention in derivation proceedings under subsection
25 135(a); and

1 “(4) conduct post-grant opposition proceedings
2 under chapter 32.

3 Each appeal and derivation proceeding shall be heard by
4 at least 3 members of the Patent Trial and Appeal Board,
5 who shall be designated by the Director. Only the Patent
6 Trial and Appeal Board may grant rehearings. The Direc-
7 tor shall assign each post-grant review proceeding to a
8 panel of 3 administrative patent judges. Once assigned,
9 each such panel of administrative patent judges shall have
10 the responsibilities under chapter 32 in connection with
11 post-grant review proceedings.”.

12 **SEC. 8. STUDY AND REPORT ON REEXAMINATION PRO-**
13 **CEEDINGS.**

14 The Under Secretary of Commerce for Intellectual
15 Property and Director of the Patent and Trademark Of-
16 fice shall, not later than 3 years after the date of the en-
17 actment of this Act—

18 (1) conduct a study of the effectiveness and ef-
19 ficiency of the different forms of proceedings avail-
20 able under title 35, United States Code, for the re-
21 examination of patents; and

22 (2) submit to the Committees on the Judiciary
23 of the House of Representatives and the Senate a
24 report on the results of the study, including any of
25 the Director’s suggestions for amending the law, and

1 any other recommendations the Director has with
2 respect to patent reexamination proceedings.

3 **SEC. 9. SUBMISSIONS BY THIRD PARTIES AND OTHER**
4 **QUALITY ENHANCEMENTS.**

5 (a) PUBLICATION.—Section 122(b)(2) is amended—

6 (1) by striking subparagraph (B); and

7 (2) in subparagraph (A)—

8 (A) by striking “(A) An application” and
9 inserting “An application”; and

10 (B) by redesignating clauses (i) through
11 (iv) as subparagraphs (A) through (D), respec-
12 tively.

13 (b) PREISSUANCE SUBMISSIONS BY THIRD PAR-
14 TIES.—Section 122 is amended by adding at the end the
15 following:

16 “(c) PREISSUANCE SUBMISSIONS BY THIRD PAR-
17 TIES.—

18 “(1) IN GENERAL.—Any person may submit for
19 consideration and inclusion in the record of a patent
20 application, any patent, published patent application
21 or other publication of potential relevance to the ex-
22 amination of the application, if such submission is
23 made in writing before the earlier of—

1 “(A) the date a notice of allowance under
2 section ~~151~~ is mailed in the application for pat-
3 ent; or

4 “(B) either—

5 “(i) 6 months after the date on which
6 the application for patent is published
7 under section ~~122~~; or

8 “(ii) the date of the first rejection
9 under section ~~132~~ of any claim by the ex-
10 aminer during the examination of the ap-
11 plication for patent,
12 whichever occurs later.

13 “(2) OTHER REQUIREMENTS.—Any submission
14 under paragraph (1) shall—

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

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

19 “(C) include a statement by the submitter
20 affirming that the submission was made in
21 compliance with this section.”.

22 **SEC. 10. VENUE AND JURISDICTION.**

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

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

6 “(1) in the judicial district where either party
7 resides; or

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

11 “(c) Notwithstanding section 1391(e) of this title, for
12 purposes of venue under subsection (b), a corporation
13 shall be deemed to reside in the judicial district in which
14 the corporation has its principal place of business or in
15 the State in which the corporation is incorporated.”.

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

19 “(3) of an appeal from an interlocutory order
20 or decree determining construction of claims in a
21 civil action for patent infringement under section
22 271 of title 35.

23 Application for an appeal under paragraph (3) shall be
24 made to the court within 10 days after entry of the order
25 or decree, and proceedings in the district court under such

1 paragraph shall be stayed during pendency of the ap-
2 peal.”.

3 **SEC. 11. REGULATORY AUTHORITY.**

4 Section 3(a) is amended by adding at the end the
5 following:

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

15 **SEC. 12. TECHNICAL AMENDMENTS.**

16 (a) JOINT INVENTIONS.—Section 116 is amended—

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

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

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

1 (b) FILING OF APPLICATION IN FOREIGN COUN-
2 TRY.—Section 184 is amended—

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

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

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

13 (c) REISSUE OF DEFECTIVE PATENTS.—Section 251
14 is amended—

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

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

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

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

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

3 (d) EFFECT OF REISSUE.—Section 253 is amend-
4 ed—

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

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

12 (e) CORRECTION OF NAMED INVENTOR.—Section
13 256 is amended—

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

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

20 (f) PRESUMPTION OF VALIDITY.—Section 282 is
21 amended—

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

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

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

8 **SEC. 13. EFFECTIVE DATE; RULE OF CONSTRUCTION.**

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

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

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

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

4 (a) *SHORT TITLE.*—This Act may be cited as the “Pat-
5 ent Reform Act of 2007”.

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. Right of the first inventor to file.

Sec. 3. Inventor’s oath or declaration.

Sec. 4. Right of the inventor to obtain damages.

Sec. 5. Post-grant procedures and other quality enhancements.

Sec. 6. Definitions; patent trial and appeal board.

Sec. 7. Submissions by third parties and other quality enhancements.

Sec. 8. Venue and jurisdiction.

Sec. 9. Patent and trademark office regulatory authority.

Sec. 10. Residency of Federal Circuit judges.

Sec. 11. Applicant quality submissions.

Sec. 12. Inequitable conduct.

*Sec. 13. Authority of the Director of the Patent and Trademark Office to accept
late filings.*

*Sec. 14. Limitation on damages and other remedies with respect to patents for
methods in compliance with check imaging methods.*

Sec. 15. Patent and Trademark Office funding.

Sec. 16. Technical amendments.

Sec. 17. Effective date; rule of construction.

8 **SEC. 2. RIGHT OF THE FIRST INVENTOR TO FILE.**

9 (a) *DEFINITIONS.*—Section 100 of title 35, United
10 States Code, is amended by adding at the end the following:

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

14 “(g) The terms ‘joint inventor’ and ‘coinventor’ mean
15 any 1 of the individuals who invented or discovered the sub-
16 ject matter of a joint invention.

1 “(h) *The ‘effective filing date of a claimed invention’*
2 *is—*

3 “(1) *the filing date of the patent or the applica-*
4 *tion for patent containing the claim to the invention;*
5 *or*

6 “(2) *if the patent or application for patent is en-*
7 *titled to a right of priority of any other application*
8 *under section 119, 365(a), or 365(b) or to the benefit*
9 *of an earlier filing date in the United States under*
10 *section 120, 121, or 365(c), the filing date of the ear-*
11 *liest such application in which the claimed invention*
12 *is disclosed in the manner provided by the first para-*
13 *graph of section 112.*

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

17 “(j) *The term ‘joint invention’ means an invention re-*
18 *sulting from the collaboration of inventive endeavors of 2*
19 *or more persons working toward the same end and pro-*
20 *ducing an invention by their collective efforts.”.*

21 **(b) CONDITIONS FOR PATENTABILITY.—**

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

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

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

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

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

9 “(B) 1 year or less before the effective filing
10 date of the claimed invention, other than through
11 disclosures made by the inventor or a joint in-
12 ventor or by others who obtained the subject mat-
13 ter disclosed directly or indirectly from the in-
14 ventor or a joint inventor; or

15 “(2) the claimed invention was described in a
16 patent issued under section 151, or in an application
17 for patent published or deemed published under sec-
18 tion 122(b), in which the patent or application, as
19 the case may be, names another inventor and was ef-
20 fectively filed before the effective filing date of the
21 claimed invention.

22 “(b) *EXCEPTIONS.*—

23 “(1) *PRIOR INVENTOR DISCLOSURE EXCEP-*
24 *TION.*—Subject matter that would otherwise qualify
25 as prior art based upon a disclosure under subpara-
26 graph (B) of subsection (a)(1) shall not be prior art

1 *to a claimed invention under that subparagraph if*
2 *the subject matter had, before such disclosure, been*
3 *publicly disclosed by the inventor or a joint inventor*
4 *or others who obtained the subject matter disclosed di-*
5 *rectly or indirectly from the inventor or a joint in-*
6 *ventor.*

7 *“(2) DERIVATION, PRIOR DISCLOSURE, AND COM-*
8 *MON ASSIGNMENT EXCEPTIONS.—Subject matter that*
9 *would otherwise qualify as prior art only under sub-*
10 *section (a)(2), after taking into account the exception*
11 *under paragraph (1), shall not be prior art to a*
12 *claimed invention if—*

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

16 *“(B) the subject matter had been publicly*
17 *disclosed by the inventor or a joint inventor or*
18 *others who obtained the subject matter disclosed,*
19 *directly or indirectly, from the inventor or a*
20 *joint inventor before the effective filing date of*
21 *the application or patent set forth under sub-*
22 *section (a)(2); or*

23 *“(C) the subject matter and the claimed in-*
24 *vention, not later than the effective filing date of*
25 *the claimed invention, were owned by the same*

1 *person or subject to an obligation of assignment*
2 *to the same person.*

3 “(3) *JOINT RESEARCH AGREEMENT EXCEP-*
4 *TION.—*

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

10 “(i) *the claimed invention was made*
11 *by or on behalf of parties to a joint research*
12 *agreement that was in effect on or before the*
13 *effective filing date of the claimed invention;*

14 “(ii) *the claimed invention was made*
15 *as a result of activities undertaken within*
16 *the scope of the joint research agreement;*
17 *and*

18 “(iii) *the application for patent for the*
19 *claimed invention discloses or is amended to*
20 *disclose the names of the parties to the joint*
21 *research agreement.*

22 “(B) *For purposes of subparagraph (A), the*
23 *term ‘joint research agreement’ means a written*
24 *contract, grant, or cooperative agreement entered*
25 *into by 2 or more persons or entities for the per-*

1 *formance of experimental, developmental, or re-*
2 *search work in the field of the claimed invention.*

3 “(4) *PATENTS AND PUBLISHED APPLICATIONS*
4 *EFFECTIVELY FILED.*—*A patent or application for*
5 *patent is effectively filed under subsection (a)(2) with*
6 *respect to any subject matter described in the patent*
7 *or application—*

8 “(A) *as of the filing date of the patent or*
9 *the application for patent; or*

10 “(B) *if the patent or application for patent*
11 *is entitled to claim a right of priority under sec-*
12 *tion 119, 365(a), or 365(b) or to claim the ben-*
13 *efit of an earlier filing date under section 120,*
14 *121, or 365(c), based upon 1 or more prior filed*
15 *applications for patent, as of the filing date of*
16 *the earliest such application that describes the*
17 *subject matter.”.*

18 (2) *CONFORMING AMENDMENT.*—*The item relat-*
19 *ing to section 102 in the table of sections for chapter*
20 *10 of title 35, United States Code, is amended to read*
21 *as follows:*

 “102. *Conditions for patentability; novelty.*”.

22 (c) *CONDITIONS FOR PATENTABILITY; NON-OBVIOUS*
23 *SUBJECT MATTER.*—*Section 103 of title 35, United States*
24 *Code, is amended to read as follows:*

1 **“§ 103. Conditions for patentability; nonobvious sub-**
2 **ject matter**

3 *“A patent for a claimed invention may not be obtained*
4 *though the claimed invention is not identically disclosed as*
5 *set forth in section 102, if the differences between the*
6 *claimed invention and the prior art are such that the*
7 *claimed invention as a whole would have been obvious be-*
8 *fore the effective filing date of the claimed invention to a*
9 *person having ordinary skill in the art to which the claimed*
10 *invention pertains. Patentability shall not be negated by*
11 *the manner in which the invention was made.”.*

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

17 *(e) REPEAL OF STATUTORY INVENTION REGISTRA-*
18 *TION.—*

19 *(1) IN GENERAL.—Section 157 of title 35,*
20 *United States Code, and the item relating to that sec-*
21 *tion in the table of sections for chapter 14 of title 35,*
22 *United States Code, are repealed.*

23 *(2) REMOVAL OF CROSS REFERENCES.—Section*
24 *111(b)(8) of title 35, United States Code, is amended*
25 *by striking “sections 115, 131, 135, and 157” and in-*
26 *serting “sections 131 and 135”.*

1 (f) *EARLIER FILING DATE FOR INVENTOR AND JOINT*
2 *INVENTOR.*—Section 120 of title 35, United States Code, is
3 amended by striking “which is filed by an inventor or in-
4 ventors named” and inserting “which names an inventor
5 or joint inventor”.

6 (g) *CONFORMING AMENDMENTS.*—

7 (1) *RIGHT OF PRIORITY.*—Section 172 of title
8 35, United States Code, is amended by striking “and
9 the time specified in section 102(d)”.

10 (2) *LIMITATION ON REMEDIES.*—Section
11 287(c)(4) of title 35, United States Code, is amended
12 by striking “the earliest effective filing date of which
13 is prior to” and inserting “which has an effective fil-
14 ing date before”.

15 (3) *INTERNATIONAL APPLICATION DESIGNATING*
16 *THE UNITED STATES: EFFECT.*—Section 363 of title
17 35, United States Code, is amended by striking “ex-
18 cept as otherwise provided in section 102(e) of this
19 title”.

20 (4) *PUBLICATION OF INTERNATIONAL APPLICA-*
21 *TION: EFFECT.*—Section 374 of title 35, United States
22 Code, is amended by striking “sections 102(e) and
23 154(d)” and inserting “section 154(d)”.

24 (5) *PATENT ISSUED ON INTERNATIONAL APPLICA-*
25 *TION: EFFECT.*—The second sentence of section 375(a)

1 of title 35, United States Code, is amended by strik-
2 ing “Subject to section 102(e) of this title, such” and
3 inserting “Such”.

4 (6) *LIMIT ON RIGHT OF PRIORITY.*—Section
5 119(a) of title 35, United States Code, is amended by
6 striking “; but no patent shall be granted” and all
7 that follows through “one year prior to such filing”.

8 (7) *INVENTIONS MADE WITH FEDERAL ASSIST-*
9 *ANCE.*—Section 202(c) of title 35, United States Code,
10 is amended—

11 (A) in paragraph (2)—

12 (i) by striking “publication, on sale, or
13 public use,” and all that follows through
14 “obtained in the United States” and insert-
15 ing “the 1-year period referred to in section
16 102(a) would end before the end of that 2-
17 year period”; and

18 (ii) by striking “the statutory” and in-
19 serting “that 1-year”; and

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

1 *(h) REPEAL OF INTERFERING PATENT REMEDIES.—*
2 *Section 291 of title 35, United States Code, and the item*
3 *relating to that section in the table of sections for chapter*
4 *29 of title 35, United States Code, are repealed.*

5 *(i) ACTION FOR CLAIM TO PATENT ON DERIVED IN-*
6 *VENTION.—Section 135(a) of title 35, United States Code,*
7 *is amended to read as follows:*

8 *“(a) DISPUTE OVER RIGHT TO PATENT.—*

9 *“(1) INSTITUTION OF DERIVATION PRO-*
10 *CEEDING.—An applicant may request initiation of a*
11 *derivation proceeding to determine the right of the*
12 *applicant to a patent by filing a request which sets*
13 *forth with particularity the basis for finding that an*
14 *earlier applicant derived the claimed invention from*
15 *the applicant requesting the proceeding and, without*
16 *authorization, filed an application claiming such in-*
17 *vention. Any such request may only be made within*
18 *12 months after the date of first publication of an ap-*
19 *plication containing a claim that is the same or is*
20 *substantially the same as the claimed invention, must*
21 *be made under oath, and must be supported by sub-*
22 *stantial evidence. Whenever the Director determines*
23 *that patents or applications for patent naming dif-*
24 *ferent individuals as the inventor interfere with one*
25 *another because of a dispute over the right to patent*

1 *under section 101, the Director shall institute a deri-*
2 *vation proceeding for the purpose of determining*
3 *which applicant is entitled to a patent.*

4 *“(2) DETERMINATION BY PATENT TRIAL AND AP-*
5 *PEAL BOARD.—In any proceeding under this sub-*
6 *section, the Patent Trial and Appeal Board—*

7 *“(A) shall determine the question of the*
8 *right to patent;*

9 *“(B) in appropriate circumstances, may*
10 *correct the naming of the inventor in any appli-*
11 *cation or patent at issue; and*

12 *“(C) shall issue a final decision on the right*
13 *to patent.*

14 *“(3) DERIVATION PROCEEDING.—The Board*
15 *may defer action on a request to initiate a derivation*
16 *proceeding until 3 months after the date on which the*
17 *Director issues a patent to the applicant that filed the*
18 *earlier application.*

19 *“(4) EFFECT OF FINAL DECISION.—The final de-*
20 *cision of the Patent Trial and Appeal Board, if ad-*
21 *verse to the claim of an applicant, shall constitute the*
22 *final refusal by the United States Patent and Trade-*
23 *mark Office on the claims involved. The Director may*
24 *issue a patent to an applicant who is determined by*
25 *the Patent Trial and Appeal Board to have the right*

1 to patent. The final decision of the Board, if adverse
2 to a patentee, shall, if no appeal or other review of
3 the decision has been or can be taken or had, con-
4 stitute cancellation of the claims involved in the pat-
5 ent, and notice of such cancellation shall be endorsed
6 on copies of the patent distributed after such cancella-
7 tion by the United States Patent and Trademark Of-
8 fice.”.

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

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

17 (A) by striking “an interference” each place it
18 appears and inserting “a derivation proceeding”; and

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

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

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

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

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

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

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

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

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

“6. Patent Trial and Appeal Board.”.

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

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

“135. Derivation proceedings.”.

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

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

20 (10) *CERTAIN APPEALS.—Section 1295(a)(4)(A) of*
21 *title 28, United States Code, is amended to read as follows:*

22 (A) *the Patent Trial and Appeal Board of*
23 *the United States Patent and Trademark Office*

1 *with respect to patent applications, derivation*
2 *proceedings, and post-grant review proceedings,*
3 *at the instance of an applicant for a patent or*
4 *any party to a patent interference (commenced*
5 *before the effective date of the Patent Reform Act*
6 *of 2007), derivation proceeding, or post-grant re-*
7 *view proceeding, and any such appeal shall*
8 *waive any right of such applicant or party to*
9 *proceed under section 145 or 146 of title 35;”.*

10 **SEC. 3. INVENTOR’S OATH OR DECLARATION.**

11 *(a) INVENTOR’S OATH OR DECLARATION.—*

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

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

15 *“(a) NAMING THE INVENTOR; INVENTOR’S OATH OR*
16 *DECLARATION.—An application for patent that is filed*
17 *under section 111(a), that commences the national stage*
18 *under section 363, or that is filed by an inventor for an*
19 *invention for which an application has previously been filed*
20 *under this title by that inventor shall include, or be amend-*
21 *ed to include, the name of the inventor of any claimed in-*
22 *vention in the application. Except as otherwise provided*
23 *in this section, an individual who is the inventor or a joint*
24 *inventor of a claimed invention in an application for pat-*

1 *ent shall execute an oath or declaration in connection with*
2 *the application.*

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

5 “(1) *the application was made or was authorized*
6 *to be made by the affiant or declarant; and*

7 “(2) *such individual believes himself or herself to*
8 *be the original inventor or an original joint inventor*
9 *of a claimed invention in the application.*

10 “(c) *ADDITIONAL REQUIREMENTS.—The Director may*
11 *specify additional information relating to the inventor and*
12 *the invention that is required to be included in an oath*
13 *or declaration under subsection (a).*

14 “(d) *SUBSTITUTE STATEMENT.—*

15 “(1) *IN GENERAL.—In lieu of executing an oath*
16 *or declaration under subsection (a), the applicant for*
17 *patent may provide a substitute statement under the*
18 *circumstances described in paragraph (2) and such*
19 *additional circumstances that the Director may speci-*
20 *fy by regulation.*

21 “(2) *PERMITTED CIRCUMSTANCES.—A substitute*
22 *statement under paragraph (1) is permitted with re-*
23 *spect to any individual who—*

24 “(A) *is unable to file the oath or declaration*
25 *under subsection (a) because the individual—*

1 “(i) is deceased;

2 “(ii) is under legal incapacity; or

3 “(iii) cannot be found or reached after
4 diligent effort; or

5 “(B) is under an obligation to assign the
6 invention but has refused to make the oath or
7 declaration required under subsection (a).

8 “(3) CONTENTS.—A substitute statement under
9 this subsection shall—

10 “(A) identify the individual with respect to
11 whom the statement applies;

12 “(B) set forth the circumstances rep-
13 resenting the permitted basis for the filing of the
14 substitute statement in lieu of the oath or dec-
15 laration under subsection (a); and

16 “(C) contain any additional information,
17 including any showing, required by the Director.

18 “(e) MAKING REQUIRED STATEMENTS IN ASSIGNMENT
19 OF RECORD.—An individual who is under an obligation
20 of assignment of an application for patent may include the
21 required statements under subsections (b) and (c) in the as-
22 signment executed by the individual, in lieu of filing such
23 statements separately.

24 “(f) TIME FOR FILING.—A notice of allowance under
25 section 151 may be provided to an applicant for patent only

1 *if the applicant for patent has filed each required oath or*
2 *declaration under subsection (a) or has filed a substitute*
3 *statement under subsection (d) or recorded an assignment*
4 *meeting the requirements of subsection (e).*

5 “(g) *EARLIER-FILED APPLICATION CONTAINING RE-*
6 *QUIRED STATEMENTS OR SUBSTITUTE STATEMENT.—The*
7 *requirements under this section shall not apply to an indi-*
8 *vidual with respect to an application for patent in which*
9 *the individual is named as the inventor or a joint inventor*
10 *and that claims the benefit under section 120 or 365(c) of*
11 *the filing of an earlier-filed application, if—*

12 “(1) *an oath or declaration meeting the require-*
13 *ments of subsection (a) was executed by the indi-*
14 *vidual and was filed in connection with the earlier-*
15 *filed application;*

16 “(2) *a substitute statement meeting the require-*
17 *ments of subsection (d) was filed in the earlier filed*
18 *application with respect to the individual; or*

19 “(3) *an assignment meeting the requirements of*
20 *subsection (e) was executed with respect to the earlier-*
21 *filed application by the individual and was recorded*
22 *in connection with the earlier-filed application.*

23 “(h) *SUPPLEMENTAL AND CORRECTED STATEMENTS;*
24 *FILING ADDITIONAL STATEMENTS.—*

1 “(1) *IN GENERAL.*—Any person making a state-
2 ment required under this section may withdraw, re-
3 place, or otherwise correct the statement at any time.
4 If a change is made in the naming of the inventor re-
5 quiring the filing of 1 or more additional statements
6 under this section, the Director shall establish regula-
7 tions under which such additional statements may be
8 filed.

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

19 “(3) *SAVINGS CLAUSE.*—No patent shall be in-
20 valid or unenforceable based upon the failure to com-
21 ply with a requirement under this section if the fail-
22 ure is remedied as provided under paragraph (1).

23 “(i) *ACKNOWLEDGMENT OF PENALTIES.*—Any dec-
24 laration or statement filed pursuant to this section shall
25 contain an acknowledgment that any willful false statement

1 *made in such declaration or statement is punishable under*
2 *section 1001 of title 18 by fine or imprisonment of not more*
3 *than 5 years, or both.”.*

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

8 (3) *REQUIREMENTS FOR NONPROVISIONAL APPLI-*
9 *CATIONS.—Section 111(a) of title 35, United States*
10 *Code, is amended—*

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

13 (B) *in the heading for paragraph (3), by*
14 *striking “AND OATH”;* and

15 (C) *by striking “and oath” each place it ap-*
16 *pears.*

17 (4) *CONFORMING AMENDMENT.—The item relat-*
18 *ing to section 115 in the table of sections for chapter*
19 *10 of title 35, United States Code, is amended to read*
20 *as follows:*

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

21 (b) *FILING BY OTHER THAN INVENTOR.—Section 118*
22 *of title 35, United States Code, is amended to read as fol-*
23 *lows:*

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

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

14 (c) *SPECIFICATION.—Section 112 of title 35, United*
15 *States Code, is amended—*

16 (1) *in the first paragraph—*

17 (A) *by striking “The specification” and in-*
18 *serting “(a) IN GENERAL.—The specification”;*
19 *and*

20 (B) *by striking “of carrying out his inven-*
21 *tion” and inserting “or joint inventor of car-*
22 *rying out the invention”; and*

23 (2) *in the second paragraph—*

24 (A) *by striking “The specifications” and in-*
25 *serting “(b) CONCLUSION.—The specifications”;*
26 *and*

1 (B) by striking “applicant regards as his
2 invention” and inserting “inventor or a joint in-
3 ventor regards as the invention”;

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

6 (4) in the fourth paragraph, by striking “Subject
7 to the following paragraph,” and inserting “(d) REF-
8 ERENCE IN DEPENDENT FORMS.—Subject to sub-
9 section (e),”;

10 (5) in the fifth paragraph, by striking “A claim”
11 and inserting “(e) REFERENCE IN MULTIPLE DE-
12 PENDENT FORM.—A claim”; and

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

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

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

19 **“§284. Damages**

20 “(a) IN GENERAL.—Upon finding for the claimant the
21 court shall award the claimant damages adequate to com-
22 pensate for the infringement but in no event less than a
23 reasonable royalty for the use made of the invention by the
24 infringer, together with interest and costs as fixed by the
25 court, subject to the provisions of this section.

1 “(b) *DETERMINATION OF DAMAGES; EVIDENCE CON-*
2 *SIDERED; PROCEDURE.*—*The court may receive expert tes-*
3 *timony as an aid to the determination of damages or of*
4 *what royalty would be reasonable under the circumstances.*
5 *The admissibility of such testimony shall be governed by*
6 *the rules of evidence governing expert testimony. When the*
7 *damages are not found by a jury, the court shall assess*
8 *them.*

9 “(c) *STANDARD FOR CALCULATING REASONABLE ROY-*
10 *ALTY.*—

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

21 “(A) *ENTIRE MARKET VALUE.*—*Upon a*
22 *showing to the satisfaction of the court that the*
23 *claimed invention’s specific contribution over the*
24 *prior art is the predominant basis for market de-*
25 *mand for an infringing product or process, dam-*

1 *ages may be based upon the entire market value*
2 *of that infringing product or process.*

3 *“(B) ESTABLISHED ROYALTY BASED ON*
4 *MARKETPLACE LICENSING.—Upon a showing to*
5 *the satisfaction of the court that the claimed in-*
6 *vention has been the subject of a nonexclusive li-*
7 *cence for the use made of the invention by the in-*
8 *fringer, to a number of persons sufficient to indi-*
9 *cate a general marketplace recognition of the rea-*
10 *sonableness of the licensing terms, if the license*
11 *was secured prior to the filing of the case before*
12 *the court, and the court determines that the in-*
13 *fringer’s use is of substantially the same scope,*
14 *volume, and benefit of the rights granted under*
15 *such license, damages may be determined on the*
16 *basis of the terms of such license. Upon a show-*
17 *ing to the satisfaction of the court that the*
18 *claimed invention has sufficiently similar non-*
19 *infringing substitutes in the relevant market,*
20 *which have themselves been the subject of such*
21 *nonexclusive licenses, and the court determines*
22 *that the infringer’s use is of substantially the*
23 *same scope, volume, and benefit of the rights*
24 *granted under such licenses, damages may be de-*

1 *terminated on the basis of the terms of such li-*
2 *censes.*

3 “(C) *VALUATION CALCULATION.*—*Upon a*
4 *determination by the court that the showings re-*
5 *quired under subparagraphs (A) and (B) have*
6 *not been made, the court shall conduct an anal-*
7 *ysis to ensure that a reasonable royalty is ap-*
8 *plied only to the portion of the economic value*
9 *of the infringing product or process properly at-*
10 *tributable to the claimed invention’s specific con-*
11 *tribution over the prior art. In the case of a com-*
12 *bination invention whose elements are present*
13 *individually in the prior art, the contribution*
14 *over the prior art may include the value of the*
15 *additional function resulting from the combina-*
16 *tion, as well as the enhanced value, if any, of*
17 *some or all of the prior art elements as part of*
18 *the combination, if the patentee demonstrates*
19 *that value.*

20 “(2) *ADDITIONAL FACTORS.*—*Where the court de-*
21 *termines it to be appropriate in determining a rea-*
22 *sonable royalty under paragraph (1), the court may*
23 *also consider, or direct the jury to consider, any other*
24 *relevant factors under applicable law.*

1 “(d) *INAPPLICABILITY TO OTHER DAMAGES ANAL-*
2 *YSIS.—The methods for calculating a reasonable royalty de-*
3 *scribed in subsection (c) shall have no application to the*
4 *calculation of an award of damages that does not necessitate*
5 *the determination of a reasonable royalty as a basis for*
6 *monetary relief sought by the claimant*

7 “(e) *WILLFUL INFRINGEMENT .—*

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

15 “(2) *PERMITTED GROUNDS FOR WILLFULNESS.—*
16 *A court may find that an infringer has willfully in-*
17 *fringed a patent only if the patent owner presents*
18 *clear and convincing evidence that—*

19 “(A) *after receiving written notice from the*
20 *patentee—*

21 “(i) *alleging acts of infringement in a*
22 *manner sufficient to give the infringer an*
23 *objectively reasonable apprehension of suit*
24 *on such patent, and*

1 “(ii) identifying with particularity
2 each claim of the patent, each product or
3 process that the patent owner alleges in-
4 fringes the patent, and the relationship of
5 such product or process to such claim,
6 the infringer, after a reasonable opportunity to
7 investigate, thereafter performed 1 or more of the
8 alleged acts of infringement;

9 “(B) the infringer intentionally copied the
10 patented invention with knowledge that it was
11 patented; or

12 “(C) after having been found by a court to
13 have infringed that patent, the infringer engaged
14 in conduct that was not colorably different from
15 the conduct previously found to have infringed
16 the patent, and which resulted in a separate
17 finding of infringement of the same patent.

18 “(3) LIMITATIONS ON WILLFULNESS.—

19 “(A) IN GENERAL.—A court may not find
20 that an infringer has willfully infringed a pat-
21 ent under paragraph (2) for any period of time
22 during which the infringer had an informed good
23 faith belief that the patent was invalid or unen-
24 forceable, or would not be infringed by the con-

1 *duct later shown to constitute infringement of*
2 *the patent.*

3 “(B) *GOOD FAITH ESTABLISHED.*—*An in-*
4 *formed good faith belief within the meaning of*
5 *subparagraph (A) may be established by—*

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

8 “(ii) *evidence that the infringer sought*
9 *to modify its conduct to avoid infringement*
10 *once it had discovered the patent; or*

11 “(iii) *other evidence a court may find*
12 *sufficient to establish such good faith belief.*

13 “(C) *RELEVANCE OF NOT PRESENTING CER-*
14 *TAIN EVIDENCE.*—*The decision of the infringer*
15 *not to present evidence of advice of counsel is not*
16 *relevant to a determination of willful infringe-*
17 *ment under paragraph (2).*

18 “(4) *LIMITATION ON PLEADING.*—*Before the date*
19 *on which a court determines that the patent in suit*
20 *is not invalid, is enforceable, and has been infringed*
21 *by the infringer, a patentee may not plead and a*
22 *court may not determine that an infringer has will-*
23 *fully infringed a patent. The court’s determination of*
24 *an infringer’s willfulness shall be made without a*
25 *jury.”.*

1 **(b) REPORT TO CONGRESSIONAL COMMITTEES.—**

2 **(1) IN GENERAL.—***Not later than 2 years after*
3 *the date of enactment of this Act, the Director shall*
4 *report to the Committee on the Judiciary of the Sen-*
5 *ate and the Committee on the Judiciary of the House*
6 *of Representatives, the findings and recommendations*
7 *of the Director on the operation of prior user rights*
8 *in selected countries in the industrialized world. The*
9 *report shall include the following:*

10 **(A)** *A comparison between patent laws of*
11 *the United States and the laws of other industri-*
12 *alized countries, including the European Union,*
13 *Japan, Canada, and Australia.*

14 **(B)** *An analysis of the effect of prior user*
15 *rights on innovation rates in the selected coun-*
16 *tries.*

17 **(C)** *An analysis of the correlation, if any,*
18 *between prior user rights and start-up enter-*
19 *prises and the ability to attract venture capital*
20 *to start new companies.*

21 **(D)** *An analysis of the effect of prior user*
22 *rights, if any, on small businesses, universities,*
23 *and individual inventors.*

1 (E) *An analysis of legal and constitutional*
2 *issues, if any, that arise from placing trade se-*
3 *cret law in patent law.*

4 (2) *CONSULTATION WITH OTHER AGENCIES.—In*
5 *preparing the report required under paragraph (1),*
6 *the Director shall consult with the Secretary of State*
7 *and the Attorney General.*

8 (c) *LIMITATION ON DAMAGES AND OTHER REMEDIES;*
9 *MARKING AND NOTICE.—Section 287(a) of title 35, United*
10 *States Code, is amended to read as follows:*

11 “(a)(1) *Patentees, and persons making, offering for*
12 *sale, or selling within the United States any patented arti-*
13 *cle for or under them, or importing any patented article*
14 *into the United States, may give notice to the public that*
15 *the same is patented, either by fixing thereon the word ‘pat-*
16 *ent’ or the abbreviation ‘pat.’, together with the number of*
17 *the patent, or when, from the character of the article, this*
18 *cannot be done, by fixing to it, or to the package wherein*
19 *1 or more of them is contained, a label containing a like*
20 *notice. In the event of failure so to mark, no damages shall*
21 *be recovered by the patentee in any action for infringement,*
22 *except on proof that the infringer was notified of the in-*
23 *fringement and continued to infringe thereafter, in which*
24 *event damages may be recovered only for infringement oc-*

1 *curing after such notice. Filing of an action for infringe-*
2 *ment shall constitute such notice.*

3 “(2) *In the case of a patented invention not covered*
4 *under paragraph (1), no recovery shall be had for any in-*
5 *fringement committed more than 2 years prior to the filing*
6 *of the complaint or counterclaim for infringement in the*
7 *action, except upon proof that the infringer was notified*
8 *of the infringement by the patentee. Upon such proof, the*
9 *patentee may recover damages for infringement for up to*
10 *2 years prior to such notice, as well as for infringement*
11 *after such notice. In no event may damages be recovered*
12 *for more than 6 years prior to the filing of the complaint*
13 *or counterclaim for infringement in the action.”.*

14 *(d) DEFENSE TO INFRINGEMENT BASED ON EARLIER*
15 *INVENTOR.—Section 273(b)(6) of title 35, United States*
16 *Code, is amended to read as follows:*

17 “(6) *PERSONAL DEFENSE.—The defense under*
18 *this section may be asserted only by the person who*
19 *performed or caused the performance of the acts nec-*
20 *essary to establish the defense as well as any other en-*
21 *tity that controls, is controlled by, or is under com-*
22 *mon control with such person and, except for any*
23 *transfer to the patent owner, the right to assert the*
24 *defense shall not be licensed or assigned or transferred*
25 *to another person except as an ancillary and subordi-*

1 *nate part of a good faith assignment or transfer for*
2 *other reasons of the entire enterprise or line of busi-*
3 *ness to which the defense relates. Notwithstanding the*
4 *preceding sentence, any person may, on its own be-*
5 *half, assert a defense based on the exhaustion of rights*
6 *provided under paragraph (3), including any nec-*
7 *essary elements thereof.”.*

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

11 **SEC. 5. POST-GRANT PROCEDURES AND OTHER QUALITY**
12 **ENHANCEMENTS.**

13 *(a) REEXAMINATION.—Section 303(a) of title 35,*
14 *United States Code, is amended to read as follows:*

15 *“(a) Within 3 months after the owner of a patent files*
16 *a request for reexamination under section 302, the Director*
17 *shall determine whether a substantial new question of pat-*
18 *entability affecting any claim of the patent concerned is*
19 *raised by the request, with or without consideration of other*
20 *patents or printed publications. On the Director’s own ini-*
21 *tiative, and at any time, the Director may determine*
22 *whether a substantial new question of patentability is*
23 *raised by patents and publications discovered by the Direc-*
24 *tor, is cited under section 301, or is cited by any person*
25 *other than the owner of the patent under section 302 or*

1 *section 311. The existence of a substantial new question of*
2 *patentability is not precluded by the fact that a patent or*
3 *printed publication was previously cited by or to the Office*
4 *or considered by the Office.”.*

5 (b) *REPEAL OF OPTIONAL INTER PARTES REEXAMINA-*
6 *TION PROCEDURES.—*

7 (1) *IN GENERAL.—Sections 311, 312, 313, 314,*
8 *315, 316, 317, and 318 of title 35, United States*
9 *Code, and the items relating to those sections in the*
10 *table of sections, are repealed.*

11 (2) *EFFECTIVE DATE.—Notwithstanding para-*
12 *graph (1), the provisions of sections 311, 312, 313,*
13 *314, 315, 316, 317, and 318 of title 35, United States*
14 *Code, shall continue to apply to any inter partes re-*
15 *examination determination request filed on or before*
16 *the date of enactment of this Act.*

17 (c) *POST-GRANT OPPOSITION PROCEDURES.—*

18 (1) *IN GENERAL.—Part III of title 35, United*
19 *States Code, is amended by adding at the end the fol-*
20 *lowing new chapter:*

21 **“CHAPTER 32—POST-GRANT REVIEW**

22 **PROCEDURES**

“Sec.

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

“322. *Timing and bases of petition.*

“323. *Requirements of petition.*

“324. *Publication and public availability of petition.*

“325. *Prohibited filings.*

“326. *Submission of additional information.*

- “327. *Institution of post-grant review proceedings.*
- “328. *Consolidation of proceedings and joinder.*
- “329. *Conduct of post-grant review proceedings.*
- “330. *Patent owner response.*
- “331. *Proof and evidentiary standards.*
- “332. *Amendment of the patent.*
- “333. *Settlement.*
- “334. *Decision of the board.*
- “335. *Effect of decision.*
- “336. *Relationship to other pending proceedings.*
- “337. *Effect of decisions rendered in civil action on future post-grant review proceedings.*
- “338. *Effect of final decision on future proceedings.*
- “339. *Appeal.*

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

2 “Subject to sections 322, 324, 332, and 333 of this
3 chapter, a person who is not the patent owner may file with
4 the Office a petition seeking to institute a post-grant review
5 proceeding to cancel as unpatentable any claim of a patent
6 on any ground that could be raised under paragraph (2)
7 or (3) of section 282(b) (relating to invalidity of the patent
8 or any claim). The Director shall establish, by regulation,
9 fees to be paid by the person requesting the proceeding, in
10 such amounts as the Director determines to be reasonable,
11 considering the aggregate costs of the post-grant review pro-
12 ceeding and the status of the petitioner.

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

14 “A post-grant proceeding may be instituted under this
15 chapter pursuant to a petition filed under section 321 only
16 if—

17 “(1) the petition is filed not later than 12
18 months after the grant of the patent or issuance of a
19 reissue patent, as the case may be;

1 “(2)(A) *the petitioner establishes in the petition*
2 *a substantial reason to believe that the continued ex-*
3 *istence of the challenged claim in the petition causes*
4 *or is likely to cause the petitioner significant eco-*
5 *nomi c harm; and*

6 “(B) *the petitioner files a petition not later than*
7 *12 months after receiving notice, explicitly or implic-*
8 *itly, that the patent holder alleges infringement; or*

9 “(3) *the patent owner consents in writing to the*
10 *proceeding.*

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

12 *“A petition filed under section 321 may be considered*
13 *only if—*

14 “(1) *the petition is accompanied by payment of*
15 *the fee established by the Director under section 321;*

16 “(2) *the petition identifies any real parties in*
17 *interest;*

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

23 “(A) *copies of patents and printed publica-*
24 *tions that the petitioner relies upon in support*
25 *of the petition; and*

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

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

7 “(5) the petitioner provides copies of any of the
8 documents required under paragraphs (3) and (4) to
9 the patent owner or, if applicable, the designated rep-
10 resentative of the patent owner.

11 **“§ 324. Publication and public availability of petition**

12 “(a) *IN GENERAL.*—As soon as practicable after the
13 receipt of a petition under section 321, the Director shall—

14 “(1) publish the petition in the Federal Register;
15 and

16 “(2) make that petition available on the website
17 of the United States Patent and Trademark Office.

18 “(b) *PUBLIC AVAILABILITY.*—The file of any pro-
19 ceeding under this chapter shall be made available to the
20 public except that any petition or document filed with the
21 intent to be sealed shall be accompanied by a motion to
22 seal. Such petition or document shall be treated as sealed,
23 pending the outcome of the ruling on the motion. Failure
24 to file a motion to seal will result in the pleading being
25 placed in the public record.

1 **“§ 325. Prohibited filings**

2 “(a) *IN GENERAL.*—A post-grant review proceeding
3 may not be instituted under paragraph (1), (2), or (3) of
4 section 322 if the petition requesting the proceeding identi-
5 fies the same petitioner or real party in interest and the
6 same patent as a previous petition filed under any para-
7 graph of section 322.

8 “(b) *PREVIOUSLY FILED CIVIL ACTIONS.*—A post-
9 grant review proceeding may not be instituted or main-
10 tained under paragraph (1) or (2) of section 322 if the peti-
11 tioner or real party in interest has instituted a civil action
12 challenging the validity of a claim of the patent.

13 **“§ 326. Submission of additional information**

14 “A petitioner under this chapter shall file such addi-
15 tional information with respect to the petition as the Direc-
16 tor may require by regulation.

17 **“§ 327. Institution of post-grant review proceedings**

18 “(a) *IN GENERAL.*—The Director may not authorize
19 a post-grant review proceeding to commence unless the Di-
20 rector determines that the information presented in the peti-
21 tion raises a substantial new question of patentability for
22 at least 1 of the challenged claims. The Director shall deter-
23 mine whether to authorize a post-grant proceeding within
24 90 days after receiving a petition.

25 “(b) *NOTIFICATION.*—The Director shall notify the pe-
26 titioner and patent owner, in writing, of the Director’s de-

1 *termination under subsection (a). The Director shall pub-*
2 *lish each notice of institution of a post-grant review pro-*
3 *ceeding in the Federal Register and make such notice avail-*
4 *able on the website of the United States Patent and Trade-*
5 *mark Office. Such notice shall list the date on which the*
6 *proceeding shall commence.*

7 “(c) *DETERMINATION NOT APPEALABLE.—The deter-*
8 *mination by the Director regarding whether to authorize*
9 *a post-grant review proceeding under subsection (a) shall*
10 *not be appealable.*

11 “(d) *ASSIGNMENT OF THE PROCEEDING TO A*
12 *PANEL.—Upon a determination of the Director to com-*
13 *mence a post-grant review proceeding, the Director shall as-*
14 *sign the proceeding to a panel of 3 administrative patent*
15 *judges from the Patent Trial and Appeal Board.*

16 **“§ 328. Consolidation of proceedings and joinder**

17 “(a) *CONSOLIDATION OF POST-GRANT PRO-*
18 *CEEDINGS.—If more than 1 petition is submitted under sec-*
19 *tion 322(1) against the same patent and the Director deter-*
20 *mines that each raises a substantial new question of patent-*
21 *ability warranting the commencement of a post-grant re-*
22 *view proceeding under section 327, the Director may con-*
23 *solidate such proceedings into a single post-grant review*
24 *proceeding.*

1 “(b) *JOINDER.*—*If the Director commences a post-*
2 *grant review proceeding on the basis of a petition filed*
3 *under section 322(2), any person who files in compliance*
4 *with section 322(2)(A) a petition that the Director finds*
5 *sufficient to proceed under section 327 may be joined at*
6 *the discretion of the Director, and such person shall partici-*
7 *pate in such post-grant review proceeding.*

8 “**§ 329. Conduct of post-grant review proceedings**

9 “(a) *IN GENERAL.*—*The Director shall prescribe regu-*
10 *lations—*

11 “(1) *in accordance with section 2(b)(2), estab-*
12 *lishing and governing post-grant review proceedings*
13 *under this chapter and their relationship to other*
14 *proceedings under this title;*

15 “(2) *for setting forth the standards for showings*
16 *of substantial reason to believe and significant eco-*
17 *nomie harm under section 322(2) and substantial*
18 *new question of patentability under section 327(a);*

19 “(3) *providing for the publication in the Federal*
20 *Register all requests for the institution of post-grant*
21 *proceedings;*

22 “(4) *establishing procedures for the submission of*
23 *supplemental information after the petition is filed;*
24 *and*

1 “(5) *setting forth procedures for discovery of rel-*
2 *evant evidence, including that such discovery shall be*
3 *limited to evidence directly related to factual asser-*
4 *tions advanced by either party in the proceeding.*

5 “(b) *POST-GRANT REVIEW REGULATIONS.—Regula-*
6 *tions under subsection (a)(1) shall—*

7 “(1) *require that the final determination in a*
8 *post-grant review proceeding issue not later than 1*
9 *year after the date on which the Director notices the*
10 *institution of a post-grant proceeding under this*
11 *chapter, except that, for good cause shown, the Direc-*
12 *tor may extend the 1-year period by not more than*
13 *6 months;*

14 “(2) *provide for discovery upon order of the Di-*
15 *rector, as required in the interests of justice;*

16 “(3) *prescribe sanctions for abuse of discovery,*
17 *abuse of process, or any other improper use of the*
18 *proceeding, such as to harass or to cause unnecessary*
19 *delay or unnecessary increase in the cost of the pro-*
20 *ceeding;*

21 “(4) *provide for protective orders governing the*
22 *exchange and submission of confidential information;*
23 *and*

24 “(5) *ensure that any information submitted by*
25 *the patent owner in support of any amendment en-*

1 *tered under section 332 is made available to the pub-*
2 *lic as part of the prosecution history of the patent.*

3 *“(c) CONSIDERATIONS.—In prescribing regulations*
4 *under this section, the Director shall consider the effect on*
5 *the economy, the integrity of the patent system, and the effi-*
6 *cient administration of the Office.*

7 *“(d) CONDUCT OF PROCEEDING.—The Patent Trial*
8 *and Appeal Board shall, in accordance with section 6(b),*
9 *conduct each proceeding authorized by the Director.*

10 **“§ 330. Patent owner response**

11 *“After a post-grant review proceeding under this chap-*
12 *ter has been instituted with respect to a patent, the patent*
13 *owner shall have the right to file, within a time period set*
14 *by the Director, a response to the petition. The patent owner*
15 *shall file with the response, through affidavits or declara-*
16 *tions, any additional factual evidence and expert opinions*
17 *on which the patent owner relies in support of the response.*

18 **“§ 331. Proof and evidentiary standards**

19 *“(a) IN GENERAL.—The presumption of validity set*
20 *forth in section 282 of this title shall not apply to challenges*
21 *brought under section 322(1) but shall apply in a challenge*
22 *brought under paragraph (2) or (3) of section 322 to any*
23 *patent claim under this chapter.*

24 *“(b) BURDEN OF PROOF.—The petitioner under sec-*
25 *tion 322(1) shall have the burden of proving a proposition*

1 *of invalidity by a preponderance of the evidence. For peti-*
2 *tions filed under paragraphs (2) or (3) of section 322, the*
3 *existence, authentication, availability, and scope of any evi-*
4 *dence offered to establish invalidity shall be established by*
5 *clear and convincing evidence. If such predicate facts are*
6 *so established, invalidity shall be proven only if the persua-*
7 *sive force of such facts demonstrates invalidity by a prepon-*
8 *derance of the evidence.*

9 **“§ 332. Amendment of the patent**

10 “(a) *IN GENERAL.—During a post-grant review pro-*
11 *ceeding, the patent owner may file 1 motion to amend the*
12 *patent in 1 or more of the following ways:*

13 “(1) *Cancel any challenged patent claim.*

14 “(2) *For each challenged claim, propose a sub-*
15 *stitute claim.*

16 “(3) *Amend the patent drawings or otherwise*
17 *amend the patent other than the claims.*

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

20 “(c) *SCOPE OF CLAIMS.—An amendment under this*
21 *section may not enlarge the scope of the claims of the patent*
22 *or introduce new matter.*

23 **“§ 333. Settlement**

24 “(a) *IN GENERAL.—A post-grant review proceeding*
25 *under this chapter shall be terminated with respect to any*

1 *petitioner upon the joint request of the petitioner and the*
2 *patent owner, unless the Office has decided the matter before*
3 *the request for termination is filed. If the post-grant review*
4 *proceeding is terminated with respect to a petitioner under*
5 *this section, no estoppel under this chapter shall apply to*
6 *that petitioner. If no petitioner remains in the post-grant*
7 *review proceeding, the Office shall terminate the post-grant*
8 *review proceeding.*

9 “(b) *AGREEMENTS IN WRITING.—Any agreement or*
10 *understanding between the patent owner and a petitioner,*
11 *including any collateral agreements referred to in such*
12 *agreement or understanding, made in connection with, or*
13 *in contemplation of, the termination of a post-grant review*
14 *proceeding under this section shall be in writing and a true*
15 *copy of such agreement or understanding shall be filed in*
16 *the United States Patent and Trademark Office before the*
17 *termination of the post-grant review proceeding as between*
18 *the parties to the agreement or understanding. If any party*
19 *filing such agreement or understanding so requests, the copy*
20 *shall be kept separate from the file of the post-grant review*
21 *proceeding, and made available only to Federal Government*
22 *agencies upon written request, or to any other person on*
23 *a showing of good cause.*

1 **“§ 334. Decision of the board**

2 *“If the post-grant review proceeding is instituted and*
3 *not dismissed under this chapter, the Patent Trial and Ap-*
4 *peal Board shall issue a final written decision with respect*
5 *to the patentability of any patent claim challenged and any*
6 *new claim added under section 332.*

7 **“§ 335. Effect of decision**

8 *“If the Patent Trial and Appeal Board issues a final*
9 *decision under section 334 and the time for appeal has ex-*
10 *pired or any appeal proceeding has terminated, the Direc-*
11 *tor shall issue and publish a certificate canceling any claim*
12 *of the patent finally determined to be unpatentable and in-*
13 *corporating in the patent by operation of the certificate any*
14 *new claim determined to be patentable.*

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

16 *“Notwithstanding section 135(a), 251, and 252, and*
17 *chapter 30, the Director may determine the manner in*
18 *which any ex parte reexamination proceeding, reissue pro-*
19 *ceeding, interference proceeding (commenced before the effec-*
20 *tive date of the Patent Reform Act of 2007), derivation pro-*
21 *ceeding, or post-grant review proceeding, that is pending*
22 *during a post-grant review proceeding, may proceed, in-*
23 *cluding providing for stay, transfer, consolidation, or ter-*
24 *mination of any such proceeding.*

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

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

8 *“(1) that party to the civil action and the*
9 *privies of that party may not thereafter request a*
10 *post-grant review proceeding on that patent claim on*
11 *the basis of any grounds under section 322; and*

12 *“(2) the Director may not thereafter maintain a*
13 *post-grant review proceeding previously requested by*
14 *that party or the real parties in interest of that*
15 *party.*

16 **“§ 338. Effect of final decision on future proceedings**

17 *“(a) IN GENERAL.—If a final decision under section*
18 *334 is favorable to the patentability of any original or new*
19 *claim of the patent challenged by the petitioner, the peti-*
20 *tioner may not thereafter, based on any ground which the*
21 *petitioner raised during the post-grant review proceeding—*

22 *“(1) request or pursue a derivation proceeding*
23 *with respect to such claim; or*

24 *“(2) assert the invalidity of any such claim in*
25 *any civil action arising in whole or in part under*
26 *section 1338 of title 28.*

1 “(b) *EXTENSION OF PROHIBITION.*—If the final deci-
2 sion is the result of a petition filed on the basis of section
3 322(2), the prohibition under this section shall extend to
4 any ground which the petitioner raised during the post-
5 grant review proceeding.

6 **“§ 339. Appeal**

7 “A party dissatisfied with the final determination of
8 the Patent Trial and Appeal Board in a post-grant pro-
9 ceeding under this chapter may appeal the determination
10 under sections 141 through 144. Any party to the post-grant
11 proceeding shall have the right to be a party to the appeal.”.

12 (d) *TECHNICAL AND CONFORMING AMENDMENT.*—The
13 table of chapters for part III of title 35, United States Code,
14 is amended by adding at the end the following:

“32. Post-Grant Review Proceedings 321”.

15 (e) *REGULATIONS AND EFFECTIVE DATE.*—

16 (1) *REGULATIONS.*—The Under Secretary of
17 Commerce for Intellectual Property and the Director
18 of the United States Patent and Trademark Office (in
19 this subsection referred to as the “Director”) shall, not
20 later than the date that is 1 year after the date of the
21 enactment of this Act, issue regulations to carry out
22 chapter 32 of title 35, United States Code, as added
23 by subsection (c) of this section.

24 (2) *APPLICABILITY.*—The amendments made by
25 subsection (c) shall take effect on the date that is 1

1 *year after the date of the enactment of this Act and*
2 *shall apply to patents issued on or after that date, ex-*
3 *cept that, in the case of a patent issued before the ef-*
4 *fective date of this Act on an application filed be-*
5 *tween November 29, 1999 and the effective date of this*
6 *Act, a petition for post-grant review under section*
7 *321 of title 35, United States Code, may only be filed*
8 *under paragraph (2) or (3) of section 322 of title 35,*
9 *United States Code.*

10 (3) *PENDING INTERFERENCES.*—*The Director*
11 *shall determine the procedures under which inter-*
12 *ferences commenced before the effective date under*
13 *paragraph (2) are to proceed, including whether any*
14 *such interference is to be dismissed without prejudice*
15 *to the filing of a petition for a post-grant review pro-*
16 *ceeding under chapter 32 of title 35, United States*
17 *Code, or is to proceed as if this Act had not been en-*
18 *acted. The Director shall include such procedures in*
19 *regulations issued under paragraph (1).*

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

21 (a) *DEFINITIONS.*—*Section 100 of title 35, United*
22 *States Code, (as amended by section 2 of this Act) is further*
23 *amended—*

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

1 (2) *by adding at the end the following:*

2 “(k) *The term ‘cancellation petitioner’ means the real*
3 *party in interest requesting cancellation of any claim of*
4 *a patent under chapter 31 of this title and the privies of*
5 *the real party in interest.”.*

6 (b) *PATENT TRIAL AND APPEAL BOARD.—Section 6*
7 *of title 35, United States Code, is amended to read as fol-*
8 *lows:*

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

10 “(a) *ESTABLISHMENT AND COMPOSITION.—There shall*
11 *be in the Office a Patent Trial and Appeal Board. The Di-*
12 *rector, the Deputy Director, the Commissioner for Patents,*
13 *the Commissioner for Trademarks, and the administrative*
14 *patent judges shall constitute the Patent Trial and Appeal*
15 *Board. The administrative patent judges shall be persons*
16 *of competent legal knowledge and scientific ability who are*
17 *appointed by the Director. Any reference in any Federal*
18 *law, Executive order, rule, regulation, or delegation of au-*
19 *thority, or any document of or pertaining to the Board of*
20 *Patent Appeals and Interferences is deemed to refer to the*
21 *Patent Trial and Appeal Board.*

22 “(b) *DUTIES.—The Patent Trial and Appeal Board*
23 *shall—*

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

4 “(2) on written appeal of a patent owner, review
5 adverse decisions of examiners upon patents in reex-
6 amination proceedings under chapter 30;

7 “(3) determine priority and patentability of in-
8 vention in derivation proceedings under subsection
9 135(a); and

10 “(4) conduct post-grant opposition proceedings
11 under chapter 32.

12 *Each appeal and derivation proceeding shall be heard by*
13 *at least 3 members of the Patent Trial and Appeal Board,*
14 *who shall be designated by the Director. Only the Patent*
15 *Trial and Appeal Board may grant rehearings. The Direc-*
16 *tor shall assign each post-grant review proceeding to a*
17 *panel of 3 administrative patent judges. Once assigned,*
18 *each such panel of administrative patent judges shall have*
19 *the responsibilities under chapter 32 in connection with*
20 *post-grant review proceedings.”.*

21 **SEC. 7. SUBMISSIONS BY THIRD PARTIES AND OTHER**

22 **QUALITY ENHANCEMENTS.**

23 (a) *PUBLICATION.*—Section 122(b)(2) of title 35,
24 *United States Code, is amended—*

25 (1) *by striking subparagraph (B); and*

1 (2) *in subparagraph (A)—*

2 (A) *by striking “(A) An application” and*
3 *inserting “An application”; and*

4 (B) *by redesignating clauses (i) through (iv)*
5 *as subparagraphs (A) through (D), respectively.*

6 (b) *PREISSUANCE SUBMISSIONS BY THIRD PARTIES.—*

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

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

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

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

20 “*(B) either—*

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

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

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

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

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

8 “(B) *be accompanied by such fee as the Di-*
9 *rector may prescribe; and*

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

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

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

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

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

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

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

10 “(2) *where the defendant has committed substan-*
11 *tial acts of infringement and has a regular and estab-*
12 *lished physical facility that the defendant controls*
13 *and that constitutes a substantial portion of the oper-*
14 *ations of the defendant;*

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

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

20 “(B) *a nonprofit organization that—*

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

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

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

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

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

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

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

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

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

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

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

14 **(c) TECHNICAL AMENDMENTS RELATING TO VENUE.**—
15 *Sections 32, 145, 146, 154(b)(4)(A), and 293 of title 35,*
16 *United States Code, and section 1071(b)(4) of an Act to*
17 *provide for the registration and protection of trademarks*
18 *used in commerce, to carry out the provisions of certain*
19 *international conventions, and for other purposes, approved*
20 *July 5, 1946 (15 U.S.C. 1051 et seq.) (commonly referred*
21 *to as the Trademark Act of 1946 or the Lanham Act) are*
22 *each amended by striking “United States District Court for*
23 *the District of Columbia” each place that term appears and*
24 *inserting “United States District Court for the Eastern Dis-*
25 *trict of Virginia”.*

1 **SEC. 9. PATENT AND TRADEMARK OFFICE REGULATORY AU-**
2 **THORITY.**

3 (a) *FEE SETTING.*—

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

14 (2) *REDUCTION OF FEES IN CERTAIN FISCAL*
15 *YEARS.*—*In any fiscal year, the Director—*

16 (A) *shall consult with the Patent Public Ad-*
17 *visory Committee and the Trademark Public Ad-*
18 *visory Committee on the advisability of reducing*
19 *any fees described in paragraph (1); and*

20 (B) *after that consultation may reduce such*
21 *fees.*

22 (3) *ROLE OF THE PUBLIC ADVISORY COM-*
23 *MITTEE.*—*The Director shall—*

24 (A) *submit to the Patent or Trademark*
25 *Public Advisory Committee, or both, as appro-*
26 *priate, any proposed fee under paragraph (1)*

1 *not less than 45 days before publishing any pro-*
2 *posed fee in the Federal Register;*

3 *(B) provide the relevant advisory committee*
4 *described in subparagraph (A) a 30-day period*
5 *following the submission of any proposed fee, on*
6 *which to deliberate, consider, and comment on*
7 *such proposal, and require that—*

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

11 *(ii) the Director shall assist the rel-*
12 *evant advisory committee in carrying out*
13 *such public hearing, including by offering*
14 *the use of Office resources to notify and pro-*
15 *mote the hearing to the public and inter-*
16 *ested stakeholders;*

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

22 *(D) consider and analyze any comments,*
23 *advice, or recommendations received from the*
24 *relevant advisory committee before setting or ad-*
25 *justing any fee; and*

1 (E) notify, through the Chair and Ranking
2 Member of the Senate and House Judiciary
3 Committees, the Congress of any final decision
4 regarding proposed fees.

5 (4) PUBLICATION IN THE FEDERAL REGISTER.—

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

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

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

13 (ii) include, in such publication, the
14 specific rationale and purpose for the pro-
15 posal, including the possible expectations or
16 benefits resulting from the proposed 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 (5) CONGRESSIONAL COMMENT PERIOD.—Fol-
23 lowing the notification described in paragraph
24 (3)(E), Congress shall have not more than 45 days to
25 consider and comment on any proposed fee under

1 *paragraph (1). No proposed fee shall be effective prior*
2 *to the end of such 45-day comment period.*

3 (6) *RULE OF CONSTRUCTION.—No rules pre-*
4 *scribed under this subsection may diminish—*

5 (A) *an applicant’s rights under this title or*
6 *the Trademark Act of 1946; or*

7 (B) *any rights under a ratified treaty.*

8 (b) *FEES FOR PATENT SERVICES.—Division B of Pub-*
9 *lic Law 108-447 is amended in title VIII of the Depart-*
10 *ments of Commerce, Justice and State, the Judiciary, and*
11 *Related Agencies Appropriations Act, 2005, in section*
12 *801(a) by striking “During fiscal years 2005, 2006 and*
13 *2007”, and inserting “Until such time as the Director sets*
14 *or adjusts the fees otherwise,”.*

15 (c) *ADJUSTMENT OF TRADEMARK FEES.—Division B*
16 *of Public Law 108-447 is amended in title VIII of the De-*
17 *partments of Commerce, Justice and State, the Judiciary*
18 *and Related Agencies Appropriations Act, 2005, in section*
19 *802(a) by striking “During fiscal years 2005, 2006 and*
20 *2007”, and inserting “Until such time as the Director sets*
21 *or adjusts the fees otherwise,”.*

22 (d) *EFFECTIVE DATE, APPLICABILITY, AND TRANSI-*
23 *TIONAL PROVISION.—Division B of Public Law 108-447 is*
24 *amended in title VIII of the Departments of Commerce, Jus-*
25 *tice and State, the Judiciary and Related Agencies Appro-*

1 *priations Act, 2005, in section 803(a) by striking “and*
2 *shall apply only with respect to the remaining portion of*
3 *fiscal year 2005, 2006 and 2007.”.*

4 *(e) RULE OF CONSTRUCTION.—Nothing in this section*
5 *shall be construed to affect any other provision of Division*
6 *B of Public Law 108-447, including section 801(c) of title*
7 *VII of the Departments of Commerce, Justice and State,*
8 *the Judiciary and Related Agencies Appropriations Act,*
9 *2005.*

10 *(f) DEFINITIONS.—In this section:*

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

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

16 *(3) TRADEMARK ACT OF 1946.—The term “Trade-*
17 *mark Act of 1946” means an Act entitled “Act to pro-*
18 *vide for the registration and protection of trademarks*
19 *used in commerce, to carry out the provisions of cer-*
20 *tain international conventions, and for other pur-*
21 *poses”, approved July 5, 1946 (15 U.S.C. 1051 et*
22 *seq.) (commonly referred to as the Trademark Act of*
23 *1946 or the Lanham Act).*

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

2 *The second sentence of section 44(c) of title 28, United*
3 *States Code, is repealed.*

4 **SEC. 11. APPLICANT QUALITY SUBMISSIONS.**

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

7 **“§ 123. Additional information; micro-entity exception**

8 *“(a) IN GENERAL.—The Director shall, by regulation,*
9 *require that an applicant for a patent under this title sub-*
10 *mit to the Director—*

11 *“(1) a search report and analysis relevant to*
12 *patentability; and*

13 *“(2) any other information relevant to patent-*
14 *ability that the Director, in his discretion, determines*
15 *necessary.*

16 *“(b) FAILURE TO COMPLY.—If an applicant fails to*
17 *submit the search report, analysis, or information required*
18 *under subsection (a) in the manner and within the time*
19 *period prescribed by the Director, such application shall be*
20 *regarded as abandoned.*

21 *“(c) EXCEPTION.—Any application for a patent sub-*
22 *mitted by a micro-entity shall not be subject to the require-*
23 *ments of this section.*

24 *“(d) MICRO-ENTITY DEFINED.—*

25 *“(1) IN GENERAL.—For purposes of this section,*
26 *the term ‘micro-entity’ means an applicant who*

1 *makes a certification under either paragraph (2) or*
2 *(3).*

3 “(2) *UNASSIGNED APPLICATION.—For an unas-*
4 *signed application, each applicant shall certify that*
5 *the applicant—*

6 “(A) *qualifies as a small entity, as defined*
7 *in regulations issued by the Director;*

8 “(B) *has not been named on 5 or more pre-*
9 *viously filed patent applications;*

10 “(C) *has not assigned, granted, or conveyed,*
11 *and is not under an obligation by contract or*
12 *law to assign, grant, or convey, a license or any*
13 *other ownership interest in the particular appli-*
14 *cation; and*

15 “(D) *does not have a gross income, as de-*
16 *finied in section 61(a) of the Internal Revenue*
17 *Code (26 U.S.C. 61(a)), exceeding 2.5 times the*
18 *average gross income, as reported by the Depart-*
19 *ment of Labor, in the calendar year immediately*
20 *preceding the calendar year in which the exam-*
21 *ination fee is being paid.*

22 “(3) *ASSIGNED APPLICATION.—For an assigned*
23 *application, each applicant shall certify that the ap-*
24 *plicant—*

1 “(A) qualifies as a small entity, as defined
2 in regulations issued by the Director, and meets
3 the requirements of paragraph (2)(D);

4 “(B) has not been named on 5 or more pre-
5 viously filed patent applications; and

6 “(C) has assigned, granted, conveyed, or is
7 under an obligation by contract or law to assign,
8 grant, or convey, a license or other ownership in-
9 terest in the particular application to an entity
10 that has 5 or fewer employees and that such enti-
11 ty has a gross income, as defined in section
12 61(a) of the Internal Revenue Code (26 U.S.C.
13 61(a)), that does not exceed 2.5 times the average
14 gross income, as reported by the Department of
15 Labor, in the calendar year immediately pre-
16 ceding the calendar year in which the examina-
17 tion fee is being paid.

18 “(4) *INCOME LEVEL ADJUSTMENT.*—The gross
19 income levels established under paragraphs (2) and
20 (3) shall be adjusted by the Director on October 1,
21 2009, and every year thereafter, to reflect any fluctua-
22 tions occurring during the previous 12 months in the
23 Consumer Price Index, as determined by the Sec-
24 retary of Labor.”.

1 **SEC. 12. INEQUITABLE CONDUCT.**

2 Chapter 29 of title 35, United States Code, is amended
3 by adding at the end the following new section:

4 **“§ 298. Inequitable conduct**

5 “(a) *IN GENERAL.*—A party advancing the propo-
6 sition that a patent should be cancelled or held unenforce-
7 able due to inequitable conduct in connection with a matter
8 or proceeding before the United States Patent and Trade-
9 mark Office shall prove independently by clear and con-
10 vincing evidence that material information was misrepre-
11 sented or omitted from the patent application of such patent
12 with the intention of deceiving the Office.

13 “(b) *MATERIALITY.*—Information shall be considered
14 material for purposes of subsection (a) if—

15 “(1) a reasonable patent examiner would con-
16 sider such information important in deciding whether
17 to allow the patent application; and

18 “(2) such information is not cumulative to infor-
19 mation already of record in the application.

20 “(c) *INTENT.*—Intent to deceive the Office may be in-
21 ferred under subsection (a), but the inference may not be
22 based solely on the gross negligence of the patent owner or
23 its representative, or on the materiality of the information
24 misrepresented or not disclosed.

25 “(d) *PLEADING.*—In actions involving allegations of
26 inequitable conduct before the Office, the party asserting the

1 *defense or claim shall comply with the pleading require-*
2 *ments set forth under Federal Rules of Civil Procedure 9(b).*

3 “(e) *REMEDIES.*—*If the court finds both that material*
4 *information was misrepresented to, or withheld from, the*
5 *Office and an intent to deceive, after balancing the equities,*
6 *the court, using its discretion, shall impose 1 or more of*
7 *the following remedies as it deems appropriate:*

8 “(1) *Hold the patent unenforceable.*

9 “(2) *Hold 1 or more claims of the patent unen-*
10 *forceable.*

11 “(3) *Order that the patentee is not entitled to eq-*
12 *uitable relief and that the sole and exclusive remedy*
13 *for infringement of the patent shall be a reasonable*
14 *royalty.”.*

15 **SEC. 13. AUTHORITY OF THE DIRECTOR OF THE PATENT**
16 **AND TRADEMARK OFFICE TO ACCEPT LATE**
17 **FILINGS.**

18 (a) *AUTHORITY.*—*Section 2 of title 35, United States*
19 *Code, is amended by adding at the end the following:*

20 “(e) *DISCRETION TO ACCEPT LATE FILINGS IN CER-*
21 *TAIN CASES OF UNINTENTIONAL DELAY.*—

22 “(1) *IN GENERAL.*—*The Director may accept*
23 *any application or other filing made by—*

1 “(A) an applicant for, or owner of, a patent
2 after the applicable deadline set forth in this title
3 with respect to the application or patent; or

4 “(B) an applicant for, or owner of, a mark
5 after the applicable deadline under the Trade-
6 mark Act of 1946 with respect to the registration
7 or other filing of the mark,

8 to the extent that the Director considers appropriate,
9 if the applicant or owner files a petition within 30
10 days after such deadline showing, to the satisfaction
11 of the Director, that the delay was unintentional.

12 “(2) TREATMENT OF DIRECTOR’S ACTIONS ON
13 PETITION.—If the Director has not made a deter-
14 mination on a petition filed under paragraph (1)
15 within 60 days after the date on which the petition
16 is filed, the petition shall be deemed to be denied. A
17 decision by the Director not to exercise, or a failure
18 to exercise, the discretion provided by this subsection
19 shall not be subject to judicial review.

20 “(3) OTHER PROVISIONS NOT AFFECTED.—This
21 subsection shall not apply to any other provision of
22 this title, or to any provision of the Trademark Act
23 of 1946, that authorizes the Director to accept, under
24 certain circumstances, applications or other filings
25 made after a statutory deadline or to statutory dead-

1 *lines that are required by reason of the obligations of*
2 *the United States under any treaty.*

3 “(4) *DEFINITION.*—*In this subsection, the term*
4 *‘Trademark Act of 1946’ means the Act entitled ‘An*
5 *Act to provide for the registration and protection of*
6 *trademarks used in commerce, to carry out the provi-*
7 *sions of certain international conventions, and for*
8 *other purposes’, approved July 5, 1946 (15 U.S.C.*
9 *1051 et seq.) (commonly referred to as the Trademark*
10 *Act of 1946 or the Lanham Act).’”*

11 *(b) APPLICABILITY.*—

12 *(1) IN GENERAL.*—*The amendment made by sub-*
13 *section (a) shall apply to any application or other fil-*
14 *ing that—*

15 *(A) is filed on or after the date of the enact-*
16 *ment of this Act; or*

17 *(B) on such date of enactment, is pending*
18 *before the Director or is subject to judicial re-*
19 *view.*

20 *(2) TREATMENT OF PENDING APPLICATIONS AND*
21 *FILINGS.*—*In the case of any application or filing de-*
22 *scribed in paragraph (1)(B), the 30-day period pre-*
23 *scribed in section 2(e)(1) of title 35, United States*
24 *Code, as added by subsection (a) of this section, shall*

1 *be deemed to be the 30-day period beginning on the*
2 *date of the enactment of this Act.*

3 **SEC. 14. LIMITATION ON DAMAGES AND OTHER REMEDIES**
4 **WITH RESPECT TO PATENTS FOR METHODS**
5 **IN COMPLIANCE WITH CHECK IMAGING**
6 **METHODS.**

7 *(a) LIMITATION.—Section 287 of title 35, United*
8 *States Code, is amended by adding at the end the following:*

9 *“(d)(1) With respect to the use by a financial institu-*
10 *tion of a check collection system that constitutes an in-*
11 *fringement under subsection (a) or (b) of section 271, the*
12 *provisions of sections 281, 283, 284, and 285 shall not*
13 *apply against the financial institution with respect to such*
14 *a check collection system.*

15 *“(2) For the purposes of this subsection—*

16 *“(A) the term ‘check’ has the meaning given*
17 *under section 3(6) of the Check Clearing for the 21st*
18 *Century Act (12 U.S.C. 5002(6));*

19 *“(B) the term ‘check collection system’ means the*
20 *use, creation, transmission, receipt, storing, settling,*
21 *or archiving of truncated checks, substitute checks,*
22 *check images, or electronic check data associated with*
23 *or related to any method, system, or process that fur-*
24 *thers or effectuates, in whole or in part, any of the*

1 *purposes of the Check Clearing for the 21st Century*
2 *Act (12 U.S.C. 5001 et seq.);*

3 “(C) *the term ‘financial institution’ has the*
4 *meaning given under section 509 of the Gramm-*
5 *Leach-Bliley Act (15 U.S.C. 6809);*

6 “(D) *the term ‘substitute check’ has the meaning*
7 *given under section 3(16) of the Check Clearing for*
8 *the 21st Century Act (12 U.S.C. 5002(16)); and*

9 “(E) *the term ‘truncate’ has the meaning given*
10 *under section 3(18) of the Check Clearing for the 21st*
11 *Century Act (12 U.S.C. 5002(18)).”*

12 (b) *EFFECTIVE DATE.—The amendment made by sub-*
13 *section (a) shall apply to any civil action for patent in-*
14 *fringement pending or filed on or after the date of enact-*
15 *ment of this Act.*

16 **SEC. 15. PATENT AND TRADEMARK OFFICE FUNDING.**

17 (a) *DEFINITIONS.—In this section:*

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

21 (2) *FUND.—The term “Fund” means the public*
22 *enterprise revolving fund established under subsection*
23 *(c).*

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

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

9 (5) *UNDERSECRETARY.*—*The term “Undersecre-*
10 *tary” means the Under Secretary of Commerce for In-*
11 *tellectual Property.*

12 (b) *FUNDING.*—

13 (1) *IN GENERAL.*—*Section 42 of title 35, United*
14 *States Code, is amended—*

15 (A) *in subsection (b), by striking “Patent*
16 *and Trademark Office Appropriation Account”*
17 *and inserting “United States Patent and Trade-*
18 *mark Office Public Enterprise Fund”; and*

19 (B) *in subsection (c), in the first sentence—*

20 (i) *by striking “To the extent” and all*
21 *that follows through “fees” and inserting*
22 *“Fees”; and*

23 (ii) *by striking “shall be collected by*
24 *and shall be available to the Director” and*

1 *inserting “shall be collected by the Director*
2 *and shall be available until expended”.*

3 (2) *EFFECTIVE DATE.—*

4 (A) *IN GENERAL.—The amendments made*
5 *by paragraph (1) shall take effect on October 1,*
6 *2008.*

7 (B) *TERMINATION OF APPROPRIATION.—The*
8 *provisions of any prior appropriation Act that*
9 *makes amounts available pursuant to section*
10 *42(c) of title 35, United States Code, and are in*
11 *effect on the effective date set forth in subpara-*
12 *graph (A) shall cease to be effective on that effec-*
13 *tive date, and any unexpended amounts made*
14 *available pursuant to such section shall be trans-*
15 *ferred in accordance with subsection (c)(5).*

16 (c) *USPTO REVOLVING FUND.—*

17 (1) *ESTABLISHMENT.—There is established in*
18 *the Treasury of the United States a revolving fund to*
19 *be known as the “United States Patent and Trade-*
20 *mark Office Public Enterprise Fund”. Any amounts*
21 *in the Fund shall be available for use by the Director*
22 *without fiscal year limitation.*

23 (2) *DERIVATION OF RESOURCES.—There shall be*
24 *deposited into the Fund—*

1 (A) any fees collected under sections 41, 42,
2 and 376 of title 35, United States Code, provided
3 that notwithstanding any other provision of law,
4 if such fees are collected by, and payable to, the
5 Director, the Director shall transfer such
6 amounts to the Fund; and

7 (B) any fees collected under section 31 of
8 the Trademark Act of 1946 (15 U.S.C. 1113).

9 (3) *EXPENSES.*—Amounts deposited into the
10 Fund under paragraph (2) shall be available, without
11 fiscal year limitation, to cover—

12 (A) all expenses to the extent consistent with
13 the limitation on the use of fees set forth in sec-
14 tion 42(c) of title 35, United States Code, includ-
15 ing all administrative and operating expenses,
16 determined in the discretion of the Under Sec-
17 retary to be ordinary and reasonable, incurred
18 by the Under Secretary and the Director for the
19 continued operation of all services, programs, ac-
20 tivities, and duties of the Office, as such services,
21 programs, activities, and duties are described
22 under—

23 (i) title 35, United States Code; and

24 (ii) the Trademark Act of 1946; and

1 (B) all expenses incurred pursuant to any
2 obligation, representation, or other commitment
3 of the Office.

4 (4) *CUSTODIANS OF MONEY.*—Notwithstanding
5 section 3302 of title 31, United States Code, any
6 funds received by the Director and transferred to
7 Fund, or any amounts directly deposited into the
8 Fund, may be used—

9 (A) to cover the expenses described in para-
10 graph (3); and

11 (B) to purchase obligations of the United
12 States, or any obligations guaranteed by the
13 United States.

14 (5) *UNEXPENDED BALANCES.*—Any unexpended
15 balances in any accounts held on behalf of the Direc-
16 tor, or the Office, including in the Patent and Trade-
17 mark Office Appropriation Account in the Treasury
18 of the United States, shall be transferred to the Fund
19 and shall remain available until expended.

20 (d) *ANNUAL REPORT.*—Not later than 60 days after
21 the end of each fiscal year, the Under Secretary and the
22 Director shall submit a report to Congress which shall—

23 (1) summarize the operations of the Office for the
24 preceding fiscal year, including financial details and

1 *staff levels broken down by each major activity of the*
2 *Office;*

3 *(2) detail the operating plan of the Office, in-*
4 *cluding specific expense and staff needs for the up-*
5 *coming fiscal year;*

6 *(3) describe the long term modernization plans of*
7 *the Office;*

8 *(4) set forth details of any progress towards such*
9 *modernization plans made in the previous fiscal year;*
10 *and*

11 *(5) include the results of the most recent audit*
12 *carried out under subsection (f).*

13 *(e) ANNUAL SPENDING PLAN.—*

14 *(1) IN GENERAL.—Not later than 30 days after*
15 *the beginning of each fiscal year, the Director shall*
16 *notify the Committees on Appropriations of both*
17 *Houses of Congress of the plan for the obligation and*
18 *expenditure of the total amount of the funds for that*
19 *fiscal year in accordance with section 605 of the*
20 *Science, State, Justice, Commerce, and Related Agen-*
21 *cies Appropriations Act, 2006 (Public Law 109–108;*
22 *119 Stat. 2334).*

23 *(2) CONTENTS.—Each plan under paragraph (1)*
24 *shall—*

1 (A) summarize the operations of the Office
2 for the current fiscal year, including financial
3 details and staff levels with respect to major ac-
4 tivities; and

5 (B) detail the operating plan of the Office,
6 including specific expense and staff needs, for the
7 current fiscal year.

8 (f) *AUDIT.*—The Under Secretary shall, on an annual
9 basis, provide for an independent audit of the financial
10 statements of the Office. Such audit shall be conducted in
11 accordance with generally acceptable accounting proce-
12 dures.

13 (g) *BUDGET.*—In accordance with section 9301 of title
14 31, United States Code, the Fund shall prepare and submit
15 each year to the President a business-type budget in such
16 manner, and before such date, as the President prescribes
17 by regulation for the budget program.

18 **SEC. 16. TECHNICAL AMENDMENTS.**

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

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

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

4 (3) *in the third paragraph, by striking*
5 *“Whenever” and inserting “(c) CORRECTION OF*
6 *ERRORS IN APPLICATION.—Whenever”.*

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

9 (1) *in the first paragraph, by striking “Except*
10 *when” and inserting “(a) FILING IN FOREIGN COUN-*
11 *TRY.—Except when”;*

12 (2) *in the second paragraph, by striking “The*
13 *term” and inserting “(b) APPLICATION.—The term”;*
14 *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) *REISSUE OF DEFECTIVE PATENTS.—Section 251*
20 *of title 35, United States Code, is amended—*

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

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

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

4 (4) *in the last paragraph, by striking “No re-*
5 *issued patent” and inserting “(d) REISSUE PATENT*
6 *ENLARGING SCOPE OF CLAIMS.—No reissued patent”.*

7 (d) *EFFECT OF REISSUE.—Section 253 of title 35,*
8 *United States Code, is amended—*

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

12 (2) *in the second paragraph, by striking “in like*
13 *manner” and inserting “(b) ADDITIONAL DISCLAIMER*
14 *OR DEDICATION.—In the manner set forth in sub-*
15 *section (a),”.*

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

18 (1) *in the first paragraph, by striking “When-*
19 *ever” and inserting “(a) CORRECTION.—Whenever”;*
20 *and*

21 (2) *in the second paragraph, by striking “The*
22 *error” and inserting “(b) PATENT VALID IF ERROR*
23 *CORRECTED.—The error”.*

24 (f) *PRESUMPTION OF VALIDITY.—Section 282 of title*
25 *35, United States Code, is amended—*

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

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

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

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

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

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

1 *102(b)(3) of title 35, United States Code, in a manner con-*
2 *sistent with the legislative history of the CREATE Act that*
3 *was relevant to its administration by the United States*
4 *Patent and Trademark Office.*