

Calendar No. 348

110TH CONGRESS
1ST SESSION**H. R. 1908**

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 10, 2007

Received and read the first time

SEPTEMBER 11, 2007

Read the second time and placed on the calendar

AN ACT

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”.

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

- Sec. 1. Short title; table of contents.
- Sec. 2. Reference to title 35, United States Code.
- Sec. 3. Right of the first inventor to file.
- Sec. 4. Inventor’s oath or declaration.
- Sec. 5. Right of the inventor to obtain damages.
- Sec. 6. Post-grant procedures and other quality enhancements.

Sec. 7. Definitions; patent trial and appeal board.
 Sec. 8. Study and report on reexamination proceedings.
 Sec. 9. Submissions by third parties and other quality enhancements.
 Sec. 10. Tax planning methods not patentable.
 Sec. 11. Venue and jurisdiction.
 Sec. 12. Additional information; inequitable conduct as defense to infringement.
 Sec. 13. Best mode requirement.
 Sec. 14. Regulatory authority.
 Sec. 15. Technical amendments.
 Sec. 16. Study of special masters in patent cases.
 Sec. 17. Study on workplace conditions.
 Sec. 18. Rule of construction.
 Sec. 19. Study on patent damages.
 Sec. 20. Severability.

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

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 3 amended or repealed, that amendment or repeal shall be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

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

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

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

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

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

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

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

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

12 (b) CONDITIONS FOR PATENTABILITY.—

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

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

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

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

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

23 “(B) one year or less before the effective
24 filing date of the claimed invention, other than
25 through disclosures made by the inventor or a

1 joint inventor or by others who obtained the
2 subject matter disclosed directly or indirectly
3 from the inventor or a joint inventor; or

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

11 “(b) EXCEPTIONS.—

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

22 “(2) DERIVATION, PRIOR DISCLOSURE, AND
23 COMMON ASSIGNMENT EXCEPTIONS.—Subject mat-
24 ter that would otherwise qualify as prior art only

1 under subsection (a)(2) shall not be prior art to a
2 claimed invention if—

3 “(A) the subject matter was obtained di-
4 rectly or indirectly from the inventor or a joint
5 inventor;

6 “(B) the subject matter had been publicly
7 disclosed by the inventor or a joint inventor or
8 others who obtained the subject matter dis-
9 closed directly or indirectly from the inventor or
10 a joint inventor before the date on which the
11 application or patent referred to in subsection
12 (a)(2) was effectively filed; or

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

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

20 “(A) IN GENERAL.—Subject matter and a
21 claimed invention shall be deemed to have been
22 owned by the same person or subject to an obli-
23 gation of assignment to the same person in ap-
24 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 DESIG-
4 NATING THE UNITED STATES: EFFECT.—Section
5 363 is amended by striking “except as otherwise
6 provided in section 102(e) of this title”.

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

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

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

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

21 (A) in paragraph (2)—

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

1 section 102(a) would end before the end of
2 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 is amended to read as follows:

15 **“§ 135. Derivation proceedings**

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

17 **“(1) INSTITUTION OF DERIVATION PRO-**
18 **CEEDING.—**

19 **“(A) REQUEST FOR PROCEEDING.—**An ap-
20 plicant may request initiation of a derivation
21 proceeding to determine the right of the appli-
22 cant to a patent by filing a request that sets
23 forth with particularity the basis for finding
24 that another applicant derived the claimed in-
25 vention from the applicant requesting the pro-

1 ceeding and, without authorization, filed an ap-
2 plication claiming such invention.

3 “(B) REQUIREMENTS FOR REQUEST.—Any
4 request under subparagraph (A)—

5 “(i) may only be made within 12
6 months after the earlier of—

7 “(I) the date on which a patent
8 is issued containing a claim that is
9 the same or substantially the same as
10 the claimed invention; or

11 “(II) the date of first publication
12 of an application containing a claim
13 that is the same or is substantially the
14 same as the claimed invention; and

15 “(ii) must be made under oath, and
16 must be supported by substantial evidence.

17 “(C) DETERMINATION OF DIRECTOR.—

18 Whenever the Director determines that patents
19 or applications for patent naming different indi-
20 viduals as the inventor interfere with one an-
21 other because of a dispute over the right to pat-
22 ent on the basis of a request under subpara-
23 graph (A), the Director shall institute a deriva-
24 tion proceeding for the purpose of determining
25 which applicant is entitled to a patent.

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

4 “(A) shall determine the question of the
5 right to patent;

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

9 “(C) shall issue a final decision on the
10 right to patent.

11 “(3) DERIVATION PROCEEDING.—The Patent
12 Trial and Appeal Board may defer action on a re-
13 quest to initiate a derivation proceeding for up to
14 three months after the date on which the Director
15 issues a patent to the applicant that filed the earlier
16 application.

17 “(4) EFFECT OF FINAL DECISION.—The final
18 decision of the Patent Trial and Appeal Board in a
19 derivation proceeding, if adverse to the claim of an
20 applicant, shall constitute the final refusal by the
21 Patent and Trademark Office on the claims involved.
22 The Director may issue a patent to an applicant who
23 is determined by the Patent Trial and Appeal Board
24 to have the right to a patent. The final decision of
25 the Board, if adverse to a patentee, shall, if no ap-

1 peal or other review of the decision has been or can
2 be taken or had, constitute cancellation of the claims
3 involved in the patent, and notice of such cancella-
4 tion shall be endorsed on copies of the patent dis-
5 tributed after such cancellation by the Patent and
6 Trademark Office.

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

22 “(c) ARBITRATION.—Parties to a derivation pro-
23 ceeding, within such time as may be specified by the Di-
24 rector by regulation, may determine such contest or any
25 aspect thereof by arbitration. Such arbitration shall be

1 governed by the provisions of title 9 to the extent such
2 title is not inconsistent with this section. The parties shall
3 give notice of any arbitration award to the Director, and
4 such award shall, as between the parties to the arbitration,
5 be dispositive of the issues to which it relates. The arbitra-
6 tion award shall be unenforceable until such notice is
7 given. Nothing in this subsection shall preclude the Direc-
8 tor from determining patentability of the invention in-
9 volved in the derivation proceeding.”.

10 (j) ELIMINATION OF REFERENCES TO INTER-
11 FERENCES.—(1) Sections 41(a)(6), 134, 141, 145, 146,
12 154, 305, and 314 are each amended by striking “Board
13 of Patent Appeals and Interferences” each place it ap-
14 pears and inserting “Patent Trial and Appeal Board”.

15 (2) Section 141 is amended—

16 (A) by striking “an interference” and inserting
17 “a derivation proceeding”; and

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

21 (3) Section 146 is amended—

22 (A) in the first paragraph—

23 (i) by striking “Any party” and inserting

24 “(a) IN GENERAL.—Any party”;

1 (ii) by striking “an interference” and in-
2 serting “a derivation proceeding”; and

3 (iii) by striking “interference” each addi-
4 tional place it appears and inserting “derivation
5 proceeding”; and

6 (B) in the second paragraph, by striking “Such
7 suit” and inserting “(b) PROCEDURE.—A suit under
8 subsection (a)”.

9 (4) The section heading for section 134 is amended
10 to read as follows:

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

12 (5) The section heading for section 135 is amended
13 to read as follows:

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

15 (6) The section heading for section 146 is amended
16 to read as follows:

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

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

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

“6. Patent Trial and Appeal Board.”.

23 (9) The items relating to sections 134 and 135 in
24 the table of sections for chapter 12 are amended to read
25 as follows:

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

“135. Derivation proceedings.”.

1 (10) The item relating to section 146 in the table of
2 sections for chapter 13 is amended to read as follows:

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

3 (11) CERTAIN APPEALS.—Subsection 1295(a)(4)(A)
4 of title 28, United States Code, is amended to read as
5 follows:

6 “(A) the Patent Trial and Appeal Board of
7 the United States Patent and Trademark Office
8 with respect to patent applications, derivation
9 proceedings, and post-grant review proceedings,
10 at the instance of an applicant for a patent or
11 any party to a patent interference (commenced
12 with respect to an application for patent filed
13 before the effective date provided in section
14 3(k) of the Patent Reform Act of 2007), deriva-
15 tion proceeding, or post-grant review pro-
16 ceeding, and any such appeal shall waive any
17 right of such applicant or party to proceed
18 under section 145 or 146 of title 35;”.

19 (k) EFFECTIVE DATE.—

20 (1) IN GENERAL.—The amendments made by
21 this section—

22 (A) shall take effect 90 days after the date
23 on which the President issues an Executive

1 order containing the President’s finding that
2 major patenting authorities have adopted a
3 grace period having substantially the same ef-
4 fect as that contained under the amendments
5 made by this section; and

6 (B) shall apply to all applications for pat-
7 ent that are filed on or after the effective date
8 under subparagraph (A).

9 (2) DEFINITIONS.—In this subsection:

10 (A) MAJOR PATENTING AUTHORITIES.—
11 The term “major patenting authorities” means
12 at least the patenting authorities in Europe and
13 Japan.

14 (B) GRACE PERIOD.—The term “grace pe-
15 riod” means the 1-year period ending on the ef-
16 fective filing date of a claimed invention, during
17 which disclosures of the subject matter by the
18 inventor or a joint inventor, or by others who
19 obtained the subject matter disclosed directly or
20 indirectly from the inventor or a joint inventor,
21 do not qualify as prior art to the claimed inven-
22 tion.

23 (C) EFFECTIVE FILING DATE.—The term
24 “effective filing date of a claimed invention”
25 means, with respect to a patenting authority in

1 another country, a date equivalent to the effec-
2 tive filing date of a claimed invention as defined
3 in section 100(h) of title 35, United States
4 Code, as added by subsection (a) of this section.

5 (3) RETENTION OF INTERFERENCE PROCE-
6 DURES WITH RESPECT TO APPLICATIONS FILED BE-
7 FORE EFFECTIVE DATE.—In the case of any applica-
8 tion for patent that is filed before the effective date
9 under paragraph (1)(A), the provisions of law re-
10 pealed or amended by subsections (h), (i), and (j)
11 shall apply to such application as such provisions of
12 law were in effect on the day before such effective
13 date.

14 (l) REVIEW EVERY 7 YEARS.—Not later than the end
15 of the 7-year period beginning on the effective date under
16 subsection (k), and the end of every 7-year period there-
17 after, the Under Secretary of Commerce for Intellectual
18 Property and Director of the United States Patent and
19 Trademark Office (in this subsection referred to as the
20 “Director”) shall—

21 (1) conduct a study on the effectiveness and ef-
22 ficiency of the amendments made by this section;
23 and

24 (2) submit to the Committees on the Judiciary
25 of the House of Representatives and the Senate a

1 report on the results of the study, including any rec-
2 ommendations the Director has on amendments to
3 the law and other recommendations of the Director
4 with respect to the first-to-file system implemented
5 under the amendments made by this section.

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

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

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

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

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

23 “(b) REQUIRED STATEMENTS.—An oath or declara-
24 tion by an individual under subsection (a) shall contain
25 statements that—

1 “(1) the application was made or was author-
2 ized to be made by individual; and

3 “(2) the individual believes himself or herself to
4 be the original inventor or an original joint inventor
5 of a claimed invention in the application.

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

10 “(d) SUBSTITUTE STATEMENT.—

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

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

20 “(A) is unable to file the oath or declara-
21 tion under subsection (a) because the indi-
22 vidual—

23 “(i) is deceased;

24 “(ii) is under legal incapacity; or

1 “(iii) cannot be found or reached after
2 diligent effort; or

3 “(B) is under an obligation to assign the
4 invention and has refused to make the oath or
5 declaration required under subsection (a).

6 “(3) CONTENTS.—A substitute statement under
7 this subsection shall—

8 “(A) identify the individual with respect to
9 whom the statement applies;

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

14 “(C) contain any additional information,
15 including any showing, required by the Direc-
16 tor.

17 “(e) MAKING REQUIRED STATEMENTS IN ASSIGN-
18 MENT OF RECORD.—An individual who has assigned
19 rights in an application for patent may include the re-
20 quired statements under subsections (b) and (c) in the as-
21 signment executed by the individual, in lieu of filing such
22 statements separately.

23 “(f) TIME FOR FILING.—A notice of allowance under
24 section 151 may be provided to an applicant for patent
25 only if the applicant for patent has filed each required

1 oath or declaration under subsection (a) or has filed a sub-
2 stitute statement under subsection (d) or recorded an as-
3 signment meeting the requirements of subsection (e).

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

6 The requirements under this section shall not apply to an
7 individual with respect to an application for patent in
8 which the individual is named as the inventor or a joint
9 inventor and that claims the benefit of an earlier filing
10 date under section 120 or 365(c), if—

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

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

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

23 “(h) SUPPLEMENTAL AND CORRECTED STATE-
24 MENTS; 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
4 time. If a change is made in the naming of the in-
5 ventor requiring the filing of 1 or more additional
6 statements under this section, such additional state-
7 ments shall be filed in accordance with regulations
8 established by the Director.

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
16 equivalent to those required by this section in con-
17 nection with the application for patent or any patent
18 issuing thereon.

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

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

1 punishable by fine or imprisonment, or both, under section
2 1001 of title 18.”.

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

7 (3) REQUIREMENTS FOR NONPROVISIONAL AP-
8 PPLICATIONS.—Section 111(a) is amended—

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

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

13 (C) by striking “and oath” each place it
14 appears.

15 (4) CONFORMING AMENDMENT.—The item re-
16 lating to section 115 in the table of sections for
17 chapter 11 is amended to read as follows:

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

18 (b) SPECIFICATION.—Section 112 is amended—

19 (1) in the first paragraph—

20 (A) by striking “The specification” and in-
21 serting “(a) IN GENERAL.—The specification”;
22 and

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

1 (2) in the second paragraph—

2 (A) by striking “The specification” and in-
3 serting “(b) CONCLUSION.—The specification”;
4 and

5 (B) by striking “applicant regards as his
6 invention” and inserting “inventor or a joint in-
7 ventor regards as the invention”;

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

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

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

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

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section—

22 (1) shall take effect at the end of the 1-year pe-
23 riod beginning on the date of the enactment of this
24 Act; and

1 (2) shall apply to any application for patent, or
2 application for reissue patent, that is filed on or
3 after the effective date under paragraph (1).

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

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

6 (1) in the first paragraph, by striking “Upon”
7 and inserting “(a) IN GENERAL.—Upon”;

8 (2) by designating the second undesignated
9 paragraph as subsection (c);

10 (3) by inserting after subsection (a) (as des-
11 ignated by paragraph (1) of this subsection) the fol-
12 lowing:

13 “(b) REASONABLE ROYALTY.—

14 “(1) IN GENERAL.—An award pursuant to sub-
15 section (a) that is based upon a reasonable royalty
16 shall be determined in accordance with this sub-
17 section. Based on the facts of the case, the court
18 shall determine whether paragraph (2), (3), or (4)
19 will be used by the court or the jury in calculating
20 a reasonable royalty. The court shall identify the
21 factors that are relevant to the determination of a
22 reasonable royalty under the applicable paragraph,
23 and the court or jury, as the case may be, shall con-
24 sider only those factors in making the determination.

1 “(2) RELATIONSHIP OF DAMAGES TO CON-
2 TRIBUTIONS OVER PRIOR ART.—Upon a showing to
3 the satisfaction of the court that a reasonable roy-
4 alty should be based on a portion of the value of the
5 infringing product or process, the court shall con-
6 duct an analysis to ensure that a reasonable royalty
7 under subsection (a) is applied only to that economic
8 value properly attributable to the patent’s specific
9 contribution over the prior art. The court shall ex-
10 clude from the analysis the economic value properly
11 attributable to the prior art, and other features or
12 improvements, whether or not themselves patented,
13 that contribute economic value to the infringing
14 product or process.

15 “(3) ENTIRE MARKET VALUE.—Upon a show-
16 ing to the satisfaction of the court that the patent’s
17 specific contribution over the prior art is the pre-
18 dominant basis for market demand for an infringing
19 product or process, damages may be based upon the
20 entire market value of the products or processes in-
21 volved that satisfy that demand.

22 “(4) OTHER FACTORS.—If neither paragraph
23 (2) or (3) is appropriate for determining a reason-
24 able royalty, the court may consider, or direct the
25 jury to consider, the terms of any nonexclusive mar-

1 ketplace licensing of the invention, where appro-
2 priate, as well as any other relevant factors under
3 applicable law.

4 “(5) COMBINATION INVENTIONS.—For pur-
5 poses of paragraphs (2) and (3), in the case of a
6 combination invention the elements of which are
7 present individually in the prior art, the patentee
8 may show that the contribution over the prior art
9 may include the value of the additional function re-
10 sulting from the combination, as well as the en-
11 hanced value, if any, of some or all of the prior art
12 elements resulting from the combination.”;

13 (4) by amending subsection (c) (as designated
14 by paragraph (1) of this subsection) to read as fol-
15 lows:

16 “(c) WILLFUL INFRINGEMENT.—

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

24 “(2) PERMITTED GROUNDS FOR WILLFUL-
25 NESS.—A court may find that an infringer has will-

1 fully infringed a patent only if the patent owner pre-
2 sents clear and convincing evidence that—

3 “(A) after receiving written notice from
4 the patentee—

5 “(i) alleging acts of infringement in a
6 manner sufficient to give the infringer an
7 objectively reasonable apprehension of suit
8 on such patent, and

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

17 “(B) the infringer intentionally copied the
18 patented invention with knowledge that it was
19 patented; or

20 “(C) after having been found by a court to
21 have infringed that patent, the infringer en-
22 gaged in conduct that was not colorably dif-
23 ferent from the conduct previously found to
24 have infringed the patent, and that resulted in

1 a separate finding of infringement of the same
2 patent.

3 “(3) LIMITATIONS ON WILLFULNESS.—(A) A
4 court may not find that an infringer has willfully in-
5 fringed a patent under paragraph (2) for any period
6 of time during which the infringer had an informed
7 good faith belief that the patent was invalid or unen-
8 forceable, or would not be infringed by the conduct
9 later shown to constitute infringement of the patent.

10 “(B) An informed good faith belief within the
11 meaning of subparagraph (A) may be established
12 by—

13 “(i) reasonable reliance on advice of coun-
14 sel;

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

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

20 “(C) The decision of the infringer not to
21 present evidence of advice of counsel is not relevant
22 to a determination of willful infringement under
23 paragraph (2).

24 “(4) LIMITATION ON PLEADING.—Before the
25 date on which a court determines that the patent in

1 suit is not invalid, is enforceable, and has been in-
2 fringed by the infringer, a patentee may not plead
3 and a court may not determine that an infringer has
4 willfully infringed a patent.”; and

5 (5) in the third undesignated paragraph, by
6 striking “The court” and inserting “(d) EXPERT
7 TESTIMONY.—The court”.

8 (b) REPORT TO CONGRESSIONAL COMMITTEES.—Not
9 later than June 30, 2009, the Under Secretary of Com-
10 merce for Intellectual Property and Director of the United
11 States Patent and Trademark Office (in this subsection
12 referred to as the “Director”) shall report to the Com-
13 mittee on the Judiciary of the House of Representatives
14 and the Committee on the Judiciary of the Senate the
15 findings and recommendations of the Director on the oper-
16 ation of prior user rights in selected countries in the in-
17 dustrialized world. The report shall include the following:

18 (1) A comparison between the patent laws of
19 the United States and the laws of other industri-
20 alized countries, including the European Union,
21 Japan, Canada, and Australia.

22 (2) An analysis of the effect of prior user rights
23 on innovation rates in the selected countries.

24 (3) An analysis of the correlation, if any, be-
25 tween prior user rights and start-up enterprises and

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

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

6 (5) An analysis of any legal or constitutional
7 issues that arise from placing elements of trade se-
8 cret law, in the form of prior user rights, in patent
9 law.

10 In preparing the report, the Director shall consult with
11 the Secretary of State and the Attorney General of the
12 United States.

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

16 (d) REVIEW EVERY 7 YEARS.—Not later than the
17 end of the 7-year period beginning on the date of the en-
18 actment of this Act, and the end of every 7-year period
19 thereafter, the Under Secretary of Commerce for Intellec-
20 tual Property and Director of the United States Patent
21 and Trademark Office (in this subsection referred to as
22 the “Director”) shall—

23 (1) conduct a study on the effectiveness and ef-
24 ficiency of the amendments made by this section;
25 and

1 (2) submit to the Committees on the Judiciary
2 of the House of Representatives and the Senate a
3 report on the results of the study, including any rec-
4 ommendations the Director has on amendments to
5 the law and other recommendations of the Director
6 with respect to the right of the inventor to obtain
7 damages for patent infringement.

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

10 (a) CITATION OF PRIOR ART.—

11 (1) IN GENERAL.—Section 301 is amended to
12 read as follows:

13 **“§ 301. Citation of prior art**

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

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

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

1 “(b) SUBMISSIONS PART OF OFFICIAL FILE.—If the
2 person citing prior art or written submissions under sub-
3 section (a) explains in writing the pertinence and manner
4 of applying the prior art or written submissions to at least
5 one claim of the patent, the citation of the prior art or
6 written submissions (as the case may be) and the expla-
7 nation thereof shall become a part of the official file of
8 the patent.

9 “(c) PROCEDURES FOR WRITTEN STATEMENTS.—

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

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

1 ble protective order shall be redacted to exclude in-
2 formation subject to the order.

3 “(d) IDENTITY WITHHELD.—Upon the written re-
4 quest of the person citing prior art or written statements
5 under subsection (a), the person’s identity shall be ex-
6 cluded from the patent file and kept confidential.”.

7 (b) REEXAMINATION.—Section 303(a) is amended to
8 read as follows:

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

24 (c) CONDUCT OF INTER PARTES PROCEEDINGS.—
25 Section 314 is amended—

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

7 (2) in subsection (b), by striking paragraph (2)
8 and inserting the following:

9 “(2) The third-party requester shall have the oppor-
10 tunity to file written comments on any action on the mer-
11 its by the Office in the inter partes reexamination pro-
12 ceeding, and on any response that the patent owner files
13 to such an action, if those written comments are received
14 by the Office within 60 days after the date of service on
15 the third-party requester of the Office action or patent
16 owner response, as the case may be.”; and

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

18 “(d) ORAL HEARING.—At the request of a third
19 party requestor or the patent owner, the administrative
20 patent judge shall conduct an oral hearing, unless the
21 judge finds cause lacking for such hearing.”.

22 (d) ESTOPPEL.—Section 315(c) is amended by strik-
23 ing “or could have raised”.

24 (e) REEXAMINATION PROHIBITED AFTER DISTRICT
25 COURT DECISION.—Section 317(b) is amended—

1 (1) in the subsection heading, by striking
 2 “FINAL DECISION” and inserting “DISTRICT COURT
 3 DECISION”; and

4 (2) by striking “Once a final decision has been
 5 entered” and inserting “Once the judgment of the
 6 district court has been entered”.

7 (f) POST-GRANT OPPOSITION PROCEDURES.—

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

10 **“CHAPTER 32—POST-GRANT REVIEW**
 11 **PROCEDURES**

“Sec.

“321. Petition for post-grant review.

“322. Timing and bases of petition.

“323. Requirements of petition.

“324. Prohibited filings.

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

“326. Conduct of post-grant review proceedings.

“327. Patent owner response.

“328. Proof and evidentiary standards.

“329. Amendment of the patent.

“330. Decision of the Board.

“331. Effect of decision.

“332. Settlement.

“333. Relationship to other pending proceedings.

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

“335. Effect of final decision on future proceedings.

“336. Appeal.

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

13 “Subject to sections 322, 324, 332, and 333, a per-
 14 son who is not the patent owner may file with the Office
 15 a petition for cancellation seeking to institute a post-grant
 16 review proceeding to cancel as unpatentable any claim of
 17 a patent on any ground that could be raised under para-

1 graph (2) or (3) of section 282(b) (relating to invalidity
2 of the patent or any claim). The Director shall establish,
3 by regulation, fees to be paid by the person requesting
4 the proceeding, in such amounts as the Director deter-
5 mines to be reasonable.

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

7 “A post-grant proceeding may be instituted under
8 this chapter pursuant to a cancellation petition filed under
9 section 321 only if—

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

13 “(2) the patent owner consents in writing to the
14 proceeding.

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

16 “A cancellation petition filed under section 321 may
17 be considered only if—

18 “(1) the petition is accompanied by payment of
19 the fee established by the Director under section
20 321;

21 “(2) the petition identifies the cancellation peti-
22 tioner;

23 “(3) for each claim sought to be canceled, the
24 petition sets forth in writing the basis for cancella-
25 tion and provides the evidence in support thereof, in-

1 including copies of patents and printed publications,
2 or written testimony of a witness attested to under
3 oath or declaration by the witness, or any other in-
4 formation that the Director may require by regula-
5 tion; and

6 “(4) the petitioner provides copies of the peti-
7 tion, including any evidence submitted with the peti-
8 tion and any other information submitted under
9 paragraph (3), to the patent owner or, if applicable,
10 the designated representative of the patent owner.

11 **“§ 324. Prohibited filings**

12 “A post-grant review proceeding may not be insti-
13 tuted under section 322 if the petition for cancellation re-
14 questing the proceeding—

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

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

20 **“§ 325. Submission of additional information; show-
21 ing of sufficient grounds**

22 “(a) IN GENERAL.—The cancellation petitioner shall
23 file such additional information with respect to the peti-
24 tion as the Director may require. For each petition sub-
25 mitted under section 321, the Director shall determine if

1 the written statement, and any evidence submitted with
2 the request, establish that a substantial question of pat-
3 entability exists for at least one claim in the patent. The
4 Director may initiate a post-grant review proceeding if the
5 Director determines that the information presented pro-
6 vides sufficient grounds to believe that there is a substan-
7 tial question of patentability concerning one or more
8 claims of the patent at issue.

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

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

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

22 “(1) establishing and governing post-grant re-
23 view proceedings under this chapter and their rela-
24 tionship to other proceedings under this title;

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

4 “(3) setting forth procedures for discovery of
5 relevant evidence, including that such discovery shall
6 be limited to evidence directly related to factual as-
7 sertions advanced by either party in the proceeding,
8 and the procedures for obtaining such evidence shall
9 be consistent with the purpose and nature of the
10 proceeding.

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

13 “(b) POST-GRANT REGULATIONS.—Regulations
14 under subsection (a)(1)—

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

21 “(2) shall provide for discovery upon order of
22 the Director;

23 “(3) shall provide for publication of notice in
24 the Federal Register of the filing of a petition for
25 post-grant review under this chapter, for publication

1 of the petition, and documents, orders, and decisions
2 relating to the petition, on the website of the Patent
3 and Trademark Office, and for filings under seal ex-
4 empt from publication requirements;

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

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

13 “(6) shall ensure that any information sub-
14 mitted by the patent owner in support of any
15 amendment entered under section 329 is made avail-
16 able to the public as part of the prosecution history
17 of the patent.

18 “(c) CONSIDERATIONS.—In prescribing regulations
19 under this section, the Director shall consider the effect
20 on the economy, the integrity of the patent system, and
21 the efficient administration of the Office.

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

1 **“§ 327. Patent owner response**

2 “After a post-grant proceeding under this chapter
3 has been instituted with respect to a patent, the patent
4 owner shall have the right to file, within a time period
5 set by the Director, a response to the cancellation petition.
6 The patent owner shall file with the response, through af-
7 fidavits or declarations, any additional factual evidence
8 and expert opinions on which the patent owner relies in
9 support of the response.

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

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

14 “(b) BURDEN OF PROOF.—The party advancing a
15 proposition under this chapter shall have the burden of
16 proving that proposition by a preponderance of the evi-
17 dence.

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

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

23 “(1) Cancel any challenged patent claim.

24 “(2) For each challenged claim, propose a sub-
25 stitute claim.

1 “(3) Amend the patent drawings or otherwise
2 amend the patent other than the claims.

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

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

8 **“§ 330. Decision of the Board**

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

14 **“§ 331. Effect of decision**

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

23 “(b) NEW CLAIMS.—Any new claim held to be pat-
24 entable and incorporated into a patent in a post-grant re-
25 view proceeding shall have the same effect as that speci-

1 filed in section 252 for reissued patents on the right of
2 any person who made, purchased, offered to sell, or used
3 within the United States, or imported into the United
4 States, anything patented by such new claim, or who made
5 substantial preparations therefor, before a certificate
6 under subsection (a) of this section is issued.

7 **“§ 332. Settlement**

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

18 “(b) AGREEMENT IN WRITING.—Any agreement or
19 understanding between the patent owner and a petitioner,
20 including any collateral agreements referred to in the
21 agreement or understanding, that is made in connection
22 with or in contemplation of the termination of a post-grant
23 review proceeding, must be in writing. A post-grant review
24 proceeding as between the parties to the agreement or un-
25 derstanding may not be terminated until a copy of the

1 agreement or understanding, including any such collateral
2 agreements, has been filed in the Office. If any party filing
3 such an agreement or understanding requests, the agree-
4 ment or understanding shall be kept separate from the
5 file of the post-grant review proceeding, and shall be made
6 available only to Government agencies on written request,
7 or to any person on a showing of good cause.

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

9 “(a) IN GENERAL.—Notwithstanding subsection
10 135(a), sections 251 and 252, and chapter 30, the Direc-
11 tor may determine the manner in which any reexamination
12 proceeding, reissue proceeding, interference proceeding
13 (commenced with respect to an application for patent filed
14 before the effective date provided in section 3(k) of the
15 Patent Reform Act of 2007), derivation proceeding, or
16 post-grant review proceeding, that is pending during a
17 post-grant review proceeding, may proceed, including pro-
18 viding for stay, transfer, consolidation, or termination of
19 any such proceeding.

20 “(b) STAYS.—The Director may stay a post-grant re-
21 view proceeding if a pending civil action for infringement
22 of a patent addresses the same or substantially the same
23 questions of patentability raised against the patent in a
24 petition for post-grant review.

1 “(c) EFFECT OF COMMENCEMENT OF PRO-
2 CEEDING.—The commencement of a post-grant review
3 proceeding—

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

7 “(2) shall not be cited as evidence relating to
8 the validity of any claim of the patent in any pro-
9 ceeding before a court or the International Trade
10 Commission concerning the patent.

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

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

17 “(1) that party to the civil action and the
18 privies of that party may not thereafter request a
19 post-grant review proceeding on that patent claim on
20 the basis of any grounds, under the provisions of
21 section 321, which that party or the privies of that
22 party raised or could have raised; and

23 “(2) the Director may not thereafter maintain
24 a post-grant review proceeding that was requested,
25 before the final decision was so entered, by that

1 party or the privies of that party on the basis of
2 such grounds.

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

4 “If a final decision under section 330 is favorable to
5 the patentability of any original or new claim of the patent
6 challenged by the cancellation petitioner, the cancellation
7 petitioner may not thereafter, based on any ground that
8 the cancellation petitioner raised during the post-grant re-
9 view proceeding—

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

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

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

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

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

23 **“§ 336. Appeal**

24 “A party dissatisfied with the final determination of
25 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 (g) 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 (h) REPEAL.—Section 4607 of the Intellectual Prop-
 9 erty and Communications Omnibus Reform Act of 1999,
 10 as enacted by section 1000(a)(9) of Public Law 106–113,
 11 is repealed.

12 (i) EFFECTIVE DATES.—

13 (1) IN GENERAL.—The amendments and repeal
 14 made by this section shall take effect at the end of
 15 the 1-year period beginning on the date of the enact-
 16 ment of this Act.

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

24 (3) APPLICABILITY TO POST-GRANT PRO-
 25 CEEDINGS.—The amendments made by subsections

1 (f) and (g) shall apply to patents issued on or after
2 the effective date under paragraph (1).

3 (j) REGULATIONS.—The Under Secretary of Com-
4 merce for Intellectual Property and Director of the United
5 States Patent and Trademark Office (in this subsection
6 referred to as the “Director”) shall, not later than the
7 date that is 1 year after the date of the enactment of this
8 Act, issue regulations to carry out chapter 32 of title 35,
9 United States Code, as added by subsection (f) of this sec-
10 tion.

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

12 (a) DEFINITIONS.—Section 100 (as amended by this
13 Act) is further amended by adding at the end the fol-
14 lowing:

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

19 (a) PATENT TRIAL AND APPEAL BOARD.—Section 6
20 is amended to read as follows:

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

22 “(a) ESTABLISHMENT AND COMPOSITION.—There
23 shall be in the Office a Patent Trial and Appeal Board.
24 The administrative patent judges shall constitute the Pat-
25 ent Trial and Appeal Board. The administrative patent

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

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

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

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

16 “(3) review appeals by patent owners and third-
17 party requesters under section 315;

18 “(4) determine priority and patentability of in-
19 vention in derivation proceedings under section
20 135(a); and

21 “(5) conduct post-grant opposition proceedings
22 under chapter 32.

23 Each appeal and derivation proceeding shall be heard by
24 at least 3 members of the Patent Trial and Appeal Board,
25 who shall be designated by the Director. Only the Patent

1 Trial and Appeal Board may grant rehearings. The Direc-
2 tor shall assign each post-grant review proceeding to a
3 panel of 3 administrative patent judges. Once assigned,
4 each such panel of administrative patent judges shall have
5 the responsibilities under chapter 32 in connection with
6 post-grant review proceedings.”.

7 (b) EFFECTIVE DATE.—The amendments made by
8 this section shall take effect at the end of the 1-year period
9 beginning on the date of the enactment of this Act.

10 **SEC. 8. STUDY AND REPORT ON REEXAMINATION PRO-**
11 **CEEDINGS.**

12 The Under Secretary of Commerce for Intellectual
13 Property and Director of the Patent and Trademark Of-
14 fice shall, not later than 2 years after the date of the en-
15 actment of this Act—

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

20 (2) submit to the Committees on the Judiciary
21 of the House of Representatives and the Senate a
22 report on the results of the study, including any of
23 the Director’s suggestions for amending the law, and
24 any other recommendations the Director has with
25 respect to patent reexamination proceedings.

1 **SEC. 9. SUBMISSIONS BY THIRD PARTIES AND OTHER**
2 **QUALITY ENHANCEMENTS.**

3 (a) PUBLICATION.—Section 122(b)(2)(B)(i) is
4 amended by striking “published as provided in paragraph
5 (1).” and inserting the following: “published until the later
6 of—

7 “(I) three months after a second action is
8 taken pursuant to section 132 on the applica-
9 tion, of which notice has been given or mailed
10 to the applicant; or

11 “(II) the date specified in paragraph (1).”.

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

15 “(e) PREISSUANCE SUBMISSIONS BY THIRD PAR-
16 TIES.—

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

23 “(A) the date a notice of allowance under
24 section 151 is mailed in the application for pat-
25 ent; or

26 “(B) either—

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

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

8 whichever occurs later.

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

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

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

15 “(C) include a statement by the submitter
16 affirming that the submission was made in
17 compliance with this section; and

18 “(D) identify the real party-in-interest
19 making the submission.”.

20 (c) EFFECTIVE DATE.—The amendments made by
21 this section—

22 (1) shall take effect at the end of the 1-year pe-
23 riod beginning on the date of the enactment of this
24 Act; and

1 (2) shall apply to any application for patent
2 filed before, on, or after the effective date under
3 paragraph (1).

4 **SEC. 10. TAX PLANNING METHODS NOT PATENTABLE.**

5 (a) IN GENERAL.—Section 101 is amended—

6 (1) by striking “Whoever” and inserting “(a)
7 PATENTABLE INVENTIONS.—Whoever”;

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

9 “(b) TAX PLANNING METHODS.—

10 “(1) UNPATENTABLE SUBJECT MATTER.—A
11 patent may not be obtained for a tax planning meth-
12 od.

13 “(2) DEFINITIONS.—For purposes of paragraph
14 (1)—

15 “(A) the term ‘tax planning method’
16 means a plan, strategy, technique, or scheme
17 that is designed to reduce, minimize, or defer,
18 or has, when implemented, the effect of reduc-
19 ing, minimizing, or deferring, a taxpayer’s tax
20 liability, but does not include the use of tax
21 preparation software or other tools used solely
22 to perform or model mathematical calculations
23 or prepare tax or information returns;

24 “(B) the term ‘taxpayer’ means an indi-
25 vidual, entity, or other person (as defined in

1 section 7701 of the Internal Revenue Code of
2 1986) that is subject to taxation directly, is re-
3 quired to prepare a tax return or information
4 statement to enable one or more other persons
5 to determine their tax liability, or is otherwise
6 subject to a tax law;

7 “(C) the terms ‘tax’, ‘tax laws’, ‘tax liabil-
8 ity’, and ‘taxation’ refer to any Federal, State,
9 county, city, municipality, or other govern-
10 mental levy, assessment, or imposition, whether
11 measured by income, value, or otherwise; and

12 “(D) the term ‘State’ means each of the
13 several States, the District of Columbia, and
14 any commonwealth, territory, or possession of
15 the United States.”.

16 (b) APPLICABILITY.—The amendments made by this
17 section—

18 (1) shall take effect on the date of the enact-
19 ment of this Act;

20 (2) shall apply to any application for patent or
21 application for a reissue patent that is—

22 (A) filed on or after the date of the enact-
23 ment of this Act; or

1 (B) filed before that date if a patent or re-
2 issue patent has not been issued pursuant to
3 the application as of that date; and

4 (3) shall not be construed as validating any pat-
5 ent issued before the date of the enactment of this
6 Act for an invention described in section 101(b) of
7 title 35, United States Code, as amended by this
8 section.

9 **SEC. 11. VENUE AND JURISDICTION.**

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

13 “(b) In any civil action arising under any Act of Con-
14 gress relating to patents, a party shall not manufacture
15 venue by assignment, incorporation, joinder, or otherwise
16 primarily to invoke the venue of a specific district court.

17 “(c) Notwithstanding section 1391 of this title, ex-
18 cept as provided in paragraph (3) of this subsection, any
19 civil action for patent infringement or any action for de-
20 claratory judgment relating to a patent may be brought
21 only in a judicial district—

22 “(1) where the defendant has its principal place
23 of business or is incorporated, or, for foreign cor-
24 porations with a United States subsidiary, where the

1 defendant’s primary United States subsidiary has its
2 principal place of business or is incorporated;

3 “(2) where the defendant has committed a sub-
4 stantial portion of the acts of infringement and has
5 a regular and established physical facility that the
6 defendant controls and that constitutes a substantial
7 portion of the defendant’s operations;

8 “(3) for cases involving only foreign defendants
9 with no United States subsidiary, according to sec-
10 tion 1391(d) of this title;

11 “(4) where the plaintiff resides, if the plaintiff
12 is—

13 “(A) an institution of higher education as
14 defined under section 101(a) of the Higher
15 Education Act of 1965 (20 U.S.C. section
16 1001(a)); or

17 “(B) a nonprofit organization that—

18 “(i) is described in section 501(c)(3)
19 of the Internal Revenue Code of 1986;

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

22 “(iii) serves primarily as the patent
23 and licensing organization for an institu-
24 tion of higher education as defined under

1 section 101(a) of the Higher Education
2 Act of 1965 (20 U.S.C. 1001(a));

3 “(5) where the plaintiff or a subsidiary has a
4 place of business that is engaged in substantial—

5 “(A) research and development,

6 “(B) manufacturing activities, or

7 “(C) management of research and develop-
8 ment or manufacturing activities,

9 related to the patent or patents in dispute;

10 “(6) where the plaintiff resides if the plaintiff
11 is named as inventor or co-inventor on the patent
12 and has not assigned, granted, conveyed, or licensed,
13 and is under no obligation to assign, grant, convey,
14 or license, any rights in the patent or in enforcement
15 of the patent, including the results of any such en-
16 forcement; or

17 “(7) where any of the defendants has substan-
18 tial evidence and witnesses if there is no other dis-
19 trict in which the action may be brought under this
20 section.”.

21 (b) INTERLOCUTORY APPEALS.—Subsection (c) of
22 section 1292 of title 28, United States Code, is amended—

23 (1) by striking “and” at the end of paragraph
24 (1);

1 (2) by striking the period at the end of para-
2 graph (2) and inserting “; and”; and

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

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

8 Application for an appeal under paragraph (3) shall be
9 made to the court within 10 days after entry of the order
10 or decree. The district court shall have discretion whether
11 to approve the application and, if so, whether to stay pro-
12 ceedings in the district court during pendency of the ap-
13 peal.”.

14 (c) EFFECTIVE DATE.—

15 (1) IN GENERAL.—The amendments made by
16 this section—

17 (A) shall take effect on the date of the en-
18 actment of this Act; and

19 (B) shall apply to any civil action com-
20 menced on or after such date of enactment.

21 (2) PENDING CASES.—Any case commenced in
22 a United States district court on or after September
23 7, 2007, in which venue is improper under section
24 1400 of title 28, United States Code, as amended by

1 this section, shall be transferred pursuant to section
2 1404 of such title, unless—

3 (A) one or more substantive rulings on the
4 merits, or other substantial litigation, has oc-
5 curred; and

6 (B) the court finds that transfer would not
7 serve the interests of justice.

8 **SEC. 12. ADDITIONAL INFORMATION; INEQUITABLE CON-**
9 **DUCT AS DEFENSE TO INFRINGEMENT.**

10 (a) DISCLOSURE REQUIREMENTS FOR APPLI-
11 CANTS.—

12 (1) IN GENERAL.—Chapter 11 is amended by
13 adding at the end the following new section:

14 **“§ 123. Additional information**

15 “(a) IN GENERAL.—The Director may, by regulation,
16 require that applicants submit a search report and other
17 information and analysis relevant to patentability. If the
18 Director requires a search report to be submitted by appli-
19 cants, and an applicant does not itself perform the search,
20 the search must be performed by one or more individuals
21 who are United States citizens or by a commercial entity
22 that is organized under the laws of the United States or
23 any State and employs United States citizens to perform
24 such searches. An application shall be regarded as aban-
25 doned if the applicant fails to submit a search report, in-

1 formation, or an analysis in the manner and within the
2 time period prescribed by the Director. Any search report
3 required by the Director may not substitute in any way
4 for a search by an examiner of the prior art during exam-
5 ination.

6 “(b) EXCEPTION FOR MICRO ENTITIES.—Applica-
7 tions from micro-entities shall not be subject to the re-
8 quirements of regulations issued under subsection (a).

9 **“§ 124. Micro entities**

10 “(a) DEFINITION.—For purposes of this title, the
11 term ‘micro entity’ means an applicant for patent who
12 makes a certification under either subsection (b) or (c).

13 “(b) UNASSIGNED APPLICATION.—A certification
14 under this subsection is a certification by each inventor
15 named in the application that the inventor—

16 “(1) qualifies as a small entity as defined in
17 regulations issued by the Director;

18 “(2) has not been named on five or more pre-
19 viously filed patent applications;

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

24 “(4) does not have a gross income, as defined
25 in section 61(a) of the Internal Revenue Code of

1 1986, exceeding 2.5 times the median household in-
2 come, as reported by the Bureau of the Census, for
3 the most recent calendar year preceding the calendar
4 year in which the examination fee is being paid.

5 “(c) ASSIGNED APPLICATION.—A certification under
6 this subsection is a certification by each inventor named
7 in the application that the inventor—

8 “(1) qualifies as a small entity as defined in
9 regulations issued by the Director and meets the re-
10 quirements of subsection (b)(4);

11 “(2) has not been named on five or more pre-
12 viously filed patent applications; and

13 “(3) has assigned, granted, conveyed, or is
14 under an obligation by contract or law to assign,
15 grant, or convey, a license or other ownership inter-
16 est in the application to an entity that has five or
17 fewer employees and has a gross taxable income, as
18 defined in section 61(a) of the Internal Revenue
19 Code of 1986, that does not exceed 2.5 times the
20 median household income, as reported by the Bu-
21 reau of the Census, for the most recent calendar
22 year preceding the calendar year in which the exam-
23 ination fee is being paid.”.

1 (2) CONFORMING AMENDMENT.—The table of
2 sections for chapter 11 is amended by adding at the
3 end the following new items:

“123. Additional information.

“124. Micro entities.”.

4 (b) INEQUITABLE CONDUCT AS DEFENSE TO IN-
5 FRINGEMENT.—Section 282 is amended—

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

9 (2) in the second undesignated paragraph—

10 (A) by striking “The following” and insert-
11 ing “(b) DEFENSES.—The following”; and

12 (B) by striking the comma at the end of
13 each of paragraphs (1), (2), and (3) and insert-
14 ing a period;

15 (3) in the third undesignated paragraph—

16 (A) by striking “In actions” and inserting
17 “(d) NOTICE OF ACTIONS; PLEADING.—In ac-
18 tions”;

19 (B) by inserting after the second sentence
20 the following: “In an action involving any alle-
21 gation of inequitable conduct under subsection
22 (c), the party asserting this defense or claim
23 shall comply with the pleading requirements set

1 forth in Rule 9(b) of the Federal Rules of Civil
2 Procedure.”; and

3 (C) by striking “Invalidity” and inserting
4 “(e) EXTENSION OF PATENT TERM.—Inva-
5 lidity”; and

6 (4) by inserting after subsection (b), as des-
7 ignated by paragraph (2) of this subsection, the fol-
8 lowing:

9 “(c) INEQUITABLE CONDUCT.—

10 “(1) DEFENSE.—One or more claims of a pat-
11 ent may be held to be unenforceable, or other reme-
12 dy imposed under paragraph (4), for inequitable
13 conduct only if it is established, by clear and con-
14 vincing evidence, that a person with a duty of disclo-
15 sure to the Office, with the intent to mislead or de-
16 ceive the patent examiner, misrepresented or failed
17 to disclose material information to the examiner dur-
18 ing examination of the patent.

19 “(2) MATERIALITY.—

20 “(A) IN GENERAL.—Information is mate-
21 rial under this section if—

22 “(i) a reasonable examiner would have
23 made a prima facie finding of
24 unpatentability, or maintained a finding of
25 unpatentability, of one or more of the pat-

1 ent claims based on the information, and
2 the information is not cumulative to infor-
3 mation already of record or previously con-
4 sidered by the Office; or

5 “(ii) information that is otherwise ma-
6 terial refutes or is inconsistent with a posi-
7 tion the applicant takes in opposing a re-
8 jection of the claim or in asserting an ar-
9 gument of patentability.

10 “(B) PRIMA FACIE FINDING.—A prima
11 facie finding of unpatentability under this sec-
12 tion is shown if a reasonable examiner, based
13 on a preponderance of the evidence, would con-
14 clude that the claim is unpatentable based on
15 the information misrepresented or not disclosed,
16 when that information is considered alone or in
17 conjunction with other information or record. In
18 determining whether there is a prima facie find-
19 ing of unpatentability, each term in the claim
20 shall be given its broadest reasonable construc-
21 tion consistent with the specification, and re-
22 buttal evidence shall not be considered.

23 “(3) INTENT.—To prove a person with a duty
24 of disclosure to the Office intended to mislead or de-
25 ceive the examiner under paragraph (1), specific

1 facts beyond materiality of the information misrepre-
2 sented or not disclosed must be proven that establish
3 the intent of the person to mislead or deceive the ex-
4 aminer by the actions of the person. Facts support
5 an intent to mislead or deceive if they show cir-
6 cumstances that indicate conscious or deliberate be-
7 havior on the part of the person to not disclose ma-
8 terial information or to submit false material infor-
9 mation in order to mislead or deceive the examiner.
10 Circumstantial evidence may be used to prove that
11 a person had the intent to mislead or deceive the ex-
12 aminer under paragraph (1).

13 “(4) REMEDY.—Upon a finding of inequitable
14 conduct, the court shall balance the equities to de-
15 termine which of the following remedies to impose:

16 “(A) Denying equitable relief to the patent
17 holder and limiting the remedy for infringement
18 to reasonable royalties.

19 “(B) Holding the claims-in-suit, or the
20 claims in which inequitable conduct occurred,
21 unenforceable.

22 “(C) Holding the patent unenforceable.

23 “(D) Holding the claims of a related pat-
24 ent unenforceable.

1 “(5) ATTORNEY MISCONDUCT.—Upon a finding
2 of inequitable conduct, if there is evidence that the
3 conduct is attributable to a person or persons au-
4 thorized to practice before the Office, the court shall
5 refer the matter to the Office for appropriate dis-
6 ciplinary action under section 32, and shall order the
7 parties to preserve and make available to the Office
8 any materials that may be relevant to the determina-
9 tion under section 32.”.

10 (c) EFFECTIVE DATE.—

11 (1) SUBSECTION (a).—The amendments made
12 by subsection (a)—

13 (A) shall take effect at the end of the 1-
14 year period beginning on the date of the enact-
15 ment of this Act; and

16 (B) shall apply to any application for pat-
17 ent filed on or after the effective date under
18 subparagraph (A).

19 (2) SUBSECTION (b).—The amendments made
20 by subsection (b) shall apply to any civil action com-
21 menced on or after the date of the enactment of this
22 Act.

1 **SEC. 13. BEST MODE REQUIREMENT.**

2 Section 282(b) (as designated by section 12(b) of this
3 Act) is amended by striking paragraph (3) and inserting
4 the following:

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

7 “(A) any requirement of section 112 of
8 this title, other than the requirement that the
9 specification shall set forth the best mode con-
10 templated by the inventor of carrying out his
11 invention; or

12 “(B) any requirement of section 251 of
13 this title.”.

14 **SEC. 14. REGULATORY AUTHORITY.**

15 (a) **REGULATORY AUTHORITY.**—Section 2(c) is
16 amended by adding at the end the following:

17 “(6) The powers granted under paragraph (2) of sub-
18 section (b) include the authority to promulgate regulations
19 to ensure the quality and timeliness of applications and
20 their examination, including specifying circumstances
21 under which an application for patent may claim the ben-
22 efit under sections 120, 121 and 365(c) of the filing date
23 of a prior filed application for patent.”.

24 (b) **CLARIFICATION.**—The amendment made by sub-
25 section (a) clarifies the scope of power granted to the
26 United States Patent and Trademark Office by paragraph

1 (2) of section 2(b) of title 35, United States Code, as in
2 effect since the enactment of Public Law 106–113.

3 (c) EFFECTIVE DATE OF REGULATIONS.—

4 (1) REVIEW BY CONGRESS.—A regulation pro-
5 mulgated by the United States Patent and Trade-
6 mark Office under section 2(b)(2) of title 35, United
7 States Code, with respect to any matter described in
8 section 2(c)(6) of such title, as added by subsection
9 (a) of this section, may not take effect before the
10 end of a period of 60 days beginning on the date on
11 which the Under Secretary of Commerce for Intellec-
12 tual Property and Director of the United States Pat-
13 ent and Trademark Office submits to each House of
14 Congress a copy of the regulation, together with a
15 report containing the reasons for its adoption. The
16 regulation and report so submitted shall be referred
17 to the Committee on the Judiciary of the House of
18 Representatives and the Committee on the Judiciary
19 of the Senate.

20 (2) JOINT RESOLUTION OF DISAPPROVAL.—If a
21 joint resolution of disapproval with respect to the
22 regulation is enacted into law, the regulation shall
23 not become effective or continue in effect.

24 (3) JOINT RESOLUTION DEFINED.—For pur-
25 poses of this subsection, the term a “joint resolution

1 of disapproval” means a joint resolution, the matter
2 after the resolving clause of which is as follows:
3 “That Congress disapproves the regulation sub-
4 mitted by the Under Secretary of Commerce for In-
5 tellectual Property and Director of the United States
6 Patent and Trademark Office on _____ relating to
7 _____, and such regulation shall have no force or
8 effect.”, with the first space being filled with the ap-
9 propriate date, and the second space being filled
10 with a description of the regulation at issue.

11 (4) REFERRAL.—A joint resolution of dis-
12 approval shall be referred in the House of Rep-
13 resentatives to the Committee on the Judiciary and
14 in the Senate to the Committee on the Judiciary.

15 (5) FLOOR CONSIDERATION.—A vote on final
16 passage of a joint resolution of disapproval shall be
17 taken in each House on or before the close of the
18 15th day after the bill or resolution is reported by
19 the committee of that House to which it was re-
20 ferred or after such committee has been discharged
21 from further consideration of the joint resolution of
22 disapproval.

23 (6) NO INFERENCES.—If the Congress does not
24 enact a joint resolution of disapproval, no court or

1 agency may infer therefrom any intent of the Con-
2 gress with regard to such regulation or action.

3 (7) CALCULATION OF DAYS.—The 60-day pe-
4 riod referred to in paragraph (1) and the 15-day pe-
5 riod referred to in paragraph (5) shall be computed
6 by excluding—

7 (A) the days on which either House of
8 Congress is not in session because of an ad-
9 journment of the Congress sine die; and

10 (B) any Saturday and Sunday, not ex-
11 cluded under subparagraph (A), when either
12 House is not in session.

13 (8) RULEMAKING AUTHORITY.—This subsection
14 is enacted by the Congress as an exercise of the
15 rulemaking power of the Senate and House of Rep-
16 resentatives respectively, and as such it is deemed a
17 part of the rules of each House, respectively.

18 **SEC. 15. TECHNICAL AMENDMENTS.**

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

20 (1) in the first paragraph, by striking
21 “When” and inserting “(a) JOINT INVEN-
22 TIONS.—When”;

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

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

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

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

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

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

16 (c) REISSUE OF DEFECTIVE PATENTS.—Section 251
17 is amended—

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

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

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

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

5 (d) EFFECT OF REISSUE.—Section 253 is amend-
6 ed—

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

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

14 (e) CORRECTION OF NAMED INVENTOR.—Section
15 256 is amended—

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

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

22 (f) EFFECTIVE DATE.—The amendments made by
23 this section shall take effect on the date of the enactment
24 of this Act.

1 **SEC. 16. STUDY OF SPECIAL MASTERS IN PATENT CASES.**

2 (a) IN GENERAL.—Not later than 1 year after the
3 date of the enactment of this Act, the Director of the Ad-
4 ministrative Office of the United States Courts shall con-
5 duct a study of, and submit to the Committee on the Judi-
6 ciary of the House of Representatives and the Committee
7 on the Judiciary of the Senate a report on, the use of
8 special masters in patent litigation who are appointed in
9 accordance with Rule 53 of the Federal Rules of Civil Pro-
10 cedure.

11 (b) OBJECTIVE.—In conducting the study under sub-
12 section (a), the Director shall consider whether the use
13 of special masters has been beneficial in patent litigation
14 and what, if any, program should be undertaken to facili-
15 tate the use by the judiciary of special masters in patent
16 litigation.

17 (c) FACTORS TO CONSIDER.—In conducting the
18 study under subsection (a), the Director, in consultation
19 with the Federal Judicial Center, shall consider—

20 (1) the basis upon which courts appoint special
21 masters under Rule 53(b) of the Federal Rules of
22 Civil Procedure;

23 (2) the frequency with which special masters
24 have been used by the courts;

25 (3) the role and powers special masters are
26 given by the courts;

1 (4) the subject matter at issue in cases that use
2 special masters;

3 (5) the impact on court time and costs in cases
4 where a special master is used as compared to cases
5 where no special master is used;

6 (6) the legal and technical training and experi-
7 ence of special masters;

8 (7) whether the use of special masters has an
9 impact on the reversal rate of district court decisions
10 at the Court of Appeals for the Federal Circuit; and

11 (8) any other factors that the Director believes
12 would assist in gauging the effectiveness of special
13 masters in patent litigation.

14 **SEC. 17. STUDY ON WORKPLACE CONDITIONS.**

15 The Comptroller General shall, not later than 2 years
16 after the date of the enactment of this Act—

17 (1) conduct a study of workplace conditions for
18 the examiner corps of the United States Patent and
19 Trademark Office, including the effect, if any, of
20 this Act and the amendments made by this Act on—

21 (A) recruitment, retention, and promotion
22 of employees; and

23 (B) workload, quality assurance, and em-
24 ployee grievances; and

1 (2) submit to the Committees on the Judiciary
2 of the House of Representatives and the Senate a
3 report on the results of the study, including any sug-
4 gestions for improving workplace conditions, to-
5 gether with any other recommendations that the
6 Comptroller General has with respect to patent reex-
7 amination proceedings.

8 **SEC. 18. RULE OF CONSTRUCTION.**

9 The enactment of section 102(b)(3) of title 35,
10 United States Code, under section (3)(b) of this Act is
11 done with the same intent to promote joint research activi-
12 ties that was expressed, including in the legislative history,
13 through the enactment of the Cooperative Research and
14 Technology Enhancement Act of 2004 (Public Law 108–
15 453; the “CREATE Act”), the amendments of which are
16 stricken by section 3(c) of this Act. The United States
17 Patent and Trademark Office shall administer section
18 102(b)(3) of title 35, United States Code, in a manner
19 consistent with the legislative history of the CREATE Act
20 that was relevant to its administration by the Patent and
21 Trademark Office.

22 **SEC. 19. STUDY ON PATENT DAMAGES.**

23 (a) IN GENERAL.—The Under Secretary of Com-
24 merce for Intellectual Property and Director of the United
25 States Patent and Trademark Office (in this section re-

1 ferred to as the “Director”) shall conduct a study of pat-
2 ent damage awards in cases where such awards have been
3 based on a reasonable royalty under section 284 of title
4 35, United States Code. The study should, at a minimum,
5 consider cases from 1990 to the present.

6 (b) CONDUCT.—In conducting the study under sub-
7 section (a), the Director shall investigate, at a minimum,
8 the following:

9 (1) Whether the mean or median dollar amount
10 of reasonable-royalty-based patent damages awarded
11 by courts or juries, as the case may be, has signifi-
12 cantly increased on a per case basis during the pe-
13 riod covered by the study, taking into consideration
14 adjustments for inflation and other relevant eco-
15 nomic factors.

16 (2) Whether there has been a pattern of exces-
17 sive and inequitable reasonable-royalty-based dam-
18 ages during the period covered by the study and, if
19 so, any contributing factors, including, for example,
20 evidence that Federal courts have routinely and in-
21 appropriately broadened the scope of the “entire
22 market value rule”, or that juries have routinely
23 misapplied the entire market value rule to the facts
24 at issue.

1 (3) To the extent that a pattern of excessive
2 and inequitable damage awards exists, measures
3 that could guard against such inappropriate awards
4 without unduly prejudicing the rights and remedies
5 of patent holders or significantly increasing litigation
6 costs, including legislative reforms or improved
7 model jury instructions.

8 (4) To the extent that a pattern of excessive
9 and inequitable damage awards exists, whether legis-
10 lative proposals that would mandate, or create a pre-
11 sumption in favor of, apportionment of reasonable-
12 royalty-based patent damages would effectively
13 guard against such inappropriate awards without
14 unduly prejudicing the rights and remedies of patent
15 holders or significantly increasing litigation costs.

16 (c) REPORT.—Not later than 1 year after the date
17 of the enactment of this Act, the Director shall submit
18 to the Congress a report on the study conducted under
19 this section.

20 **SEC. 20. SEVERABILITY.**

21 If any provision of this Act or of any amendment or
22 repeals made by this Act, or the application of such a pro-
23 vision to any person or circumstance, is held to be invalid
24 or unenforceable, the remainder of this Act and the
25 amendments and repeals made by this Act, and the appli-

1 cation of this Act and such amendments and repeals to
2 any other person or circumstance, shall not be affected
3 by such holding.

Passed the House of Representatives September 7,
2007.

Attest: LORRAINE C. MILLER,
Clerk.

Calendar No. 348

110TH CONGRESS
1ST Session

H. R. 1908

AN ACT

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

SEPTEMBER 11, 2007

Read the second time and placed on the calendar