

Union Calendar No. 54

112TH CONGRESS
1ST SESSION

H. R. 1249

[Report No. 112–98, Part I]

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

IN THE HOUSE OF REPRESENTATIVES

MARCH 30, 2011

Mr. SMITH of Texas (for himself, Mr. GOODLATTE, and Mr. ISSA) introduced the following bill; which was referred to the Committee on the Judiciary, and in addition to the Committee on the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

JUNE 1, 2011

Additional sponsors: Mr. CHABOT, Mr. GALLEGLY, and Mr. DUNCAN of Tennessee

JUNE 1, 2011

Reported from the Committee on the Judiciary with an amendment

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

JUNE 1, 2011

The Committee on the Budget discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed

[For text of introduced bill, see copy of bill as introduced on March 30, 2011]

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 *“America Invents Act”.*

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. Definitions.

Sec. 3. First inventor to file.

Sec. 4. Inventor’s oath or declaration.

Sec. 5. Defense to infringement based on earlier inventor.

Sec. 6. Post-grant review proceedings.

Sec. 7. Patent Trial and Appeal Board.

Sec. 8. Preissuance submissions by third parties.

Sec. 9. Venue.

Sec. 10. Fee setting authority.

Sec. 11. Fees for patent services.

Sec. 12. Supplemental examination.

Sec. 13. Funding agreements.

Sec. 14. Tax strategies deemed within the prior art.

Sec. 15. Best mode requirement.

Sec. 16. Marking.

Sec. 17. Advice of counsel.

Sec. 18. Transitional program for covered business method patents.

Sec. 19. Jurisdiction and procedural matters.

Sec. 20. Technical amendments.

Sec. 21. Travel expenses and payment of administrative judges.

Sec. 22. Patent and Trademark Office funding.

Sec. 23. Satellite offices.

Sec. 24. Designation of Detroit satellite office.

Sec. 25. Patent Ombudsman Program for small business concerns.

Sec. 26. Priority examination for technologies important to American competi-
tiveness.

Sec. 27. Calculation of 60-day period for application of patent term extension.

Sec. 28. Study on implementation.

Sec. 29. Pro bono program.

Sec. 30. Effective date.

Sec. 31. Budgetary effects.

8 **SEC. 2. DEFINITIONS.**

9 *In this Act:*

1 (1) *DIRECTOR*.—*The term “Director” means the*
2 *Under Secretary of Commerce for Intellectual Prop-*
3 *erty and Director of the United States Patent and*
4 *Trademark Office.*

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

7 (3) *PATENT PUBLIC ADVISORY COMMITTEE*.—*The*
8 *term “Patent Public Advisory Committee” means the*
9 *Patent Public Advisory Committee established under*
10 *section 5(a)(1) of title 35, United States Code.*

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

19 (5) *TRADEMARK PUBLIC ADVISORY COM-*
20 *MITTEE*.—*The term “Trademark Public Advisory*
21 *Committee” means the Trademark Public Advisory*
22 *Committee established under section 5(a)(1) of title*
23 *35, United States Code.*

1 **SEC. 3. FIRST INVENTOR TO FILE.**

2 (a) *DEFINITIONS.*—Section 100 of title 35, United
3 States Code, is amended—

4 (1) in subsection (e), by striking “or *inter partes*
5 *reevaluation under section 311*”; and

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

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

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

13 “(h) The term ‘joint research agreement’ means a writ-
14 ten contract, grant, or cooperative agreement entered into
15 by 2 or more persons or entities for the performance of ex-
16 perimental, developmental, or research work in the field of
17 the claimed invention.

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

20 “(A) if subparagraph (B) does not apply, the ac-
21 tual filing date of the patent or the application for
22 the patent containing a claim to the invention; or

23 “(B) the filing date of the earliest application for
24 which the patent or application is entitled, as to such
25 invention, to a right of priority under section 119,

1 365(a), or 365(b) or to the benefit of an earlier filing
2 date under section 120, 121, or 365(c).

3 “(2) The effective filing date for a claimed invention
4 in an application for reissue or reissued patent shall be de-
5 termined by deeming the claim to the invention to have been
6 contained in the patent for which reissue was sought.

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

10 (b) *CONDITIONS FOR PATENTABILITY.*—

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

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

14 “(a) *NOVELTY; PRIOR ART.*—A person shall be entitled
15 to a patent unless—

16 “(1) the claimed invention was patented, de-
17 scribed in a printed publication, or in public use, on
18 sale, or otherwise available to the public before the ef-
19 fective filing date of the claimed invention; or

20 “(2) the claimed invention was described in a
21 patent issued under section 151, or in an application
22 for patent published or deemed published under sec-
23 tion 122(b), in which the patent or application, as
24 the case may be, names another inventor and was ef-

1 *fectively filed before the effective filing date of the*
2 *claimed invention.*

3 “(b) *EXCEPTIONS.*—

4 “(1) *DISCLOSURES MADE 1 YEAR OR LESS BE-*
5 *FORE THE EFFECTIVE FILING DATE OF THE CLAIMED*
6 *INVENTION.—A disclosure made 1 year or less before*
7 *the effective filing date of a claimed invention shall*
8 *not be prior art to the claimed invention under sub-*
9 *section (a)(1) if—*

10 “(A) *the disclosure was made by the inven-*
11 *tor or joint inventor or by another who obtained*
12 *the subject matter disclosed directly or indirectly*
13 *from the inventor or a joint inventor; or*

14 “(B) *the subject matter disclosed had, before*
15 *such disclosure, been publicly disclosed by the in-*
16 *ventor or a joint inventor or another who ob-*
17 *tained the subject matter disclosed directly or in-*
18 *directly from the inventor or a joint inventor.*

19 “(2) *DISCLOSURES APPEARING IN APPLICATIONS*
20 *AND PATENTS.—A disclosure shall not be prior art to*
21 *a claimed invention under subsection (a)(2) if—*

22 “(A) *the subject matter disclosed was ob-*
23 *tained directly or indirectly from the inventor or*
24 *a joint inventor;*

1 “(B) the subject matter disclosed had, before
2 such subject matter was effectively filed under
3 subsection (a)(2), been publicly disclosed by the
4 inventor or a joint inventor or another who ob-
5 tained the subject matter disclosed directly or in-
6 directly from the inventor or a joint inventor; or

7 “(C) the subject matter disclosed and the
8 claimed invention, not later than the effective fil-
9 ing date of the claimed invention, were owned by
10 the same person or subject to an obligation of as-
11 signment to the same person.

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

18 “(1) the subject matter disclosed was developed
19 and the claimed invention was made by, or on behalf
20 of, 1 or more parties to a joint research agreement
21 that was in effect on or before the effective filing date
22 of the claimed invention;

23 “(2) the claimed invention was made as a result
24 of activities undertaken within the scope of the joint
25 research agreement; and

1 “(3) the application for patent for the claimed
2 invention discloses or is amended to disclose the
3 names of the parties to the joint research agreement.

4 “(d) *PATENTS AND PUBLISHED APPLICATIONS EFFEC-*
5 *TIVE AS PRIOR ART.*—For purposes of determining whether
6 a patent or application for patent is prior art to a claimed
7 invention under subsection (a)(2), such patent or applica-
8 tion shall be considered to have been effectively filed, with
9 respect to any subject matter described in the patent or ap-
10 plication—

11 “(1) if paragraph (2) does not apply, as of the
12 actual filing date of the patent or the application for
13 patent; or

14 “(2) if the patent or application for patent is en-
15 titled to claim a right of priority under section 119,
16 365(a), or 365(b), or to claim the benefit of an earlier
17 filing date under section 120, 121, or 365(c), based
18 upon 1 or more prior filed applications for patent, as
19 of the filing date of the earliest such application that
20 describes the subject matter.”.

21 “(2) *CONTINUITY OF INTENT UNDER THE CREATE*
22 *ACT.*—The enactment of section 102(c) of title 35,
23 United States Code, under paragraph (1) of this sub-
24 section is done with the same intent to promote joint
25 research activities that was expressed, including in

1 *the legislative history, through the enactment of the*
2 *Cooperative Research and Technology Enhancement*
3 *Act of 2004 (Public Law 108–453; the “CREATE*
4 *Act”), the amendments of which are stricken by sub-*
5 *section (c) of this section. The United States Patent*
6 *and Trademark Office shall administer section 102(c)*
7 *of title 35, United States Code, in a manner con-*
8 *sistent with the legislative history of the CREATE*
9 *Act that was relevant to its administration by the*
10 *United States Patent and Trademark Office.*

11 (3) *CONFORMING AMENDMENT.—The item relat-*
12 *ing to section 102 in the table of sections for chapter*
13 *10 of title 35, United States Code, is amended to read*
14 *as follows:*

“102. Conditions for patentability; novelty.”.

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

18 **“§ 103. Conditions for patentability; non-obvious sub-**
19 **ject matter**

20 *“A patent for a claimed invention may not be ob-*
21 *tained, notwithstanding that the claimed invention is not*
22 *identically disclosed as set forth in section 102, if the dif-*
23 *ferences between the claimed invention and the prior art*
24 *are such that the claimed invention as a whole would have*
25 *been obvious before the effective filing date of the claimed*

1 *invention to a person having ordinary skill in the art to*
2 *which the claimed invention pertains. Patentability shall*
3 *not be negated by the manner in which the invention was*
4 *made.”.*

5 (d) *REPEAL OF REQUIREMENTS FOR INVENTIONS*
6 *MADE ABROAD.*—Section 104 of title 35, United States
7 Code, and the item relating to that section in the table of
8 sections for chapter 10 of title 35, United States Code, are
9 repealed.

10 (e) *REPEAL OF STATUTORY INVENTION REGISTRA-*
11 *TION.*—

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

16 (2) *REMOVAL OF CROSS REFERENCES.*—Section
17 111(b)(8) of title 35, United States Code, is amended
18 by striking “sections 115, 131, 135, and 157” and in-
19 serting “sections 131 and 135”.

20 (3) *EFFECTIVE DATE.*—The amendments made
21 by this subsection shall take effect upon the expiration
22 of the 18-month period beginning on the date of the
23 enactment of this Act, and shall apply to any request
24 for a statutory invention registration filed on or after
25 that effective date.

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(b) would end before the end of that 2-
17 year period”; and

18 (ii) by striking “prior to the end of the
19 statutory” and inserting “before the end of
20 that 1-year”; and

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

1 (h) *DERIVED PATENTS.*—

2 (1) *IN GENERAL.*—Section 291 of title 35,
3 *United States Code, is amended to read as follows:*

4 **“§291. *Derived Patents***

5 “(a) *IN GENERAL.*—The owner of a patent may have
6 *relief by civil action against the owner of another patent*
7 *that claims the same invention and has an earlier effective*
8 *filing date, if the invention claimed in such other patent*
9 *was derived from the inventor of the invention claimed in*
10 *the patent owned by the person seeking relief under this*
11 *section.*

12 “(b) *FILING LIMITATION.*—An action under this sec-
13 *tion may be filed only before the end of the 1-year period*
14 *beginning on the date of the issuance of the first patent con-*
15 *taining a claim to the allegedly derived invention and nam-*
16 *ing an individual alleged to have derived such invention*
17 *as the inventor or joint inventor.”.*

18 (2) *CONFORMING AMENDMENT.*—The item relat-
19 *ing to section 291 in the table of sections for chapter*
20 *29 of title 35, United States Code, is amended to read*
21 *as follows:*

 “291. *Derived patents.*”.

22 (i) *DERIVATION PROCEEDINGS.*—Section 135 of title
23 *35, United States Code, is amended to read as follows:*

1 **“§ 135. Derivation proceedings**

2 “(a) *INSTITUTION OF PROCEEDING.*—An applicant for
3 patent may file a petition to institute a derivation pro-
4 ceeding in the Office. The petition shall set forth with par-
5 ticularity the basis for finding that an inventor named in
6 an earlier application derived the claimed invention from
7 an inventor named in the petitioner’s application and,
8 without authorization, the earlier application claiming
9 such invention was filed. Any such petition may be filed
10 only within the 1-year period beginning on the date of the
11 first publication of a claim to an invention that is the same
12 or substantially the same as the earlier application’s claim
13 to the invention, shall be made under oath, and shall be
14 supported by substantial evidence. Whenever the Director
15 determines that a petition filed under this subsection dem-
16 onstrates that the standards for instituting a derivation
17 proceeding are met, the Director may institute a derivation
18 proceeding. The determination by the Director whether to
19 institute a derivation proceeding shall be final and non-
20 appealable.

21 “(b) *DETERMINATION BY PATENT TRIAL AND APPEAL*
22 *BOARD.*—In a derivation proceeding instituted under sub-
23 section (a), the Patent Trial and Appeal Board shall deter-
24 mine whether an inventor named in the earlier application
25 derived the claimed invention from an inventor named in
26 the petitioner’s application and, without authorization, the

1 *earlier application claiming such invention was filed. The*
2 *Director shall prescribe regulations setting forth standards*
3 *for the conduct of derivation proceedings.*

4 “(c) *DEFERRAL OF DECISION.—The Patent Trial and*
5 *Appeal Board may defer action on a petition for a deriva-*
6 *tion proceeding until the expiration of the 3-month period*
7 *beginning on the date on which the Director issues a patent*
8 *that includes the claimed invention that is the subject of*
9 *the petition. The Patent Trial and Appeal Board also may*
10 *defer action on a petition for a derivation proceeding, or*
11 *stay the proceeding after it has been instituted, until the*
12 *termination of a proceeding under chapter 30, 31, or 32*
13 *involving the patent of the earlier applicant.*

14 “(d) *EFFECT OF FINAL DECISION.—The final decision*
15 *of the Patent Trial and Appeal Board, if adverse to claims*
16 *in an application for patent, shall constitute the final re-*
17 *fusal by the Office on those claims. The final decision of*
18 *the Patent Trial and Appeal Board, if adverse to claims*
19 *in a patent, shall, if no appeal or other review of the deci-*
20 *sion has been or can be taken or had, constitute cancellation*
21 *of those claims, and notice of such cancellation shall be en-*
22 *dorsed on copies of the patent distributed after such can-*
23 *cellation.*

24 “(e) *SETTLEMENT.—Parties to a proceeding instituted*
25 *under subsection (a) may terminate the proceeding by filing*

1 *a written statement reflecting the agreement of the parties*
2 *as to the correct inventors of the claimed invention in dis-*
3 *pute. Unless the Patent Trial and Appeal Board finds the*
4 *agreement to be inconsistent with the evidence of record, if*
5 *any, it shall take action consistent with the agreement. Any*
6 *written settlement or understanding of the parties shall be*
7 *filed with the Director. At the request of a party to the pro-*
8 *ceeding, the agreement or understanding shall be treated as*
9 *business confidential information, shall be kept separate*
10 *from the file of the involved patents or applications, and*
11 *shall be made available only to Government agencies on*
12 *written request, or to any person on a showing of good*
13 *cause.*

14 “(f) *ARBITRATION.—Parties to a proceeding instituted*
15 *under subsection (a) may, within such time as may be spec-*
16 *ified by the Director by regulation, determine such contest*
17 *or any aspect thereof by arbitration. Such arbitration shall*
18 *be governed by the provisions of title 9, to the extent such*
19 *title is not inconsistent with this section. The parties shall*
20 *give notice of any arbitration award to the Director, and*
21 *such award shall, as between the parties to the arbitration,*
22 *be dispositive of the issues to which it relates. The arbitra-*
23 *tion award shall be unenforceable until such notice is given.*
24 *Nothing in this subsection shall preclude the Director from*

1 *determining the patentability of the claimed inventions in-*
 2 *volved in the proceeding.”.*

3 (j) *ELIMINATION OF REFERENCES TO INTER-*
 4 *FERENCES.—(1) Sections 134, 145, 146, 154, and 305 of*
 5 *title 35, United States Code, are each amended by striking*
 6 *“Board of Patent Appeals and Interferences” each place it*
 7 *appears and inserting “Patent Trial and Appeal Board”.*

8 (2)(A) *Section 146 of title 35, United States Code, is*
 9 *amended—*

10 (i) *by striking “an interference” and insert-*
 11 *ing “a derivation proceeding”; and*

12 (ii) *by striking “the interference” and in-*
 13 *serting “the derivation proceeding”.*

14 (B) *The subparagraph heading for section*
 15 *154(b)(1)(C) of title 35, United States Code, is*
 16 *amended to read as follows:*

17 “(C) *GUARANTEE OF ADJUSTMENTS*
 18 *FOR DELAYS DUE TO DERIVATION PRO-*
 19 *CEEDINGS, SECRECY ORDERS, AND AP-*
 20 *PEALS.—”.*

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

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

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

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

2 (5) *The items relating to sections 134 and 135 in the*
 3 *table of sections for chapter 12 of title 35, United States*
 4 *Code, are amended to read as follows:*

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

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

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

8 (k) *STATUTE OF LIMITATIONS.—*

9 (1) *IN GENERAL.—Section 32 of title 35, United*
 10 *States Code, is amended by inserting between the*
 11 *third and fourth sentences the following: “A pro-*
 12 *ceeding under this section shall be commenced not*
 13 *later than the earlier of either the date that is 10*
 14 *years after the date on which the misconduct forming*
 15 *the basis for the proceeding occurred, or 1 year after*
 16 *the date on which the misconduct forming the basis*
 17 *for the proceeding is made known to an officer or em-*
 18 *ployee of the Office as prescribed in the regulations es-*
 19 *tablished under section 2(b)(2)(D).”.*

20 (2) *REPORT TO CONGRESS.—The Director shall*
 21 *provide on a biennial basis to the Judiciary Commit-*
 22 *tees of the Senate and House of Representatives a re-*
 23 *port providing a short description of incidents made*

1 *known to an officer or employee of the Office as pre-*
2 *scribed in the regulations established under section*
3 *2(b)(2)(D) of title 35, United States Code, that reflect*
4 *substantial evidence of misconduct before the Office*
5 *but for which the Office was barred from commencing*
6 *a proceeding under section 32 of title 35, United*
7 *States Code, by the time limitation established by the*
8 *fourth sentence of that section.*

9 (3) *EFFECTIVE DATE.*—*The amendment made by*
10 *paragraph (1) shall apply in any case in which the*
11 *time period for instituting a proceeding under section*
12 *32 of title 35, United States Code, had not lapsed be-*
13 *fore the date of the enactment of this Act.*

14 (1) *SMALL BUSINESS STUDY.*—

15 (1) *DEFINITIONS.*—*In this subsection—*

16 (A) *the term “Chief Counsel” means the*
17 *Chief Counsel for Advocacy of the Small Busi-*
18 *ness Administration;*

19 (B) *the term “General Counsel” means the*
20 *General Counsel of the United States Patent and*
21 *Trademark Office; and*

22 (C) *the term “small business concern” has*
23 *the meaning given that term under section 3 of*
24 *the Small Business Act (15 U.S.C. 632).*

25 (2) *STUDY.*—

1 (A) *IN GENERAL.*—*The Chief Counsel, in*
2 *consultation with the General Counsel, shall con-*
3 *duct a study of the effects of eliminating the use*
4 *of dates of invention in determining whether an*
5 *applicant is entitled to a patent under title 35,*
6 *United States Code.*

7 (B) *AREAS OF STUDY.*—*The study con-*
8 *ducted under subparagraph (A) shall include ex-*
9 *amination of the effects of eliminating the use of*
10 *invention dates, including examining—*

11 (i) *how the change would affect the*
12 *ability of small business concerns to obtain*
13 *patents and their costs of obtaining patents;*

14 (ii) *whether the change would create,*
15 *mitigate, or exacerbate any disadvantages*
16 *for applicants for patents that are small*
17 *business concerns relative to applicants for*
18 *patents that are not small business con-*
19 *cerns, and whether the change would create*
20 *any advantages for applicants for patents*
21 *that are small business concerns relative to*
22 *applicants for patents that are not small*
23 *business concerns;*

1 (iii) the cost savings and other poten-
2 tial benefits to small business concerns of
3 the change; and

4 (iv) the feasibility and costs and bene-
5 fits to small business concerns of alternative
6 means of determining whether an applicant
7 is entitled to a patent under title 35,
8 United States Code.

9 (3) *REPORT.*—Not later than the date that is 1
10 year after the date of the enactment of this Act, the
11 Chief Counsel shall submit to the Committee on Small
12 Business and Entrepreneurship and the Committee on
13 the Judiciary of the Senate and the Committee on
14 Small Business and the Committee on the Judiciary
15 of the House of Representatives a report on the results
16 of the study under paragraph (2).

17 (m) *REPORT ON PRIOR USER RIGHTS.*—

18 (1) *IN GENERAL.*—Not later than the end of the
19 4-month period beginning on the date of the enact-
20 ment of this Act, the Director shall report, to the
21 Committee on the Judiciary of the Senate and the
22 Committee on the Judiciary of the House of Rep-
23 resentatives, the findings and recommendations of the
24 Director on the operation of prior user rights in se-

1 lected countries in the industrialized world. The re-
2 port shall include the following:

3 (A) A comparison between patent laws of
4 the United States and the laws of other industri-
5 alized countries, including members of the Euro-
6 pean Union and Japan, Canada, and Australia.

7 (B) An analysis of the effect of prior user
8 rights on innovation rates in the selected coun-
9 tries.

10 (C) An analysis of the correlation, if any,
11 between prior user rights and start-up enter-
12 prises and the ability to attract venture capital
13 to start new companies.

14 (D) An analysis of the effect of prior user
15 rights, if any, on small businesses, universities,
16 and individual inventors.

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

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

23 (2) CONSULTATION WITH OTHER AGENCIES.—In
24 preparing the report required under paragraph (1),
25 the Director shall consult with the United States

1 *Trade Representative, the Secretary of State, and the*
2 *Attorney General.*

3 *(n) EFFECTIVE DATE.—*

4 *(1) IN GENERAL.—Except as otherwise provided*
5 *in this section, the amendments made by this section*
6 *shall take effect upon the expiration of the 18-month*
7 *period beginning on the date of the enactment of this*
8 *Act, and shall apply to any application for patent,*
9 *and to any patent issuing thereon, that contains or*
10 *contained at any time—*

11 *(A) a claim to a claimed invention that has*
12 *an effective filing date as defined in section*
13 *100(i) of title 35, United States Code, that is on*
14 *or after the effective date described in this para-*
15 *graph; or*

16 *(B) a specific reference under section 120,*
17 *121, or 365(c) of title 35, United States Code, to*
18 *any patent or application that contains or con-*
19 *tained at any time such a claim.*

20 *(2) INTERFERING PATENTS.—The provisions of*
21 *sections 102(g), 135, and 291 of title 35, United*
22 *States Code, as in effect on the day before the effective*
23 *date set forth in paragraph (1) of this subsection,*
24 *shall apply to each claim of an application for pat-*
25 *ent, and any patent issued thereon, for which the*

1 *amendments made by this section also apply, if such*
2 *application or patent contains or contained at any*
3 *time—*

4 *(A) a claim to an invention having an ef-*
5 *fective filing date as defined in section 100(i) of*
6 *title 35, United States Code, that occurs before*
7 *the effective date set forth in paragraph (1) of*
8 *this subsection; or*

9 *(B) a specific reference under section 120,*
10 *121, or 365(c) of title 35, United States Code, to*
11 *any patent or application that contains or con-*
12 *tained at any time such a claim.*

13 *(o) STUDY OF PATENT LITIGATION.—*

14 *(1) GAO STUDY.—The Comptroller General of*
15 *the United States shall conduct a study of the con-*
16 *sequences of litigation by non-practicing entities, or*
17 *by patent assertion entities, related to patent claims*
18 *made under title 35, United States Code, and regula-*
19 *tions authorized by that title.*

20 *(2) CONTENTS OF STUDY.—The study conducted*
21 *under this subsection shall include the following:*

22 *(A) The annual volume of litigation de-*
23 *scribed in paragraph (1) over the 20-year period*
24 *ending on the date of the enactment of this Act.*

1 (B) *The volume of cases comprising such*
2 *litigation that are found to be without merit*
3 *after judicial review.*

4 (C) *The impacts of such litigation on the*
5 *time required to resolve patent claims.*

6 (D) *The estimated costs, including the esti-*
7 *mated cost of defense, associated with such litiga-*
8 *tion for patent holders, patent licensors, patent*
9 *licensees, and inventors, and for users of alter-*
10 *nate or competing innovations.*

11 (E) *The economic impact of such litigation*
12 *on the economy of the United States, including*
13 *the impact on inventors, job creation, employers,*
14 *employees, and consumers.*

15 (F) *The benefit to commerce, if any, sup-*
16 *plied by non-practicing entities or patent asser-*
17 *tion entities that prosecute such litigation.*

18 (3) *REPORT TO CONGRESS.—The Comptroller*
19 *General shall, not later than the date that is 1 year*
20 *after the date of the enactment of this Act, submit to*
21 *the Committee on the Judiciary of the House of Rep-*
22 *resentatives and the Committee on the Judiciary of*
23 *the Senate a report on the results of the study re-*
24 *quired under this subsection, including recommenda-*
25 *tions for any changes to laws and regulations that*

1 *will minimize any negative impact of patent litigation*
2 *that was the subject of such study.*

3 (p) *SENSE OF CONGRESS.—It is the sense of the Con-*
4 *gress that converting the United States patent registration*
5 *system from “first inventor to use” to a system of “first*
6 *inventor to file” will promote the progress of science by se-*
7 *curing for limited times to inventors the exclusive rights*
8 *to their discoveries and provide inventors with greater cer-*
9 *tainty regarding the scope of protection granted by the ex-*
10 *clusive rights to their discoveries.*

11 (q) *SENSE OF CONGRESS.—It is the sense of the Con-*
12 *gress that converting the United States patent registration*
13 *system from “first inventor to use” to a system of “first*
14 *inventor to file” will harmonize the United States patent*
15 *registration system with the patent registration systems*
16 *commonly used in nearly all other countries throughout the*
17 *world with whom the United States conducts trade and*
18 *thereby promote a greater sense of international uniformity*
19 *and certainty in the procedures used for securing the exclu-*
20 *sive rights of inventors to their discoveries.*

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

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

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

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

2 “(a) *NAMING THE INVENTOR; INVENTOR’S OATH OR*
3 *DECLARATION.*—*An application for patent that is filed*
4 *under section 111(a) or commences the national stage under*
5 *section 371 shall include, or be amended to include, the*
6 *name of the inventor for any invention claimed in the ap-*
7 *plication. Except as otherwise provided in this section, each*
8 *individual who is the inventor or a joint inventor of a*
9 *claimed invention in an application for patent shall execute*
10 *an oath or declaration in connection with the application.*

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

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

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

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

22 “(d) *SUBSTITUTE STATEMENT.*—

23 “(1) *IN GENERAL.*—*In lieu of executing an oath*
24 *or declaration under subsection (a), the applicant for*
25 *patent may provide a substitute statement under the*
26 *circumstances described in paragraph (2) and such*

1 *additional circumstances that the Director may speci-*
2 *fy by regulation.*

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

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

8 “(i) *is deceased;*

9 “(ii) *is under legal incapacity; or*

10 “(iii) *cannot be found or reached after*
11 *diligent effort; or*

12 “(B) *is under an obligation to assign the*
13 *invention but has refused to make the oath or*
14 *declaration required under subsection (a).*

15 “(3) *CONTENTS.*—*A substitute statement under*
16 *this subsection shall—*

17 “(A) *identify the individual with respect to*
18 *whom the statement applies;*

19 “(B) *set forth the circumstances rep-*
20 *resenting the permitted basis for the filing of the*
21 *substitute statement in lieu of the oath or dec-*
22 *laration under subsection (a); and*

23 “(C) *contain any additional information,*
24 *including any showing, required by the Director.*

1 “(e) *MAKING REQUIRED STATEMENTS IN ASSIGNMENT*
2 *OF RECORD.*—An individual who is under an obligation
3 of assignment of an application for patent may include the
4 required statements under subsections (b) and (c) in the as-
5 signment executed by the individual, in lieu of filing such
6 statements separately.

7 “(f) *TIME FOR FILING.*—A notice of allowance under
8 section 151 may be provided to an applicant for patent only
9 if the applicant for patent has filed each required oath or
10 declaration under subsection (a) or has filed a substitute
11 statement under subsection (d) or recorded an assignment
12 meeting the requirements of subsection (e).

13 “(g) *EARLIER-FILED APPLICATION CONTAINING RE-*
14 *QUIRED STATEMENTS OR SUBSTITUTE STATEMENT.*—

15 “(1) *EXCEPTION.*—The requirements under this
16 section shall not apply to an individual with respect
17 to an application for patent in which the individual
18 is named as the inventor or a joint inventor and who
19 claims the benefit under section 120, 121, or 365(c)
20 of the filing of an earlier-filed application, if—

21 “(A) an oath or declaration meeting the re-
22 quirements of subsection (a) was executed by the
23 individual and was filed in connection with the
24 earlier-filed application;

1 “(B) a substitute statement meeting the re-
2 quirements of subsection (d) was filed in connec-
3 tion with the earlier filed application with re-
4 spect to the individual; or

5 “(C) an assignment meeting the require-
6 ments of subsection (e) was executed with respect
7 to the earlier-filed application by the individual
8 and was recorded in connection with the earlier-
9 filed application.

10 “(2) COPIES OF OATHS, DECLARATIONS, STATE-
11 MENTS, OR ASSIGNMENTS.—Notwithstanding para-
12 graph (1), the Director may require that a copy of the
13 executed oath or declaration, the substitute statement,
14 or the assignment filed in connection with the earlier-
15 filed application be included in the later-filed appli-
16 cation.

17 “(h) SUPPLEMENTAL AND CORRECTED STATEMENTS;
18 FILING ADDITIONAL STATEMENTS.—

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

1 *tions under which such additional statements may be*
2 *filed.*

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

13 “(3) *SAVINGS CLAUSE.—A patent shall not be*
14 *invalid or unenforceable based upon the failure to*
15 *comply with a requirement under this section if the*
16 *failure is remedied as provided under paragraph (1).*

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

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

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

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

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

8 (B) *in the heading for paragraph (3), by*
9 *inserting “OR DECLARATION” after “AND OATH”;*
10 *and*

11 (C) *by inserting “or declaration” after “and*
12 *oath” each place it appears.*

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

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

17 (b) *FILING BY OTHER THAN INVENTOR.—*

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

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

21 *“A person to whom the inventor has assigned or is*
22 *under an obligation to assign the invention may make an*
23 *application for patent. A person who otherwise shows suffi-*
24 *cient proprietary interest in the matter may make an ap-*
25 *plication for patent on behalf of and as agent for the inven-*

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

8 (2) *CONFORMING AMENDMENT.—Section 251 of*
9 *title 35, United States Code, is amended in the third*
10 *undesignated paragraph by inserting “or the applica-*
11 *tion for the original patent was filed by the assignee*
12 *of the entire interest” after “claims of the original*
13 *patent”.*

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

16 (1) *in the first undesignated 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”;*

23 (2) *in the second undesignated paragraph—*

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

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

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

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

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

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

20 (d) CONFORMING AMENDMENTS.—

21 (1) Sections 111(b)(1)(A) of title 35, United
22 States Code, is amended by striking “the first para-
23 graph of section 112 of this title” and inserting “sec-
24 tion 112(a)”.

1 (2) *Section 111(b)(2) of title 35, United States*
2 *Code, is amended by striking “the second through fifth*
3 *paragraphs of section 112,” and inserting “sub-*
4 *sections (b) through (e) of section 112,”.*

5 *(e) EFFECTIVE DATE.—The amendments made by this*
6 *section shall take effect upon the expiration of the 1-year*
7 *period beginning on the date of the enactment of this Act*
8 *and shall apply to any patent application that is filed on*
9 *or after that effective date.*

10 **SEC. 5. DEFENSE TO INFRINGEMENT BASED ON EARLIER**
11 **INVENTOR.**

12 *Section 273 of title 35, United States Code, is amended*
13 *as follows:*

14 (1) *Subsection (a) is amended—*

15 (A) *in paragraph (1)—*

16 (i) *by striking “use of a method in”*
17 *and inserting “use of the subject matter of*
18 *a patent in”; and*

19 (ii) *by adding “and” after the semi-*
20 *colon;*

21 (B) *in paragraph (2), by striking the semi-*
22 *colon at the end of subparagraph (B) and insert-*
23 *ing a period; and*

24 (C) *by striking paragraphs (3) and (4).*

25 (2) *Subsection (b) is amended—*

1 (A) in paragraph (1)—

2 (i) by striking “for a method”; and

3 (ii) by striking “at least 1 year” and

4 all that follows through the end and insert-

5 ing “and commercially used the subject

6 matter at least 1 year before the effective fil-

7 ing date of the claimed invention that is the

8 subject matter of the patent.”;

9 (B) in paragraph (2), by striking “patented
10 method” and inserting “patented process”;

11 (C) in paragraph (3)—

12 (i) by striking subparagraph (A);

13 (ii) by striking subparagraph (B) and
14 inserting the following:

15 “(A) DERIVATION AND PRIOR DISCLOSURE
16 TO THE PUBLIC.—A person may not assert the
17 defense under this section if—

18 “(i) the subject matter on which the de-
19 fense is based was derived from the patentee
20 or persons in privity with the patentee; or

21 “(ii) the claimed invention that is the
22 subject of the defense was disclosed to the
23 public in a manner that qualified for the
24 exception from the prior art under section
25 102(b) and the commercialization date re-

1 *lied upon under paragraph (1) of this sub-*
2 *section for establishing entitlement to the*
3 *defense is less than 1 year before the date of*
4 *such disclosure to the public;”;*

5 *(iii) by redesignating subparagraph*
6 *(C) as subparagraph (B); and*

7 *(iv) by adding at the end the following:*
8 *“(C) FUNDING.—*

9 *“(i) DEFENSE NOT AVAILABLE IN CER-*
10 *TAIN CASES.—A person may not assert the*
11 *defense under this section if the subject mat-*
12 *ter of the patent on which the defense is*
13 *based was developed pursuant to a funding*
14 *agreement under chapter 18 or by a non-*
15 *profit institution of higher education, or a*
16 *technology transfer organization affiliated*
17 *with such an institution, that did not re-*
18 *ceive funding from a private business enter-*
19 *prise in support of that development.*

20 *“(ii) DEFINITIONS.—In this subpara-*
21 *graph—*

22 *“(I) the term ‘institution of higher*
23 *education’ has the meaning given that*
24 *term in section 101(a) of the Higher*

1 *Education Act of 1965 (20 U.S.C.*
2 *1001(a)); and*

3 *“(II) the term ‘technology transfer*
4 *organization’ means an organization*
5 *the primary purpose of which is to fa-*
6 *cilitate the commercialization of tech-*
7 *nologies developed by one or more in-*
8 *stitutions of higher education.”; and*

9 *(D) by amending paragraph (6) to read as*
10 *follows:*

11 *“(6) PERSONAL DEFENSE.—*

12 *“(A) IN GENERAL.—The defense under this*
13 *section may be asserted only by the person who*
14 *performed or caused the performance of the acts*
15 *necessary to establish the defense, as well as any*
16 *other entity that controls, is controlled by, or is*
17 *under common control with such person, and, ex-*
18 *cept for any transfer to the patent owner, the*
19 *right to assert the defense shall not be licensed or*
20 *assigned or transferred to another person except*
21 *as an ancillary and subordinate part of a good*
22 *faith assignment or transfer for other reasons of*
23 *the entire enterprise or line of business to which*
24 *the defense relates.*

1 “(B) *EXCEPTION.*—Notwithstanding sub-
 2 paragraph (A), any person may, on the person’s
 3 own behalf, assert a defense based on the exhaus-
 4 tion of rights provided under paragraph (2), in-
 5 cluding any necessary elements thereof.”.

6 **SEC. 6. POST-GRANT REVIEW PROCEEDINGS.**

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

9 **“CHAPTER 31—INTER PARTES REVIEW**

 “Sec.

 “311. *Inter partes review.*

 “312. *Petitions.*

 “313. *Preliminary response to petition.*

 “314. *Institution of inter partes review.*

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

 “316. *Conduct of inter partes review.*

 “317. *Settlement.*

 “318. *Decision of the Board.*

 “319. *Appeal.*

10 **“§ 311. *Inter partes review***

11 “(a) *IN GENERAL.*—Subject to the provisions of this
 12 chapter, a person who is not the owner of a patent may
 13 file with the Office a petition to institute an *inter partes*
 14 review of the patent. The Director shall establish, by regula-
 15 tion, fees to be paid by the person requesting the review,
 16 in such amounts as the Director determines to be reason-
 17 able, considering the aggregate costs of the review.

18 “(b) *SCOPE.*—A petitioner in an *inter partes* review
 19 may request to cancel as unpatentable 1 or more claims
 20 of a patent only on a ground that could be raised under

1 *section 102 or 103 and only on the basis of prior art con-*
2 *sisting of patents or printed publications.*

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

5 “(1) *the date that is 1 year after the grant of a*
6 *patent or issuance of a reissue of a patent; or*

7 “(2) *if a post-grant review is instituted under*
8 *chapter 32, the date of the termination of such post-*
9 *grant review.*

10 **“§ 312. *Petitions***

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

13 “(1) *the petition is accompanied by payment of*
14 *the fee established by the Director under section 311;*

15 “(2) *the petition identifies all real parties in in-*
16 *terest;*

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

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

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

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

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

10 “(b) *PUBLIC AVAILABILITY*.—As soon as practicable
11 after the receipt of a petition under section 311, the Director
12 shall make the petition available to the public.

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

14 “If an *inter partes* review petition is filed under sec-
15 tion 311, the patent owner shall have the right to file a
16 preliminary response to the petition, within a time period
17 set by the Director, that sets forth reasons why no *inter*
18 *partes* review should be instituted based upon the failure
19 of the petition to meet any requirement of this chapter.

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

21 “(a) *THRESHOLD*.—The Director may not authorize
22 an *inter partes* review to commence unless the Director de-
23 termines that the information presented in the petition filed
24 under section 311 and any response filed under section 313
25 shows that there is a reasonable likelihood that the peti-

1 *tioner would prevail with respect to at least 1 of the claims*
2 *challenged in the petition.*

3 “(b) *TIMING.*—*The Director shall determine whether to*
4 *institute an inter partes review under this chapter pursu-*
5 *ant to a petition filed under section 311 within 3 months*
6 *after—*

7 “(1) *receiving a preliminary response to the pe-*
8 *tition under section 313; or*

9 “(2) *if no such preliminary response is filed, the*
10 *last date on which such response may be filed.*

11 “(c) *NOTICE.*—*The Director shall notify the petitioner*
12 *and patent owner, in writing, of the Director’s determina-*
13 *tion under subsection (a), and shall make such notice avail-*
14 *able to the public as soon as is practicable. Such notice shall*
15 *include the date on which the review shall commence.*

16 “(d) *NO APPEAL.*—*The determination by the Director*
17 *whether to institute an inter partes review under this sec-*
18 *tion shall be final and nonappealable.*

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

20 “(a) *INFRINGER’S CIVIL ACTION.*—

21 “(1) *INTER PARTES REVIEW BARRED BY CIVIL*
22 *ACTION.*—*An inter partes review may not be insti-*
23 *tuted if, before the date on which the petition for such*
24 *a review is filed, the petitioner, real party in interest,*

1 or privy of the petitioner filed a civil action chal-
2 lenging the validity of a claim of the patent.

3 “(2) *STAY OF CIVIL ACTION.*—If the petitioner,
4 real party in interest, or privy of the petitioner files
5 a civil action challenging the validity of a claim of
6 the patent on or after the date on which the petitioner
7 files a petition for inter partes review of the patent,
8 that civil action shall be automatically stayed until
9 either—

10 “(A) the patent owner moves the court to
11 lift the stay;

12 “(B) the patent owner files a civil action or
13 counterclaim alleging that the petitioner, real
14 party in interest, or privy of the petitioner has
15 infringed the patent; or

16 “(C) the petitioner, real party in interest,
17 or privy of the petitioner moves the court to dis-
18 miss the civil action.

19 “(3) *TREATMENT OF COUNTERCLAIM.*—A coun-
20 terclaim challenging the validity of a claim of a pat-
21 ent does not constitute a civil action challenging the
22 validity of a claim of a patent for purposes of this
23 subsection.

24 “(b) *PATENT OWNER’S ACTION.*—An inter partes re-
25 view may not be instituted if the petition requesting the

1 proceeding is filed more than 1 year after the date on which
2 the petitioner, real party in interest, or privy of the peti-
3 tioner is served with a complaint alleging infringement of
4 the patent. The time limitation set forth in the preceding
5 sentence shall not apply to a request for joinder under sub-
6 section (c).

7 “(c) *JOINDER*.—If the Director institutes an inter
8 partes review, the Director, in his or her discretion, may
9 join as a party to that inter partes review any person who
10 properly files a petition under section 311 that the Director,
11 after receiving a preliminary response under section 313
12 or the expiration of the time for filing such a response, de-
13 termines warrants the institution of an inter partes review
14 under section 314.

15 “(d) *MULTIPLE PROCEEDINGS*.—Notwithstanding sec-
16 tions 135(a), 251, and 252, and chapter 30, during the
17 pendency of an inter partes review, if another proceeding
18 or matter involving the patent is before the Office, the Di-
19 rector may determine the manner in which the inter partes
20 review or other proceeding or matter may proceed, includ-
21 ing providing for stay, transfer, consolidation, or termi-
22 nation of any such matter or proceeding.

23 “(e) *ESTOPPEL*.—

24 “(1) *PROCEEDINGS BEFORE THE OFFICE*.—The
25 petitioner in an inter partes review of a claim in a

1 *patent under this chapter that results in a final writ-*
2 *ten decision under section 318(a), or the real party*
3 *in interest or privy of the petitioner, may not request*
4 *or maintain a proceeding before the Office with re-*
5 *spect to that claim on any ground that the petitioner*
6 *raised or reasonably could have raised during that*
7 *inter partes review.*

8 “(2) CIVIL ACTIONS AND OTHER PRO-
9 *CEEDINGS.—The petitioner in an inter partes review*
10 *of a claim in a patent under this chapter that results*
11 *in a final written decision under section 318(a), or*
12 *the real party in interest or privy of the petitioner,*
13 *may not assert either in a civil action arising in*
14 *whole or in part under section 1338 of title 28 or in*
15 *a proceeding before the International Trade Commis-*
16 *sion under section 337 of the Tariff Act of 1930 that*
17 *the claim is invalid on any ground that the petitioner*
18 *raised or reasonably could have raised during that*
19 *inter partes review.*

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

21 “(a) REGULATIONS.—*The Director shall prescribe reg-*
22 *ulations—*

23 “(1) *providing that the file of any proceeding*
24 *under this chapter shall be made available to the pub-*
25 *lic, except that any petition or document filed with*

1 *the intent that it be sealed shall, if accompanied by*
2 *a motion to seal, be treated as sealed pending the out-*
3 *come of the ruling on the motion;*

4 *“(2) setting forth the standards for the showing*
5 *of sufficient grounds to institute a review under sec-*
6 *tion 314(a);*

7 *“(3) establishing procedures for the submission of*
8 *supplemental information after the petition is filed;*

9 *“(4) establishing and governing inter partes re-*
10 *view under this chapter and the relationship of such*
11 *review to other proceedings under this title;*

12 *“(5) setting forth standards and procedures for*
13 *discovery of relevant evidence, including that such*
14 *discovery shall be limited to—*

15 *“(A) the deposition of witnesses submitting*
16 *affidavits or declarations; and*

17 *“(B) what is otherwise necessary in the in-*
18 *terest of justice;*

19 *“(6) prescribing sanctions for abuse of discovery,*
20 *abuse of process, or any other improper use of the*
21 *proceeding, such as to harass or to cause unnecessary*
22 *delay or an unnecessary increase in the cost of the*
23 *proceeding;*

1 “(7) providing for protective orders governing
2 the exchange and submission of confidential informa-
3 tion;

4 “(8) providing for the filing by the patent owner
5 of a response to the petition under section 313 after
6 an inter partes review has been instituted, and re-
7 quiring that the patent owner file with such response,
8 through affidavits or declarations, any additional fac-
9 tual evidence and expert opinions on which the patent
10 owner relies in support of the response;

11 “(9) setting forth standards and procedures for
12 allowing the patent owner to move to amend the pat-
13 ent under subsection (d) to cancel a challenged claim
14 or propose a reasonable number of substitute claims,
15 and ensuring that any information submitted by the
16 patent owner in support of any amendment entered
17 under subsection (d) is made available to the public
18 as part of the prosecution history of the patent;

19 “(10) providing either party with the right to an
20 oral hearing as part of the proceeding;

21 “(11) requiring that the final determination in
22 an inter partes review be issued not later than 1 year
23 after the date on which the Director notices the insti-
24 tution of a review under this chapter, except that the
25 Director may, for good cause shown, extend the 1-year

1 *period by not more than 6 months, and may adjust*
2 *the time periods in this paragraph in the case of join-*
3 *der under section 315(c);*

4 “(12) *setting a time period for requesting joinder*
5 *under section 315(c); and*

6 “(13) *providing the petitioner with at least 1 op-*
7 *portunity to file written comments within a time pe-*
8 *riod established by the Director.*

9 “(b) *CONSIDERATIONS.—In prescribing regulations*
10 *under this section, the Director shall consider the effect of*
11 *any such regulation on the economy, the integrity of the*
12 *patent system, the efficient administration of the Office,*
13 *and the ability of the Office to timely complete proceedings*
14 *instituted under this chapter.*

15 “(c) *PATENT TRIAL AND APPEAL BOARD.—The Patent*
16 *Trial and Appeal Board shall, in accordance with section*
17 *6, conduct each inter partes review instituted under this*
18 *chapter.*

19 “(d) *AMENDMENT OF THE PATENT.—*

20 “(1) *IN GENERAL.—During an inter partes re-*
21 *view instituted under this chapter, the patent owner*
22 *may file 1 motion to amend the patent in 1 or more*
23 *of the following ways:*

24 “(A) *Cancel any challenged patent claim.*

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

3 “(2) *ADDITIONAL MOTIONS.*—Additional motions
4 to amend may be permitted upon the joint request of
5 the petitioner and the patent owner to materially ad-
6 vance the settlement of a proceeding under section
7 317, or as permitted by regulations prescribed by the
8 Director.

9 “(3) *SCOPE OF CLAIMS.*—An amendment under
10 this subsection may not enlarge the scope of the
11 claims of the patent or introduce new matter.

12 “(e) *EVIDENTIARY STANDARDS.*—In an *inter partes*
13 review instituted under this chapter, the petitioner shall
14 have the burden of proving a proposition of unpatentability
15 by a preponderance of the evidence.

16 **“§317. Settlement**

17 “(a) *IN GENERAL.*—An *inter partes* review instituted
18 under this chapter shall be terminated with respect to any
19 petitioner upon the joint request of the petitioner and the
20 patent owner, unless the Office has decided the merits of
21 the proceeding before the request for termination is filed.
22 If the *inter partes* review is terminated with respect to a
23 petitioner under this section, no estoppel under section
24 315(e) shall attach to the petitioner, or to the real party
25 in interest or privy of the petitioner, on the basis of that

1 *petitioner’s institution of that inter partes review. If no pe-*
2 *titioner remains in the inter partes review, the Office may*
3 *terminate the review or proceed to a final written decision*
4 *under section 318(a).*

5 “(b) *AGREEMENTS IN WRITING.*—*Any agreement or*
6 *understanding between the patent owner and a petitioner,*
7 *including any collateral agreements referred to in such*
8 *agreement or understanding, made in connection with, or*
9 *in contemplation of, the termination of an inter partes re-*
10 *view under this section shall be in writing and a true copy*
11 *of such agreement or understanding shall be filed in the*
12 *Office before the termination of the inter partes review as*
13 *between the parties. At the request of a party to the pro-*
14 *ceeding, the agreement or understanding shall be treated as*
15 *business confidential information, shall be kept separate*
16 *from the file of the involved patents, and shall be made*
17 *available only to Federal Government agencies on written*
18 *request, or to any person on a showing of good cause.*

19 **“§318. Decision of the Board**

20 “(a) *FINAL WRITTEN DECISION.*—*If an inter partes*
21 *review is instituted and not dismissed under this chapter,*
22 *the Patent Trial and Appeal Board shall issue a final writ-*
23 *ten decision with respect to the patentability of any patent*
24 *claim challenged by the petitioner and any new claim*
25 *added under section 316(d).*

1 “(b) *CERTIFICATE.*—*If the Patent Trial and Appeal*
2 *Board issues a final written decision under subsection (a)*
3 *and the time for appeal has expired or any appeal has ter-*
4 *minated, the Director shall issue and publish a certificate*
5 *canceling any claim of the patent finally determined to be*
6 *unpatentable, confirming any claim of the patent deter-*
7 *mined to be patentable, and incorporating in the patent*
8 *by operation of the certificate any new or amended claim*
9 *determined to be patentable.*

10 “(c) *AMENDED OR NEW CLAIM.*—*Any proposed*
11 *amended or new claim determined to be patentable and in-*
12 *corporated into a patent following an inter partes review*
13 *under this chapter shall have the same effect as that speci-*
14 *fied in section 252 for reissued patents on the right of any*
15 *person who made, purchased, or used within the United*
16 *States, or imported into the United States, anything pat-*
17 *ented by such proposed amended or new claim, or who made*
18 *substantial preparation therefor, before the issuance of a*
19 *certificate under subsection (b).*

20 “(d) *DATA ON LENGTH OF REVIEW.*—*The Office shall*
21 *make available to the public data describing the length of*
22 *time between the institution of, and the issuance of a final*
23 *written decision under subsection (a) for, each inter partes*
24 *review.*

1 **“§ 319. Appeal**

2 *“A party dissatisfied with the final written decision*
 3 *of the Patent Trial and Appeal Board under section 318(a)*
 4 *may appeal the decision pursuant to sections 141 through*
 5 *144. Any party to the inter partes review shall have the*
 6 *right to be a party to the appeal.”.*

7 **(b) CONFORMING AMENDMENT.**—*The table of chapters*
 8 *for part III of title 35, United States Code, is amended by*
 9 *striking the item relating to chapter 31 and inserting the*
 10 *following:*

“31. Inter Partes Review 311”.

11 **(c) REGULATIONS AND EFFECTIVE DATE.**—

12 **(1) REGULATIONS.**—*The Director shall, not later*
 13 *than the date that is 1 year after the date of the en-*
 14 *actment of this Act, issue regulations to carry out*
 15 *chapter 31 of title 35, United States Code, as amend-*
 16 *ed by subsection (a) of this section.*

17 **(2) APPLICABILITY.**—

18 **(A) IN GENERAL.**—*The amendments made*
 19 *by subsection (a) shall take effect upon the expi-*
 20 *ration of the 1-year period beginning on the date*
 21 *of the enactment of this Act and shall apply to*
 22 *any patent issued before, on, or after that effec-*
 23 *tive date.*

24 **(B) GRADUATED IMPLEMENTATION.**—*The*
 25 *Director may impose a limit on the number of*

1 *inter partes* reviews that may be instituted
 2 under chapter 31 of title 35, United States Code,
 3 during each of the first 4 1-year periods in
 4 which the amendments made by subsection (a)
 5 are in effect, if such number in each year equals
 6 or exceeds the number of *inter partes* reexamina-
 7 tions that are ordered under chapter 31 of title
 8 35, United States Code, in the last fiscal year
 9 ending before the effective date of the amend-
 10 ments made by subsection (a).

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

14 **“CHAPTER 32—POST-GRANT REVIEW**

“Sec.

“321. *Post-grant review.*

“322. *Petitions.*

“323. *Preliminary response to petition.*

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

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

“326. *Conduct of post-grant review.*

“327. *Settlement.*

“328. *Decision of the Board.*

“329. *Appeal.*

15 **“§ 321. *Post-grant review***

16 “(a) *IN GENERAL*.—Subject to the provisions of this
 17 chapter, a person who is not the patent owner may file with
 18 the Office a petition to institute a post-grant review of a
 19 patent. The Director shall establish, by regulation, fees to
 20 be paid by the person requesting the review, in such

1 *amounts as the Director determines to be reasonable, consid-*
2 *ering the aggregate costs of the post-grant review.*

3 “(b) *SCOPE.*—*A petitioner in a post-grant review may*
4 *request to cancel as unpatentable 1 or more claims of a pat-*
5 *ent on any ground that could be raised under paragraph*
6 *(2) or (3) of section 282(b) (relating to invalidity of the*
7 *patent or any claim).*

8 “(c) *FILING DEADLINE.*—*A petition for a post-grant*
9 *review may only be filed not later than the date that is*
10 *1 year after the date of the grant of the patent or of the*
11 *issuance of a reissue patent (as the case may be).*

12 **“§ 322. Petitions**

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

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

17 “(2) *the petition identifies all real parties in in-*
18 *terest;*

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

1 “(A) copies of patents and printed publica-
2 tions that the petitioner relies upon in support
3 of the petition; and

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

8 “(4) the petition provides such other information
9 as the Director may require by regulation; and

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

14 “(b) *PUBLIC AVAILABILITY.*—As soon as practicable
15 after the receipt of a petition under section 321, the Director
16 shall make the petition available to the public.

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

18 “*If a post-grant review petition is filed under section*
19 *321, the patent owner shall have the right to file a prelimi-*
20 *nary response to the petition, within a time period set by*
21 *the Director, that sets forth reasons why no post-grant re-*
22 *view should be instituted based upon the failure of the peti-*
23 *tion to meet any requirement of this chapter.*

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

2 “(a) *THRESHOLD.*—*The Director may not authorize a*
3 *post-grant review to commence unless the Director deter-*
4 *mines that the information presented in the petition filed*
5 *under section 321, if such information is not rebutted,*
6 *would demonstrate that it is more likely than not that at*
7 *least 1 of the claims challenged in the petition is*
8 *unpatentable.*

9 “(b) *ADDITIONAL GROUNDS.*—*The determination re-*
10 *quired under subsection (a) may also be satisfied by a show-*
11 *ing that the petition raises a novel or unsettled legal ques-*
12 *tion that is important to other patents or patent applica-*
13 *tions.*

14 “(c) *TIMING.*—*The Director shall determine whether to*
15 *institute a post-grant review under this chapter pursuant*
16 *to a petition filed under section 321 within 3 months*
17 *after—*

18 “(1) *receiving a preliminary response to the pe-*
19 *tition under section 323; or*

20 “(2) *if no such preliminary response is filed, the*
21 *last date on which such response may be filed.*

22 “(d) *NOTICE.*—*The Director shall notify the petitioner*
23 *and patent owner, in writing, of the Director’s determina-*
24 *tion under subsection (a) or (b), and shall make such notice*
25 *available to the public as soon as is practicable. The Direc-*
26 *tor shall make each notice of the institution of a post-grant*

1 *review available to the public. Such notice shall include the*
2 *date on which the review shall commence.*

3 “(e) *NO APPEAL.*—*The determination by the Director*
4 *whether to institute a post-grant review under this section*
5 *shall be final and nonappealable.*

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

7 “(a) *INFRINGEMENT’S CIVIL ACTION.*—

8 “(1) *POST-GRANT REVIEW BARRED BY CIVIL AC-*
9 *TION.*—*A post-grant review may not be instituted*
10 *under this chapter if, before the date on which the pe-*
11 *tition for such a review is filed, the petitioner, real*
12 *party in interest, or privy of the petitioner filed a*
13 *civil action challenging the validity of a claim of the*
14 *patent.*

15 “(2) *STAY OF CIVIL ACTION.*—*If the petitioner,*
16 *real party in interest, or privy of the petitioner files*
17 *a civil action challenging the validity of a claim of*
18 *the patent on or after the date on which the petitioner*
19 *files a petition for post-grant review of the patent,*
20 *that civil action shall be automatically stayed until*
21 *either—*

22 “(A) *the patent owner moves the court to*
23 *lift the stay;*

24 “(B) *the patent owner files a civil action or*
25 *counterclaim alleging that the petitioner, real*

1 *party in interest, or privy of the petitioner has*
2 *infringed the patent; or*

3 “(C) *the petitioner, real party in interest,*
4 *or privy of the petitioner moves the court to dis-*
5 *miss the civil action.*

6 “(3) *TREATMENT OF COUNTERCLAIM.—A coun-*
7 *terclaim challenging the validity of a claim of a pat-*
8 *ent does not constitute a civil action challenging the*
9 *validity of a claim of a patent for purposes of this*
10 *subsection.*

11 “(b) *PRELIMINARY INJUNCTIONS.—If a civil action al-*
12 *leging infringement of a patent is filed within 3 months*
13 *after the date on which the patent is granted, the court may*
14 *not stay its consideration of the patent owner’s motion for*
15 *a preliminary injunction against infringement of the pat-*
16 *ent on the basis that a petition for post-grant review has*
17 *been filed under this chapter or that such a post-grant re-*
18 *view has been instituted under this chapter.*

19 “(c) *JOINDER.—If more than 1 petition for a post-*
20 *grant review under this chapter is properly filed against*
21 *the same patent and the Director determines that more than*
22 *1 of these petitions warrants the institution of a post-grant*
23 *review under section 324, the Director may consolidate such*
24 *reviews into a single post-grant review.*

1 “(d) *MULTIPLE PROCEEDINGS.*—Notwithstanding sec-
2 tions 135(a), 251, and 252, and chapter 30, during the
3 pendency of any post-grant review under this chapter, if
4 another proceeding or matter involving the patent is before
5 the Office, the Director may determine the manner in which
6 the post-grant review or other proceeding or matter may
7 proceed, including providing for the stay, transfer, consoli-
8 dation, or termination of any such matter or proceeding.
9 In determining whether to institute or order a proceeding
10 under this chapter, chapter 30, or chapter 31, the Director
11 may take into account whether, and reject the petition or
12 request because, the same or substantially the same prior
13 art or arguments previously were presented to the Office.

14 “(e) *ESTOPPEL.*—

15 “(1) *PROCEEDINGS BEFORE THE OFFICE.*—The
16 petitioner in a post-grant review of a claim in a pat-
17 ent under this chapter that results in a final written
18 decision under section 328(a), or the real party in in-
19 terest or privy of the petitioner, may not request or
20 maintain a proceeding before the Office with respect
21 to that claim on any ground that the petitioner raised
22 or reasonably could have raised during that post-
23 grant review.

24 “(2) *CIVIL ACTIONS AND OTHER PRO-*
25 *CEEDINGS.*—The petitioner in a post-grant review of

1 *a claim in a patent under this chapter that results*
2 *in a final written decision under section 328(a), or*
3 *the real party in interest or privy of the petitioner,*
4 *may not assert either in a civil action arising in*
5 *whole or in part under section 1338 of title 28 or in*
6 *a proceeding before the International Trade Commis-*
7 *sion under section 337 of the Tariff Act of 1930 that*
8 *the claim is invalid on any ground that the petitioner*
9 *raised or reasonably could have raised during that*
10 *post-grant review.*

11 “(f) *REISSUE PATENTS.*—*A post-grant review may not*
12 *be instituted under this chapter if the petition requests can-*
13 *cellation of a claim in a reissue patent that is identical*
14 *to or narrower than a claim in the original patent from*
15 *which the reissue patent was issued, and the time limita-*
16 *tions in section 321(c) would bar filing a petition for a*
17 *post-grant review for such original patent.*

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

19 “(a) *REGULATIONS.*—*The Director shall prescribe reg-*
20 *ulations—*

21 “(1) *providing that the file of any proceeding*
22 *under this chapter shall be made available to the pub-*
23 *lic, except that any petition or document filed with*
24 *the intent that it be sealed shall, if accompanied by*

1 *a motion to seal, be treated as sealed pending the out-*
2 *come of the ruling on the motion;*

3 *“(2) setting forth the standards for the showing*
4 *of sufficient grounds to institute a review under sub-*
5 *sections (a) and (b) of section 324;*

6 *“(3) establishing procedures for the submission of*
7 *supplemental information after the petition is filed;*

8 *“(4) establishing and governing a post-grant re-*
9 *view under this chapter and the relationship of such*
10 *review to other proceedings under this title;*

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

16 *“(6) prescribing 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 an unnecessary increase in the cost of the*
20 *proceeding;*

21 *“(7) providing for protective orders governing*
22 *the exchange and submission of confidential informa-*
23 *tion;*

24 *“(8) providing for the filing by the patent owner*
25 *of a response to the petition under section 323 after*

1 *a post-grant review has been instituted, and requiring*
2 *that the patent owner file with such response, through*
3 *affidavits or declarations, any additional factual evi-*
4 *dence and expert opinions on which the patent owner*
5 *relies in support of the response;*

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

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

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

24 *“(b) CONSIDERATIONS.—In prescribing regulations*
25 *under this section, the Director shall consider the effect of*

1 *any such regulation on the economy, the integrity of the*
2 *patent system, the efficient administration of the Office,*
3 *and the ability of the Office to timely complete proceedings*
4 *instituted under this chapter.*

5 “(c) *PATENT TRIAL AND APPEAL BOARD.*—*The Patent*
6 *Trial and Appeal Board shall, in accordance with section*
7 *6, conduct each post-grant review instituted under this*
8 *chapter.*

9 “(d) *AMENDMENT OF THE PATENT.*—

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

14 “(A) *Cancel any challenged patent claim.*

15 “(B) *For each challenged claim, propose a*
16 *reasonable number of substitute claims.*

17 “(2) *ADDITIONAL MOTIONS.*—*Additional motions*
18 *to amend may be permitted upon the joint request of*
19 *the petitioner and the patent owner to materially ad-*
20 *vance the settlement of a proceeding under section*
21 *327, or upon the request of the patent owner for good*
22 *cause shown.*

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

1 “(e) *EVIDENTIARY STANDARDS.*—*In a post-grant re-*
2 *view instituted under this chapter, the petitioner shall have*
3 *the burden of proving a proposition of unpatentability by*
4 *a preponderance of the evidence.*

5 “**§ 327. Settlement**

6 “(a) *IN GENERAL.*—*A post-grant review instituted*
7 *under this chapter shall be terminated with respect to any*
8 *petitioner upon the joint request of the petitioner and the*
9 *patent owner, unless the Office has decided the merits of*
10 *the proceeding before the request for termination is filed.*
11 *If the post-grant review is terminated with respect to a peti-*
12 *tioner under this section, no estoppel under section 325(e)*
13 *shall attach to the petitioner, or to the real party in interest*
14 *or privy of the petitioner, on the basis of that petitioner’s*
15 *institution of that post-grant review. If no petitioner re-*
16 *mains in the post-grant review, the Office may terminate*
17 *the post-grant review or proceed to a final written decision*
18 *under section 328(a).*

19 “(b) *AGREEMENTS IN WRITING.*—*Any agreement or*
20 *understanding between the patent owner and a petitioner,*
21 *including any collateral agreements referred to in such*
22 *agreement or understanding, made in connection with, or*
23 *in contemplation of, the termination of a post-grant review*
24 *under this section shall be in writing, and a true copy of*
25 *such agreement or understanding shall be filed in the Office*

1 before the termination of the post-grant review as between
2 the parties. At the request of a party to the proceeding, the
3 agreement or understanding shall be treated as business
4 confidential information, shall be kept separate from the file
5 of the involved patents, and shall be made available only
6 to Federal Government agencies on written request, or to
7 any person on a showing of good cause.

8 **“§ 328. Decision of the Board**

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

15 “(b) *CERTIFICATE.*—If the Patent Trial and Appeal
16 Board issues a final written decision under subsection (a)
17 and the time for appeal has expired or any appeal has ter-
18 minated, the Director shall issue and publish a certificate
19 canceling any claim of the patent finally determined to be
20 unpatentable, confirming any claim of the patent deter-
21 mined to be patentable, and incorporating in the patent
22 by operation of the certificate any new or amended claim
23 determined to be patentable.

24 “(c) *AMENDED OR NEW CLAIM.*—Any proposed
25 amended or new claim determined to be patentable and in-

1 *incorporated into a patent following a post-grant review*
 2 *under this chapter shall have the same effect as that speci-*
 3 *fied in section 252 of this title for reissued patents on the*
 4 *right of any person who made, purchased, or used within*
 5 *the United States, or imported into the United States, any-*
 6 *thing patented by such proposed amended or new claim,*
 7 *or who made substantial preparation therefor, before the*
 8 *issuance of a certificate under subsection (b).*

9 “(d) *DATA ON LENGTH OF REVIEW.*—*The Office shall*
 10 *make available to the public data describing the length of*
 11 *time between the institution of, and the issuance of a final*
 12 *written decision under subsection (a) for, each post-grant*
 13 *review.*

14 **“§ 329. Appeal**

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

20 (e) *CONFORMING AMENDMENT.*—*The table of chapters*
 21 *for part III of title 35, United States Code, is amended by*
 22 *adding at the end the following:*

“32. *Post-Grant Review* 321”.

23 (f) *REGULATIONS AND EFFECTIVE DATE.*—

24 (1) *REGULATIONS.*—*The Director shall, not later*
 25 *than the date that is 1 year after the date of the en-*

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

4 (2) *APPLICABILITY.—*

5 (A) *IN GENERAL.—The amendments made*
6 *by subsection (d) shall take effect upon the expi-*
7 *ration of the 1-year period beginning on the date*
8 *of the enactment of this Act and, except as pro-*
9 *vided in section 18 and in paragraph (3), shall*
10 *apply to any patent that is described in section*
11 *3(n)(1).*

12 (B) *LIMITATION.—The Director may impose*
13 *a limit on the number of post-grant reviews that*
14 *may be instituted under chapter 32 of title 35,*
15 *United States Code, during each of the first 4 1-*
16 *year periods in which the amendments made by*
17 *subsection (d) are in effect.*

18 (3) *PENDING INTERFERENCES.—*

19 (A) *PROCEDURES IN GENERAL.—The Direc-*
20 *tor shall determine, and include in the regula-*
21 *tions issued under paragraph (1), the procedures*
22 *under which an interference commenced before*
23 *the effective date set forth in paragraph (2)(A) is*
24 *to proceed, including whether such interference—*

1 (i) is to be dismissed without prejudice
2 to the filing of a petition for a post-grant
3 review under chapter 32 of title 35, United
4 States Code; or

5 (ii) is to proceed as if this Act had not
6 been enacted.

7 (B) *PROCEEDINGS BY PATENT TRIAL AND*
8 *APPEAL BOARD.*—For purposes of an interference
9 that is commenced before the effective date set
10 forth in paragraph (2)(A), the Director may
11 deem the Patent Trial and Appeal Board to be
12 the Board of Patent Appeals and Interferences,
13 and may allow the Patent Trial and Appeal
14 Board to conduct any further proceedings in that
15 interference.

16 (C) *APPEALS.*—The authorization to appeal
17 or have remedy from derivation proceedings in
18 sections 141(d) and 146 of title 35, United States
19 Code, as amended by this Act, and the jurisdic-
20 tion to entertain appeals from derivation pro-
21 ceedings in section 1295(a)(4)(A) of title 28,
22 United States Code, as amended by this Act,
23 shall be deemed to extend to any final decision
24 in an interference that is commenced before the
25 effective date set forth in paragraph (2)(A) of

1 *this subsection and that is not dismissed pursu-*
2 *ant to this paragraph.*

3 (g) *CITATION OF PRIOR ART AND WRITTEN STATE-*
4 *MENTS.—*

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

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

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

10 “(1) *prior art consisting of patents or printed*
11 *publications which that person believes to have a*
12 *bearing on the patentability of any claim of a par-*
13 *ticular patent; or*

14 “(2) *statements of the patent owner filed in a*
15 *proceeding before a Federal court or the Office in*
16 *which the patent owner took a position on the scope*
17 *of any claim of a particular patent.*

18 “(b) *OFFICIAL FILE.—If the person citing prior art*
19 *or written statements pursuant to subsection (a) explains*
20 *in writing the pertinence and manner of applying the prior*
21 *art or written statements to at least 1 claim of the patent,*
22 *the citation of the prior art or written statements and the*
23 *explanation thereof shall become a part of the official file*
24 *of the patent.*

1 “(c) *ADDITIONAL INFORMATION.*—A party that sub-
2 mits a written statement pursuant to subsection (a)(2) shall
3 include any other documents, pleadings, or evidence from
4 the proceeding in which the statement was filed that ad-
5 dresses the written statement.

6 “(d) *LIMITATIONS.*—A written statement submitted
7 pursuant to subsection (a)(2), and additional information
8 submitted pursuant to subsection (c), shall not be considered
9 by the Office for any purpose other than to determine the
10 proper meaning of a patent claim in a proceeding that is
11 ordered or instituted pursuant to section 304, 314, or 324.
12 If any such written statement or additional information is
13 subject to an applicable protective order, such statement or
14 information shall be redacted to exclude information that
15 is subject to that order.

16 “(e) *CONFIDENTIALITY.*—Upon the written request of
17 the person citing prior art or written statements pursuant
18 to subsection (a), that person’s identity shall be excluded
19 from the patent file and kept confidential.”.

20 (2) *CONFORMING AMENDMENT.*—The item relat-
21 ing to section 301 in the table of sections for chapter
22 30 of title 35, United States Code, is amended to read
23 as follows:

“301. Citation of prior art and written statements.”.

24 (3) *EFFECTIVE DATE.*—The amendments made
25 by this subsection shall take effect upon the expiration

1 of the 1-year period beginning on the date of the en-
2 actment of this Act and shall apply to any patent
3 issued before, on, or after that effective date.

4 (h) REEXAMINATION.—

5 (1) DETERMINATION BY DIRECTOR.—

6 (A) IN GENERAL.—Section 303(a) of title
7 35, United States Code, is amended by striking
8 “section 301 of this title” and inserting “section
9 301 or 302”.

10 (B) EFFECTIVE DATE.—The amendment
11 made by this paragraph shall take effect upon
12 the expiration of the 1-year period beginning on
13 the date of the enactment of this Act and shall
14 apply to any patent issued before, on, or after
15 that effective date.

16 (2) APPEAL.—

17 (A) IN GENERAL.—Section 306 of title 35,
18 United States Code, is amended by striking
19 “145” and inserting “144”.

20 (B) EFFECTIVE DATE.—The amendment
21 made by this paragraph shall take effect on the
22 date of the enactment of this Act and shall apply
23 to any appeal of a reexamination before the
24 Board of Patent Appeals and Interferences or the
25 Patent Trial and Appeal Board that is pending

1 on, or brought on or after, the date of the enact-
2 ment of this Act.

3 **SEC. 7. PATENT TRIAL AND APPEAL BOARD.**

4 (a) *COMPOSITION AND DUTIES.*—

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

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

8 “(a) *IN GENERAL.*—There shall be in the Office a Pat-
9 ent Trial and Appeal Board. The Director, the Deputy Di-
10 rector, the Commissioner for Patents, the Commissioner for
11 Trademarks, and the administrative patent judges shall
12 constitute the Patent Trial and Appeal Board. The admin-
13 istrative patent judges shall be persons of competent legal
14 knowledge and scientific ability who are appointed by the
15 Secretary, in consultation with the Director. Any reference
16 in any Federal law, Executive order, rule, regulation, or
17 delegation of authority, or any document of or pertaining
18 to the Board of Patent Appeals and Interferences is deemed
19 to refer to the Patent Trial and Appeal Board.

20 “(b) *DUTIES.*—The Patent Trial and Appeal Board
21 shall—

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

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

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

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

7 “(c) 3-MEMBER PANELS.—Each appeal, derivation
8 proceeding, post-grant review, and inter partes review shall
9 be heard by at least 3 members of the Patent Trial and
10 Appeal Board, who shall be designated by the Director.
11 Only the Patent Trial and Appeal Board may grant re-
12 hearings.

13 “(d) TREATMENT OF PRIOR APPOINTMENTS.—The
14 Secretary of Commerce may, in the Secretary’s discretion,
15 deem the appointment of an administrative patent judge
16 who, before the date of the enactment of this subsection, held
17 office pursuant to an appointment by the Director to take
18 effect on the date on which the Director initially appointed
19 the administrative patent judge. It shall be a defense to a
20 challenge to the appointment of an administrative patent
21 judge on the basis of the judge’s having been originally ap-
22 pointed by the Director that the administrative patent
23 judge so appointed was acting as a de facto officer.”.

24 (2) CONFORMING AMENDMENT.—The item relat-
25 ing to section 6 in the table of sections for chapter 1

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

“6. Patent Trial and Appeal Board.”.

3 (b) *ADMINISTRATIVE APPEALS*.—Section 134 of title
4 35, United States Code, is amended—

5 (1) in subsection (b), by striking “any reexam-
6 ination proceeding” and inserting “a reexamination”;
7 and

8 (2) by striking subsection (c).

9 (c) *CIRCUIT APPEALS*.—

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

12 **“§ 141. Appeal to Court of Appeals for the Federal Cir-**
13 **cuit**

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

20 “(b) *REEXAMINATIONS*.—A patent owner who is dis-
21 satisfied with the final decision in an appeal of a reexam-
22 ination to the Patent Trial and Appeal Board under section
23 134(b) may appeal the Board’s decision only to the United
24 States Court of Appeals for the Federal Circuit.

1 “(c) *POST-GRANT AND INTER PARTES REVIEWS.*—A
2 *party to an inter partes review or a post-grant review who*
3 *is dissatisfied with the final written decision of the Patent*
4 *Trial and Appeal Board under section 318(a) or 328(a) (as*
5 *the case may be) may appeal the Board’s decision only to*
6 *the United States Court of Appeals for the Federal Circuit.*

7 “(d) *DERIVATION PROCEEDINGS.*—A *party to a deri-*
8 *vation proceeding who is dissatisfied with the final decision*
9 *of the Patent Trial and Appeal Board in the proceeding*
10 *may appeal the decision to the United States Court of Ap-*
11 *peals for the Federal Circuit, but such appeal shall be dis-*
12 *missed if any adverse party to such derivation proceeding,*
13 *within 20 days after the appellant has filed notice of appeal*
14 *in accordance with section 142, files notice with the Direc-*
15 *tor that the party elects to have all further proceedings con-*
16 *ducted as provided in section 146. If the appellant does not,*
17 *within 30 days after the filing of such notice by the adverse*
18 *party, file a civil action under section 146, the Board’s deci-*
19 *sion shall govern the further proceedings in the case.”.*

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

23 “(A) *the Patent Trial and Appeal Board of*
24 *the United States Patent and Trademark Office*
25 *with respect to a patent application, derivation*

1 *proceeding, reexamination, post-grant review, or*
2 *inter partes review under title 35, at the in-*
3 *stance of a party who exercised that party's right*
4 *to participate in the applicable proceeding before*
5 *or appeal to the Board, except that an applicant*
6 *or a party to a derivation proceeding may also*
7 *have remedy by civil action pursuant to section*
8 *145 or 146 of title 35; an appeal under this sub-*
9 *paragraph of a decision of the Board with re-*
10 *spect to an application or derivation proceeding*
11 *shall waive the right of such applicant or party*
12 *to proceed under section 145 or 146 of title 35;”.*

13 (3) *PROCEEDINGS ON APPEAL.*—Section 143 of
14 *title 35, United States Code, is amended—*

15 (A) *by striking the third sentence and in-*
16 *serting the following: “In an ex parte case, the*
17 *Director shall submit to the court in writing the*
18 *grounds for the decision of the Patent and*
19 *Trademark Office, addressing all of the issues*
20 *raised in the appeal. The Director shall have the*
21 *right to intervene in an appeal from a decision*
22 *entered by the Patent Trial and Appeal Board*
23 *in a derivation proceeding under section 135 or*
24 *in an inter partes or post-grant review under*
25 *chapter 31 or 32.”; and*

1 (B) by striking the last sentence.

2 (d) *EFFECTIVE DATE.*—*The amendments made by this*
3 *section shall take effect upon the expiration of the 1-year*
4 *period beginning on the date of the enactment of this Act*
5 *and shall apply to proceedings commenced on or after that*
6 *effective date, except that—*

7 (1) *the extension of jurisdiction to the United*
8 *States Court of Appeals for the Federal Circuit to en-*
9 *tertain appeals of decisions of the Patent Trial and*
10 *Appeal Board in reexaminations under the amend-*
11 *ment made by subsection (c)(2) shall be deemed to*
12 *take effect on the date of the enactment of this Act*
13 *and shall extend to any decision of the Board of Pat-*
14 *ent Appeals and Interferences with respect to a reex-*
15 *amination that is entered before, on, or after the date*
16 *of the enactment of this Act;*

17 (2) *the provisions of sections 6, 134, and 141 of*
18 *title 35, United States Code, as in effect on the day*
19 *before the effective date of the amendments made by*
20 *this section shall continue to apply to inter partes re-*
21 *examinations that are requested under section 311 of*
22 *such title before such effective date;*

23 (3) *the Patent Trial and Appeal Board may be*
24 *deemed to be the Board of Patent Appeals and Inter-*
25 *ferences for purposes of appeals of inter partes reex-*

1 *aminations that are requested under section 311 of*
2 *title 35, United States Code, before the effective date*
3 *of the amendments made by this section; and*

4 *(4) the Director's right under the fourth sentence*
5 *of section 143 of title 35, United States Code, as*
6 *amended by subsection (c)(3) of this section, to inter-*
7 *vene in an appeal from a decision entered by the Pat-*
8 *ent Trial and Appeal Board shall be deemed to extend*
9 *to inter partes reexaminations that are requested*
10 *under section 311 of such title before the effective date*
11 *of the amendments made by this section.*

12 **SEC. 8. PREISSUANCE SUBMISSIONS BY THIRD PARTIES.**

13 *(a) IN GENERAL.—Section 122 of title 35, United*
14 *States Code, is amended by adding at the end the following:*

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

17 *“(1) IN GENERAL.—Any third party may submit*
18 *for consideration and inclusion in the record of a pat-*
19 *ent application, any patent, published patent appli-*
20 *cation, or other printed publication of potential rel-*
21 *evance to the examination of the application, if such*
22 *submission is made in writing before the earlier of—*

23 *“(A) the date a notice of allowance under*
24 *section 151 is given or mailed in the application*
25 *for patent; or*

1 “(B) the later of—

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

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

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 Di-
14 rector may prescribe; and

15 “(C) include a statement by the person
16 making such submission affirming that the sub-
17 mission was made in compliance with this sec-
18 tion.”.

19 (b) EFFECTIVE DATE.—The amendments made by this
20 section shall take effect upon the expiration of the 1-year
21 period beginning on the date of the enactment of this Act
22 and shall apply to any patent application filed before, on,
23 or after that effective date.

1 **SEC. 9. VENUE.**

2 (a) *TECHNICAL AMENDMENTS RELATING TO VENUE.*—
3 *Sections 32, 145, 146, 154(b)(4)(A), and 293 of title 35,*
4 *United States Code, and section 21(b)(4) of the Trademark*
5 *Act of 1946 (15 U.S.C. 1071(b)(4)), are each amended by*
6 *striking “United States District Court for the District of*
7 *Columbia” each place that term appears and inserting*
8 *“United States District Court for the Eastern District of*
9 *Virginia”.*

10 (b) *EFFECTIVE DATE.*—*The amendments made by this*
11 *section shall take effect on the date of the enactment of this*
12 *Act and shall apply to any civil action commenced on or*
13 *after that date.*

14 **SEC. 10. FEE SETTING AUTHORITY.**

15 (a) *FEE SETTING.*—

16 (1) *IN GENERAL.*—*The Director may set or ad-*
17 *just by rule any fee established, authorized, or charged*
18 *under title 35, United States Code, or the Trademark*
19 *Act of 1946 (15 U.S.C. 1051 et seq.), for any services*
20 *performed by or materials furnished by, the Office,*
21 *subject to paragraph (2).*

22 (2) *FEEES TO RECOVER COSTS.*—*Fees may be set*
23 *or adjusted under paragraph (1) only to recover the*
24 *aggregate estimated costs to the Office for processing,*
25 *activities, services, and materials relating to patents*
26 *(in the case of patent fees) and trademarks (in the*

1 *case of trademark fees), including administrative*
2 *costs of the Office with respect to such patent or*
3 *trademark fees (as the case may be).*

4 **(b) SMALL AND MICRO ENTITIES.**—*The fees set or ad-*
5 *justed under subsection (a) for filing, searching, examining,*
6 *issuing, appealing, and maintaining patent applications*
7 *and patents shall be reduced by 50 percent with respect to*
8 *the application of such fees to any small entity that quali-*
9 *fies for reduced fees under section 41(h)(1) of title 35,*
10 *United States Code, and shall be reduced by 75 percent with*
11 *respect to the application of such fees to any micro entity*
12 *as defined in section 123 of that title (as added by sub-*
13 *section (g) of this section).*

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

16 *(1) shall consult with the Patent Public Advisory*
17 *Committee and the Trademark Public Advisory Com-*
18 *mittee on the advisability of reducing any fees de-*
19 *scribed in subsection (a); and*

20 *(2) after the consultation required under para-*
21 *graph (1), may reduce such fees.*

22 **(d) ROLE OF THE PUBLIC ADVISORY COMMITTEE.**—
23 *The Director shall—*

24 *(1) not less than 45 days before publishing any*
25 *proposed fee under subsection (a) in the Federal Reg-*

1 *ister, submit the proposed fee to the Patent Public Ad-*
2 *visory Committee or the Trademark Public Advisory*
3 *Committee, or both, as appropriate;*

4 (2)(A) *provide the relevant advisory committee*
5 *described in paragraph (1) a 30-day period following*
6 *the submission of any proposed fee, in which to deliber-*
7 *erate, consider, and comment on such proposal;*

8 (B) *require that, during that 30-day period, the*
9 *relevant advisory committee hold a public hearing re-*
10 *lating to such proposal; and*

11 (C) *assist the relevant advisory committee in*
12 *carrying out that public hearing, including by offer-*
13 *ing the use of the resources of the Office to notify and*
14 *promote the hearing to the public and interested*
15 *stakeholders;*

16 (3) *require the relevant advisory committee to*
17 *make available to the public a written report setting*
18 *forth in detail the comments, advice, and rec-*
19 *ommendations of the committee regarding the pro-*
20 *posed fee; and*

21 (4) *consider and analyze any comments, advice,*
22 *or recommendations received from the relevant advi-*
23 *sory committee before setting or adjusting (as the case*
24 *may be) the fee.*

25 (e) *PUBLICATION IN THE FEDERAL REGISTER.—*

1 (1) *PUBLICATION AND RATIONALE.*—*The Direc-*
2 *tor shall—*

3 (A) *publish any proposed fee change under*
4 *this section in the Federal Register;*

5 (B) *include, in such publication, the specific*
6 *rationale and purpose for the proposal, including*
7 *the possible expectations or benefits resulting*
8 *from the proposed change; and*

9 (C) *notify, through the Chair and Ranking*
10 *Member of the Committees on the Judiciary of*
11 *the Senate and the House of Representatives, the*
12 *Congress of the proposed change not later than*
13 *the date on which the proposed change is pub-*
14 *lished under subparagraph (A).*

15 (2) *PUBLIC COMMENT PERIOD.*—*The Director*
16 *shall, in the publication under paragraph (1), provide*
17 *the public a period of not less than 45 days in which*
18 *to submit comments on the proposed change in fees.*

19 (3) *PUBLICATION OF FINAL RULE.*—*The final*
20 *rule setting or adjusting a fee under this section shall*
21 *be published in the Federal Register and in the Offi-*
22 *cial Gazette of the Patent and Trademark Office.*

23 (4) *CONGRESSIONAL COMMENT PERIOD.*—*A fee*
24 *set or adjusted under subsection (a) may not become*
25 *effective—*

1 (A) before the end of the 45-day period be-
2 ginning on the day after the date on which the
3 Director publishes the final rule adjusting or set-
4 ting the fee under paragraph (3); or

5 (B) if a law is enacted disapproving such
6 fee.

7 (5) *RULE OF CONSTRUCTION.*—Rules prescribed
8 under this section shall not diminish—

9 (A) the rights of an applicant for a patent
10 under title 35, United States Code, or for a mark
11 under the Trademark Act of 1946; or

12 (B) any rights under a ratified treaty.

13 (f) *RETENTION OF AUTHORITY.*—The Director retains
14 the authority under subsection (a) to set or adjust fees only
15 during such period as the Patent and Trademark Office re-
16 mains an agency within the Department of Commerce.

17 (g) *MICRO ENTITY DEFINED.*—

18 (1) *IN GENERAL.*—Chapter 11 of title 35, United
19 States Code, is amended by adding at the end the fol-
20 lowing new section:

21 **“§ 123. Micro entity defined**

22 “(a) *IN GENERAL.*—For purposes of this title, the term
23 ‘micro entity’ means an applicant who makes a certifi-
24 cation that the applicant—

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

3 “(2) has not been named as an inventor on more
4 than 4 previously filed patent applications, other
5 than applications filed in another country, provi-
6 sional applications under section 111(b), or inter-
7 national applications filed under the treaty defined
8 in section 351(a) for which the basic national fee
9 under section 41(a) was not paid;

10 “(3) did not, in the calendar year preceding the
11 calendar year in which the examination fee for the
12 application is being paid, have a gross income, as de-
13 fined in section 61(a) of the Internal Revenue Code
14 of 1986, exceeding 3 times the median household in-
15 come for that preceding calendar year, as reported by
16 the Bureau of the Census; and

17 “(4) has not assigned, granted, or conveyed, and
18 is not under an obligation by contract or law to as-
19 sign, grant, or convey, a license or other ownership
20 interest in the application concerned to an entity
21 that, in the calendar year preceding the calendar year
22 in which the examination fee for the application is
23 being paid, had a gross income, as defined in section
24 61(a) of the Internal Revenue Code of 1986, exceeding
25 3 times the median household income for that pre-

1 ceding calendar year, as reported by the Bureau of
2 the Census.

3 “(b) *APPLICATIONS RESULTING FROM PRIOR EMPLOY-*
4 *MENT.*—An applicant is not considered to be named on a
5 previously filed application for purposes of subsection
6 (a)(2) if the applicant has assigned, or is under an obliga-
7 tion by contract or law to assign, all ownership rights in
8 the application as the result of the applicant’s previous em-
9 ployment.

10 “(c) *FOREIGN CURRENCY EXCHANGE RATE.*—If an
11 applicant’s or entity’s gross income in the preceding cal-
12 endar year is not in United States dollars, the average cur-
13 rency exchange rate, as reported by the Internal Revenue
14 Service, during that calendar year shall be used to deter-
15 mine whether the applicant’s or entity’s gross income ex-
16 ceeds the threshold specified in paragraphs (3) or (4) of sub-
17 section (a).

18 “(d) *PUBLIC INSTITUTIONS OF HIGHER EDU-*
19 *CATION.*—

20 “(1) *IN GENERAL.*—For purposes of this section,
21 a micro entity shall include an applicant who cer-
22 tifies that—

23 “(A) the applicant’s employer, from which
24 the applicant obtains the majority of the appli-
25 cant’s income, is an institution of higher edu-

1 *cation, as defined in section 101 of the Higher*
2 *Education Act of 1965 (20 U.S.C. 1001), that is*
3 *a public institution; or*

4 *“(B) the applicant has assigned, granted,*
5 *conveyed, or is under an obligation by contract*
6 *or law to assign, grant, or convey, a license or*
7 *other ownership interest in the particular appli-*
8 *cation to such public institution.*

9 *“(2) DIRECTOR’S AUTHORITY.—The Director*
10 *may, in the Director’s discretion, impose income lim-*
11 *its, annual filing limits, or other limits on who may*
12 *qualify as a micro entity pursuant to this subsection*
13 *if the Director determines that such additional limits*
14 *are reasonably necessary to avoid an undue impact*
15 *on other patent applicants or owners or are otherwise*
16 *reasonably necessary and appropriate. At least 3*
17 *months before any limits proposed to be imposed pur-*
18 *suant to this paragraph take effect, the Director shall*
19 *inform the Committee on the Judiciary of the House*
20 *of Representatives and the Committee on the Judici-*
21 *ary of the Senate of any such proposed limits.”.*

22 *(2) CONFORMING AMENDMENT.—Chapter 11 of*
23 *title 35, United States Code, is amended by adding*
24 *at the end the following new item:*

“123. Micro entity defined.”.

25 *(h) ELECTRONIC FILING INCENTIVE.—*

1 (1) *IN GENERAL.*—Notwithstanding any other
2 provision of this section, a fee of \$400 shall be estab-
3 lished for each application for an original patent, ex-
4 cept for a design, plant, or provisional application,
5 that is not filed by electronic means as prescribed by
6 the Director. The fee established by this subsection
7 shall be reduced by 50 percent for small entities that
8 qualify for reduced fees under section 41(h)(1) of title
9 35, United States Code. All fees paid under this sub-
10 section shall be deposited in the Treasury as an offset-
11 ting receipt that shall not be available for obligation
12 or expenditure.

13 (2) *EFFECTIVE DATE.*—This subsection shall take
14 effect upon the expiration of the 60-day period begin-
15 ning on the date of the enactment of this Act.

16 (i) *EFFECTIVE DATE; SUNSET.*—

17 (1) *EFFECTIVE DATE.*—This section and the
18 amendments made by this section shall take effect on
19 the date of the enactment of this Act.

20 (2) *SUNSET.*—The authority of the Director to
21 set or adjust any fee under subsection (a) shall termi-
22 nate upon the expiration of the 6-year period begin-
23 ning on the date of the enactment of this Act.

1 **SEC. 11. FEES FOR PATENT SERVICES.**

2 (a) *GENERAL PATENT SERVICES.*—Subsections (a)
3 and (b) of section 41 of title 35, United States Code, are
4 amended to read as follows:

5 “(a) *GENERAL FEES.*—The Director shall charge the
6 following fees:

7 “(1) *FILING AND BASIC NATIONAL FEES.*—

8 “(A) *On filing each application for an*
9 *original patent, except for design, plant, or pro-*
10 *visional applications, \$330.*

11 “(B) *On filing each application for an*
12 *original design patent, \$220.*

13 “(C) *On filing each application for an*
14 *original plant patent, \$220.*

15 “(D) *On filing each provisional application*
16 *for an original patent, \$220.*

17 “(E) *On filing each application for the re-*
18 *issue of a patent, \$330.*

19 “(F) *The basic national fee for each inter-*
20 *national application filed under the treaty de-*
21 *finied in section 351(a) entering the national*
22 *stage under section 371, \$330.*

23 “(G) *In addition, excluding any sequence*
24 *listing or computer program listing filed in an*
25 *electronic medium as prescribed by the Director,*
26 *for any application the specification and draw-*

1 *ings of which exceed 100 sheets of paper (or*
2 *equivalent as prescribed by the Director if filed*
3 *in an electronic medium), \$270 for each addi-*
4 *tional 50 sheets of paper (or equivalent as pre-*
5 *scribed by the Director if filed in an electronic*
6 *medium) or fraction thereof.*

7 *“(2) EXCESS CLAIMS FEES.—*

8 *“(A) IN GENERAL.—In addition to the fee*
9 *specified in paragraph (1)—*

10 *“(i) on filing or on presentation at*
11 *any other time, \$220 for each claim in*
12 *independent form in excess of 3;*

13 *“(ii) on filing or on presentation at*
14 *any other time, \$52 for each claim (whether*
15 *dependent or independent) in excess of 20;*
16 *and*

17 *“(iii) for each application containing*
18 *a multiple dependent claim, \$390.*

19 *“(B) MULTIPLE DEPENDENT CLAIMS.—For*
20 *the purpose of computing fees under subpara-*
21 *graph (A), a multiple dependent claim referred*
22 *to in section 112 or any claim depending there-*
23 *from shall be considered as separate dependent*
24 *claims in accordance with the number of claims*
25 *to which reference is made.*

1 “(C) *REFUNDS; ERRORS IN PAYMENT.*—The
2 Director may by regulation provide for a refund
3 of any part of the fee specified in subparagraph
4 (A) for any claim that is canceled before an ex-
5 amination on the merits, as prescribed by the
6 Director, has been made of the application under
7 section 131. Errors in payment of the additional
8 fees under this paragraph may be rectified in ac-
9 cordance with regulations prescribed by the Di-
10 rector.

11 “(3) *EXAMINATION FEES.*—

12 “(A) *IN GENERAL.*—

13 “(i) *For examination of each applica-*
14 *tion for an original patent, except for de-*
15 *sign, plant, provisional, or international*
16 *applications, \$220.*

17 “(ii) *For examination of each applica-*
18 *tion for an original design patent, \$140.*

19 “(iii) *For examination of each appli-*
20 *cation for an original plant patent, \$170.*

21 “(iv) *For examination of the national*
22 *stage of each international application,*
23 *\$220.*

24 “(v) *For examination of each applica-*
25 *tion for the reissue of a patent, \$650.*

1 “(B) *APPLICABILITY OF OTHER FEE PROVI-*
2 *SIONS.—The provisions of paragraphs (3) and*
3 *(4) of section 111(a) relating to the payment of*
4 *the fee for filing the application shall apply to*
5 *the payment of the fee specified in subparagraph*
6 *(A) with respect to an application filed under*
7 *section 111(a). The provisions of section 371(d)*
8 *relating to the payment of the national fee shall*
9 *apply to the payment of the fee specified in sub-*
10 *paragraph (A) with respect to an international*
11 *application.*

12 “(4) *ISSUE FEES.—*

13 “(A) *For issuing each original patent, ex-*
14 *cept for design or plant patents, \$1,510.*

15 “(B) *For issuing each original design pat-*
16 *ent, \$860.*

17 “(C) *For issuing each original plant patent,*
18 *\$1,190.*

19 “(D) *For issuing each reissue patent,*
20 *\$1,510.*

21 “(5) *DISCLAIMER FEE.—On filing each dis-*
22 *claimer, \$140.*

23 “(6) *APPEAL FEES.—*

24 “(A) *On filing an appeal from the examiner*
25 *to the Patent Trial and Appeal Board, \$540.*

1 “(B) *In addition, on filing a brief in sup-*
2 *port of the appeal, \$540, and on requesting an*
3 *oral hearing in the appeal before the Patent*
4 *Trial and Appeal Board, \$1,080.*

5 “(7) *REVIVAL FEES.*—*On filing each petition for*
6 *the revival of an unintentionally abandoned applica-*
7 *tion for a patent, for the unintentionally delayed*
8 *payment of the fee for issuing each patent, or for an*
9 *unintentionally delayed response by the patent owner*
10 *in any reexamination proceeding, \$1,620, unless the*
11 *petition is filed under section 133 or 151, in which*
12 *case the fee shall be \$540.*

13 “(8) *EXTENSION FEES.*—*For petitions for 1-*
14 *month extensions of time to take actions required by*
15 *the Director in an application—*

16 “(A) *on filing a first petition, \$130;*

17 “(B) *on filing a second petition, \$360; and*

18 “(C) *on filing a third or subsequent peti-*
19 *tion, \$620.*

20 “(b) *MAINTENANCE FEES.*—

21 “(1) *IN GENERAL.*—*The Director shall charge the*
22 *following fees for maintaining in force all patents*
23 *based on applications filed on or after December 12,*
24 *1980:*

1 “(A) *Three years and 6 months after grant,*
2 \$980.

3 “(B) *Seven years and 6 months after grant,*
4 \$2,480.

5 “(C) *Eleven years and 6 months after*
6 *grant, \$4,110.*

7 “(2) *GRACE PERIOD; SURCHARGE.—Unless pay-*
8 *ment of the applicable maintenance fee under para-*
9 *graph (1) is received in the Office on or before the*
10 *date the fee is due or within a grace period of 6*
11 *months thereafter, the patent shall expire as of the*
12 *end of such grace period. The Director may require*
13 *the payment of a surcharge as a condition of accept-*
14 *ing within such 6-month grace period the payment of*
15 *an applicable maintenance fee.*

16 “(3) *NO MAINTENANCE FEE FOR DESIGN OR*
17 *PLANT PATENT.—No fee may be established for main-*
18 *taining a design or plant patent in force.”.*

19 “(b) *DELAYS IN PAYMENT.—Subsection (c) of section 41*
20 *of title 35, United States Code, is amended—*

21 *(1) by striking “(c)(1) The Director” and insert-*
22 *ing:*

23 “(c) *DELAYS IN PAYMENT OF MAINTENANCE FEES.—*

24 “(1) *ACCEPTANCE.—The Director”;* and

25 *(2) by striking “(2) A patent” and inserting:*

1 “(2) *EFFECT ON RIGHTS OF OTHERS.*—A pat-
2 *ent*”.

3 (c) *PATENT SEARCH FEES.*—Subsection (d) of section
4 41 of title 35, United States Code, is amended to read as
5 follows:

6 “(d) *PATENT SEARCH AND OTHER FEES.*—

7 “(1) *PATENT SEARCH FEES.*—

8 “(A) *IN GENERAL.*—The Director shall
9 charge the fees specified under subparagraph (B)
10 for the search of each application for a patent,
11 except for provisional applications. The Director
12 shall adjust the fees charged under this para-
13 graph to ensure that the fees recover an amount
14 not to exceed the estimated average cost to the
15 Office of searching applications for patent either
16 by acquiring a search report from a qualified
17 search authority, or by causing a search by Of-
18 fice personnel to be made, of each application for
19 patent.

20 “(B) *SPECIFIC FEES.*—The fees referred to
21 in subparagraph (A) are—

22 “(i) \$540 for each application for an
23 original patent, except for design, plant,
24 provisional, or international applications;

1 “(ii) \$100 for each application for an
2 original design patent;

3 “(iii) \$330 for each application for an
4 original plant patent;

5 “(iv) \$540 for the national stage of
6 each international application; and

7 “(v) \$540 for each application for the
8 reissue of a patent.

9 “(C) *APPLICABILITY OF OTHER PROVI-*
10 *SIONS.—The provisions of paragraphs (3) and*
11 *(4) of section 111(a) relating to the payment of*
12 *the fee for filing the application shall apply to*
13 *the payment of the fee specified in this para-*
14 *graph with respect to an application filed under*
15 *section 111(a). The provisions of section 371(d)*
16 *relating to the payment of the national fee shall*
17 *apply to the payment of the fee specified in this*
18 *paragraph with respect to an international ap-*
19 *plication.*

20 “(D) *REFUNDS.—The Director may by reg-*
21 *ulation provide for a refund of any part of the*
22 *fee specified in this paragraph for any applicant*
23 *who files a written declaration of express aban-*
24 *donment as prescribed by the Director before an*

1 *examination has been made of the application*
2 *under section 131.*

3 “(E) *APPLICATIONS SUBJECT TO SECRECY*
4 *ORDER.—A search of an application that is the*
5 *subject of a secrecy order under section 181 or*
6 *otherwise involves classified information may be*
7 *conducted only by Office personnel.*

8 “(F) *CONFLICTS OF INTEREST.—A qualified*
9 *search authority that is a commercial entity*
10 *may not conduct a search of a patent applica-*
11 *tion if the entity has any direct or indirect fi-*
12 *nancial interest in any patent or in any pend-*
13 *ing or imminent application for patent filed or*
14 *to be filed in the Office.*

15 “(2) *OTHER FEES.—*

16 “(A) *IN GENERAL.—The Director shall es-*
17 *tablish fees for all other processing, services, or*
18 *materials relating to patents not specified in this*
19 *section to recover the estimated average cost to*
20 *the Office of such processing, services, or mate-*
21 *rials, except that the Director shall charge the*
22 *following fees for the following services:*

23 “(i) *For recording a document affect-*
24 *ing title, \$40 per property.*

1 “(ii) For each photocopy, \$.25 per
2 page.

3 “(iii) For each black and white copy of
4 a patent, \$3.

5 “(B) COPIES FOR LIBRARIES.—The yearly
6 fee for providing a library specified in section 12
7 with uncertified printed copies of the specifica-
8 tions and drawings for all patents in that year
9 shall be \$50.”.

10 (d) FEES FOR SMALL ENTITIES.—Subsection (h) of
11 section 41 of title 35, United States Code, is amended to
12 read as follows:

13 “(h) FEES FOR SMALL ENTITIES.—

14 “(1) REDUCTIONS IN FEES.—Subject to para-
15 graph (3), fees charged under subsections (a), (b), and
16 (d)(1) shall be reduced by 50 percent with respect to
17 their application to any small business concern as de-
18 fined under section 3 of the Small Business Act, and
19 to any independent inventor or nonprofit organiza-
20 tion as defined in regulations issued by the Director.

21 “(2) SURCHARGES AND OTHER FEES.—With re-
22 spect to its application to any entity described in
23 paragraph (1), any surcharge or fee charged under
24 subsection (c) or (d) shall not be higher than the sur-

1 charge or fee required of any other entity under the
2 same or substantially similar circumstances.

3 “(3) *REDUCTION FOR ELECTRONIC FILING.*—The
4 fee charged under subsection (a)(1)(A) shall be re-
5 duced by 75 percent with respect to its application to
6 any entity to which paragraph (1) applies, if the ap-
7 plication is filed by electronic means as prescribed by
8 the Director.”.

9 (e) *TECHNICAL AMENDMENTS.*—Section 41 of title 35,
10 United States Code, is amended—

11 (1) in subsection (e), in the first sentence, by
12 striking “The Director” and inserting “*WAIVER OF*
13 *FEEES; COPIES REGARDING NOTICE.*—The Director”;

14 (2) in subsection (f), by striking “The fees” and
15 inserting “*ADJUSTMENT OF FEEES.*—The fees”;

16 (3) by repealing subsection (g); and

17 (4) in subsection (i)—

18 (A) by striking “(i)(1) The Director” and
19 inserting the following:

20 “(i) *ELECTRONIC PATENT AND TRADEMARK DATA.*—

21 “(1) *MAINTENANCE OF COLLECTIONS.*—The Di-
22 rector”;

23 (B) by striking “(2) The Director” and in-
24 serting the following:

1 “(2) *AVAILABILITY OF AUTOMATED SEARCH SYS-*
2 *TEMS.—The Director*”;

3 (C) by striking “(3) *The Director*” and in-
4 serting the following:

5 “(3) *ACCESS FEES.—The Director*”; and

6 (D) by striking “(4) *The Director*” and in-
7 serting the following:

8 “(4) *ANNUAL REPORT TO CONGRESS.—The Di-*
9 *rector*”.

10 (f) *ADJUSTMENT OF TRADEMARK FEES.—Section*
11 *802(a) of division B of the Consolidated Appropriations*
12 *Act, 2005 (Public Law 108–447) is amended—*

13 (1) *in the first sentence, by striking “During fis-*
14 *cal years 2005, 2006, and 2007,”*, and inserting
15 *“Until such time as the Director sets or adjusts the*
16 *fees otherwise,”*; and

17 (2) *in the second sentence, by striking “During*
18 *fiscal years 2005, 2006, and 2007, the”* and inserting
19 *“The”*.

20 (g) *EFFECTIVE DATE, APPLICABILITY, AND TRANSI-*
21 *TION PROVISIONS.—Section 803(a) of division B of the*
22 *Consolidated Appropriations Act, 2005 (Public Law 108–*
23 *447) is amended by striking “and shall apply only with*
24 *respect to the remaining portion of fiscal year 2005 and*
25 *fiscal year 2006”*.

1 (h) *REDUCTION IN FEES FOR SMALL ENTITY PAT-*
2 *ENTS.—The Director shall reduce fees for providing*
3 *prioritized examination of utility and plant patent appli-*
4 *cations by 50 percent for small entities that qualify for re-*
5 *duced fees under section 41(h)(1) of title 35, United States*
6 *Code, so long as the fees of the prioritized examination pro-*
7 *gram are set to recover the estimated cost of the program.*

8 (i) *EFFECTIVE DATE.—Except as provided in sub-*
9 *section (h), this section and the amendments made by this*
10 *section shall take effect on the date of the enactment of this*
11 *Act.*

12 **SEC. 12. SUPPLEMENTAL EXAMINATION.**

13 (a) *IN GENERAL.—Chapter 25 of title 35, United*
14 *States Code, is amended by adding at the end the following:*

15 **“§257. Supplemental examinations to consider, recon-**
16 **sider, or correct information**

17 “(a) *REQUEST FOR SUPPLEMENTAL EXAMINATION.—*
18 *A patent owner may request supplemental examination of*
19 *a patent in the Office to consider, reconsider, or correct in-*
20 *formation believed to be relevant to the patent, in accord-*
21 *ance with such requirements as the Director may establish.*
22 *Within 3 months after the date a request for supplemental*
23 *examination meeting the requirements of this section is re-*
24 *ceived, the Director shall conduct the supplemental exam-*
25 *ination and shall conclude such examination by issuing a*

1 *certificate indicating whether the information presented in*
2 *the request raises a substantial new question of patent-*
3 *ability.*

4 “(b) *REEXAMINATION ORDERED.*—*If the certificate*
5 *issued under subsection (a) indicates that a substantial new*
6 *question of patentability is raised by 1 or more items of*
7 *information in the request, the Director shall order reexam-*
8 *ination of the patent. The reexamination shall be conducted*
9 *according to procedures established by chapter 30, except*
10 *that the patent owner shall not have the right to file a state-*
11 *ment pursuant to section 304. During the reexamination,*
12 *the Director shall address each substantial new question of*
13 *patentability identified during the supplemental examina-*
14 *tion, notwithstanding the limitations in chapter 30 relating*
15 *to patents and printed publication or any other provision*
16 *of such chapter.*

17 “(c) *EFFECT.*—

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

1 *be relevant to enforceability of the patent under sec-*
2 *tion 282.*

3 “(2) *EXCEPTIONS.*—

4 “(A) *PRIOR ALLEGATIONS.*—Paragraph (1)
5 *shall not apply to an allegation pled with par-*
6 *ticularity in a civil action, or set forth with par-*
7 *ticularity in a notice received by the patent*
8 *owner under section 505(j)(2)(B)(iv)(II) of the*
9 *Federal Food, Drug, and Cosmetic Act (21*
10 *U.S.C. 355(j)(2)(B)(iv)(II)), before the date of a*
11 *supplemental examination request under sub-*
12 *section (a) to consider, reconsider, or correct in-*
13 *formation forming the basis for the allegation.*

14 “(B) *PATENT ENFORCEMENT ACTIONS.*—*In*
15 *an action brought under section 337(a) of the*
16 *Tariff Act of 1930 (19 U.S.C. 1337(a)), or sec-*
17 *tion 281 of this title, paragraph (1) shall not*
18 *apply to any defense raised in the action that is*
19 *based upon information that was considered, re-*
20 *considered, or corrected pursuant to a supple-*
21 *mental examination request under subsection (a),*
22 *unless the supplemental examination, and any*
23 *reexamination ordered pursuant to the request,*
24 *are concluded before the date on which the action*
25 *is brought.*

1 “(C) *FRAUD.*—No supplemental examina-
2 tion may be commenced by the Director on, and
3 any pending supplemental examination shall be
4 immediately terminated regarding, an applica-
5 tion or patent in connection with which fraud on
6 the Office was practiced or attempted. If the Di-
7 rector determines that such a fraud on the Office
8 was practiced or attempted, the Director shall
9 also refer the matter to the Attorney General for
10 such action as the Attorney General may deem
11 appropriate.

12 “(d) *FEES AND REGULATIONS.*—

13 “(1) *FEES.*—The Director shall, by regulation,
14 establish fees for the submission of a request for sup-
15 plemental examination of a patent, and to consider
16 each item of information submitted in the request. If
17 reexamination is ordered under subsection (b), fees es-
18 tablished and applicable to *ex parte* reexamination
19 proceedings under chapter 30 shall be paid, in addi-
20 tion to fees applicable to supplemental examination.

21 “(2) *REGULATIONS.*—The Director shall issue
22 regulations governing the form, content, and other re-
23 quirements of requests for supplemental examination,
24 and establishing procedures for reviewing information
25 submitted in such requests.

1 “(e) *RULE OF CONSTRUCTION.*—*Nothing in this sec-*
2 *tion shall be construed—*

3 “(1) *to preclude the imposition of sanctions*
4 *based upon criminal or antitrust laws (including sec-*
5 *tion 1001(a) of title 18, the first section of the Clay-*
6 *ton Act, and section 5 of the Federal Trade Commis-*
7 *sion Act to the extent that section relates to unfair*
8 *methods of competition);*

9 “(2) *to limit the authority of the Director to in-*
10 *vestigate issues of possible misconduct and impose*
11 *sanctions for misconduct in connection with matters*
12 *or proceedings before the Office; or*

13 “(3) *to limit the authority of the Director to*
14 *issue regulations under chapter 3 relating to sanc-*
15 *tions for misconduct by representatives practicing be-*
16 *fore the Office.”.*

17 “(b) *CONFORMING AMENDMENT.*—*The table of sections*
18 *for chapter 25 of title 35, United States Code, is amended*
19 *by adding at the end the following new item:*

 “257. *Supplemental examinations to consider, reconsider, or correct information.”.*

20 “(c) *EFFECTIVE DATE.*—*The amendments made by this*
21 *section shall take effect upon the expiration of the 1-year*
22 *period beginning on the date of the enactment of this Act*
23 *and shall apply to any patent issued before, on, or after*
24 *that effective date.*

1 **SEC. 13. FUNDING AGREEMENTS.**

2 (a) *IN GENERAL.*—Section 202(c)(7)(E)(i) of title 35,
3 *United States Code*, is amended—

4 (1) by striking “75 percent” and inserting “15
5 percent”;

6 (2) by striking “25 percent” and inserting “85
7 percent”; and

8 (3) by striking “as described above in this clause
9 (D);” and inserting “described above in this clause;”.

10 (b) *EFFECTIVE DATE.*—The amendments made by this
11 section shall take effect on the date of the enactment of this
12 Act and shall apply to any patent issued before, on, or after
13 that date.

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

15 (a) *IN GENERAL.*—For purposes of evaluating an in-
16 vention under section 102 or 103 of title 35, *United States*
17 *Code*, any strategy for reducing, avoiding, or deferring tax
18 liability, whether known or unknown at the time of the in-
19 vention or application for patent, shall be deemed insuffi-
20 cient to differentiate a claimed invention from the prior art.

21 (b) *DEFINITION.*—For purposes of this section, the
22 term “tax liability” refers to any liability for a tax under
23 any Federal, State, or local law, or the law of any foreign
24 jurisdiction, including any statute, rule, regulation, or or-
25 dinance that levies, imposes, or assesses such tax liability.

1 (c) *EXCLUSIONS.*—*This section does not apply to that*
2 *part of an invention that—*

3 (1) *is a method, apparatus, technology, computer*
4 *program product, or system, that is used solely for*
5 *preparing a tax or information return or other tax*
6 *filing, including one that records, transmits, trans-*
7 *fers, or organizes data related to such filing; or*

8 (2) *is a method, apparatus, technology, computer*
9 *program product, or system used solely for financial*
10 *management, to the extent that it is severable from*
11 *any tax strategy or does not limit the use of any tax*
12 *strategy by any taxpayer or tax advisor.*

13 (d) *RULE OF CONSTRUCTION.*—*Nothing in this section*
14 *shall be construed to imply that other business methods are*
15 *patentable or that other business method patents are valid.*

16 (e) *EFFECTIVE DATE; APPLICABILITY.*—*This section*
17 *shall take effect on the date of the enactment of this Act*
18 *and shall apply to any patent application that is pending*
19 *on, or filed on or after, that date, and to any patent that*
20 *is issued on or after that date.*

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

22 (a) *IN GENERAL.*—*Section 282 of title 35, United*
23 *States Code, is amended in the second undesignated para-*
24 *graph by striking paragraph (3) and inserting the fol-*
25 *lowing:*

1 “(3) *Invalidity of the patent or any claim in*
2 *suit for failure to comply with—*

3 “(A) *any requirement of section 112, except*
4 *that the failure to disclose the best mode shall not*
5 *be a basis on which any claim of a patent may*
6 *be canceled or held invalid or otherwise unen-*
7 *forceable; or*

8 “(B) *any requirement of section 251.*”.

9 (b) *CONFORMING AMENDMENT.—Sections 119(e)(1)*
10 *and 120 of title 35, United States Code, are each amended*
11 *by striking “the first paragraph of section 112 of this title”*
12 *and inserting “section 112(a) (other than the requirement*
13 *to disclose the best mode)”.*

14 (c) *EFFECTIVE DATE.—The amendments made by this*
15 *section shall take effect upon the date of the enactment of*
16 *this Act and shall apply to proceedings commenced on or*
17 *after that date.*

18 **SEC. 16. MARKING.**

19 (a) *VIRTUAL MARKING.—*

20 (1) *IN GENERAL.—Section 287(a) of title 35,*
21 *United States Code, is amended by striking “or*
22 *when,” and inserting “or by fixing thereon the word*
23 *‘patent’ or the abbreviation ‘pat.’ together with an ad-*
24 *dress of a posting on the Internet, accessible to the*
25 *public without charge for accessing the address, that*

1 *associates the patented article with the number of the*
2 *patent, or when,”.*

3 (2) *EFFECTIVE DATE.*—*The amendment made by*
4 *this subsection shall apply to any case that is pend-*
5 *ing on, or commenced on or after, the date of the en-*
6 *actment of this Act.*

7 (3) *REPORT.*—*Not later than the date that is 3*
8 *years after the date of the enactment of this Act, the*
9 *Director shall submit a report to Congress that pro-*
10 *vides—*

11 (A) *an analysis of the effectiveness of “vir-*
12 *tual marking”, as provided in the amendment*
13 *made by paragraph (1) of this subsection, as an*
14 *alternative to the physical marking of articles;*

15 (B) *an analysis of whether such virtual*
16 *marking has limited or improved the ability of*
17 *the general public to access information about*
18 *patents;*

19 (C) *an analysis of the legal issues, if any,*
20 *that arise from such virtual marking; and*

21 (D) *an analysis of the deficiencies, if any,*
22 *of such virtual marking.*

23 (b) *FALSE MARKING.*—

24 (1) *CIVIL PENALTY.*—*Section 292(a) of title 35,*
25 *United States, Code, is amended by adding at the end*

1 *the following: “Only the United States may sue for*
2 *the penalty authorized by this subsection.”.*

3 (2) *CIVIL ACTION FOR DAMAGES.—Subsection (b)*
4 *of section 292 of title 35, United States Code, is*
5 *amended to read as follows:*

6 *“(b) A person who has suffered a competitive injury*
7 *as a result of a violation of this section may file a civil*
8 *action in a district court of the United States for recovery*
9 *of damages adequate to compensate for the injury.”.*

10 (3) *EXPIRED PATENTS.—Section 292 of title 35,*
11 *United States Code, is amended by adding at the end*
12 *the following:*

13 *“(c) Whoever engages in an activity under subsection*
14 *(a) for which liability would otherwise be imposed shall not*
15 *be liable for such activity—*

16 *“(1) that is engaged in during the 3-year period*
17 *beginning on the date on which the patent at issue ex-*
18 *pires; or*

19 *“(2) that is engaged in after the end of that 3-*
20 *year period if the word ‘expired’ is placed before the*
21 *word ‘patent’, ‘patented’, the abbreviation ‘pat’, or the*
22 *patent number, either on the article or through a*
23 *posting on the Internet, as provided in section*
24 *287(a).”.*

1 (4) *EFFECTIVE DATE.*—*The amendments made*
2 *by this subsection shall apply to any case that is*
3 *pending on, or commenced on or after, the date of the*
4 *enactment of this Act.*

5 **SEC. 17. ADVICE OF COUNSEL.**

6 (a) *IN GENERAL.*—*Chapter 29 of title 35, United*
7 *States Code, is amended by adding at the end the following:*

8 **“§ 298. Advice of counsel**

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

15 (b) *CONFORMING AMENDMENT.*—*The table of sections*
16 *for chapter 29 of title 35, United States Code, is amended*
17 *by adding at the end the following:*

“298. Advice of counsel.”.

18 **SEC. 18. TRANSITIONAL PROGRAM FOR COVERED BUSINESS**

19 **METHOD PATENTS.**

20 (a) *TRANSITIONAL PROGRAM.*—

21 (1) *ESTABLISHMENT.*—*Not later than the date*
22 *that is 1 year after the date of the enactment of this*
23 *Act, the Director shall issue regulations establishing*
24 *and implementing a transitional post-grant review*
25 *proceeding for review of the validity of covered busi-*

1 *ness method patents. The transitional proceeding im-*
2 *plemented pursuant to this subsection shall be re-*
3 *garded as, and shall employ the standards and proce-*
4 *dures of, a post-grant review under chapter 32 of title*
5 *35, United States Code, subject to the following:*

6 *(A) Section 321(c) of title 35, United States*
7 *Code, and subsections (b), (e)(2), and (f) of sec-*
8 *tion 325 of such title shall not apply to a transi-*
9 *tional proceeding.*

10 *(B) A person may not file a petition for a*
11 *transitional proceeding with respect to a covered*
12 *business method patent unless the person or the*
13 *person's real party in interest has been sued for*
14 *infringement of the patent or has been charged*
15 *with infringement under that patent.*

16 *(C) A petitioner in a transitional pro-*
17 *ceeding who challenges the validity of 1 or more*
18 *claims in a covered business method patent on a*
19 *ground raised under section 102 or 103 of title*
20 *35, United States Code, as in effect on the day*
21 *before the effective date set forth in section*
22 *3(n)(1), may support such ground only on the*
23 *basis of—*

24 *(i) prior art that is described by sec-*
25 *tion 102(a) of such title of such title (as in*

1 *effect on the day before such effective date);*

2 *or*

3 *(ii) prior art that—*

4 *(I) discloses the invention more*
5 *than 1 year before the date of the ap-*
6 *plication for patent in the United*
7 *States; and*

8 *(II) would be described by section*
9 *102(a) of such title (as in effect on the*
10 *day before the effective date set forth in*
11 *section 3(n)(1)) if the disclosure had*
12 *been made by another before the inven-*
13 *tion thereof by the applicant for pat-*
14 *ent.*

15 *(D) The petitioner in a transitional pro-*
16 *ceeding, or the petitioner's real party in interest,*
17 *may not assert, either in a civil action arising*
18 *in whole or in part under section 1338 of title*
19 *28, United States Code, or in a proceeding before*
20 *the International Trade Commission under sec-*
21 *tion 337 of the Tariff Act of 1930 (19 U.S.C.*
22 *1337), that a claim in a patent is invalid on*
23 *any ground that the petitioner raised during a*
24 *transitional proceeding that resulted in a final*
25 *written decision.*

1 (E) *The Director may institute a transi-*
2 *tional proceeding only for a patent that is a cov-*
3 *ered business method patent.*

4 (2) *EFFECTIVE DATE.—The regulations issued*
5 *under paragraph (1) shall take effect upon the expira-*
6 *tion of the 1-year period beginning on the date of the*
7 *enactment of this Act and shall apply to any covered*
8 *business method patent issued before, on, or after that*
9 *effective date, except that the regulations shall not*
10 *apply to a patent described in section 6(f)(2)(A) of*
11 *this Act during the period in which a petition for*
12 *post-grant review of that patent would satisfy the re-*
13 *quirements of section 321(c) of title 35, United States*
14 *Code.*

15 (3) *SUNSET.—*

16 (A) *IN GENERAL.—This subsection, and the*
17 *regulations issued under this subsection, are re-*
18 *pealed effective upon the expiration of the 10-*
19 *year period beginning on the date that the regu-*
20 *lations issued under to paragraph (1) take effect.*

21 (B) *APPLICABILITY.—Notwithstanding sub-*
22 *paragraph (A), this subsection and the regula-*
23 *tions issued under this subsection shall continue*
24 *to apply, after the date of the repeal under sub-*
25 *paragraph (A), to any petition for a transitional*

1 *proceeding that is filed before the date of such re-*
2 *peal.*

3 **(b) REQUEST FOR STAY.—**

4 **(1) IN GENERAL.—***If a party seeks a stay of a*
5 *civil action alleging infringement of a patent under*
6 *section 281 of title 35, United States Code, relating*
7 *to a transitional proceeding for that patent, the court*
8 *shall decide whether to enter a stay based on—*

9 **(A)** *whether a stay, or the denial thereof,*
10 *will simplify the issues in question and stream-*
11 *line the trial;*

12 **(B)** *whether discovery is complete and*
13 *whether a trial date has been set;*

14 **(C)** *whether a stay, or the denial thereof,*
15 *would unduly prejudice the nonmoving party or*
16 *present a clear tactical advantage for the moving*
17 *party; and*

18 **(D)** *whether a stay, or the denial thereof,*
19 *will reduce the burden of litigation on the par-*
20 *ties and on the court.*

21 **(2) REVIEW.—***A party may take an immediate*
22 *interlocutory appeal from a district court's decision*
23 *under paragraph (1). The United States Court of Ap-*
24 *peals for the Federal Circuit shall review the district*

1 *court’s decision to ensure consistent application of es-*
2 *tablished precedent, and such review may be de novo.*

3 *(c) ATM EXEMPTION FOR VENUE PURPOSES.—In an*
4 *action for infringement under section 281 of title 35, United*
5 *States Code, of a covered business method patent, an auto-*
6 *mated teller machine shall not be deemed to be a regular*
7 *and established place of business for purposes of section*
8 *1400(b) of title 28, United States Code.*

9 *(d) DEFINITION.—*

10 *(1) IN GENERAL.—For purposes of this section,*
11 *the term “covered business method patent” means a*
12 *patent that claims a method or corresponding appa-*
13 *ratus for performing data processing or other oper-*
14 *ations used in the practice, administration, or man-*
15 *agement of a financial product or service, except that*
16 *the term does not include patents for technological in-*
17 *ventions.*

18 *(2) REGULATIONS.—To assist in implementing*
19 *the transitional proceeding authorized by this sub-*
20 *section, the Director shall issue regulations for deter-*
21 *mining whether a patent is for a technological inven-*
22 *tion.*

23 *(e) RULE OF CONSTRUCTION.—Nothing in this section*
24 *shall be construed as amending or interpreting categories*

1 of patent-eligible subject matter set forth under section 101
2 of title 35, United States Code.

3 **SEC. 19. JURISDICTION AND PROCEDURAL MATTERS.**

4 (a) *STATE COURT JURISDICTION.*—Section 1338(a) of
5 title 28, United States Code, is amended by striking the
6 second sentence and inserting the following: “No State court
7 shall have jurisdiction over any claim for relief arising
8 under any Act of Congress relating to patents, plant variety
9 protection, or copyrights. For purposes of this subsection,
10 the term ‘State’ includes any State of the United States,
11 the District of Columbia, the Commonwealth of Puerto Rico,
12 the United States Virgin Islands, American Samoa, Guam,
13 and the Northern Mariana Islands.”.

14 (b) *COURT OF APPEALS FOR THE FEDERAL CIR-*
15 *CUIT.*—Section 1295(a)(1) of title 28, United States Code,
16 is amended to read as follows:

17 “(1) of an appeal from a final decision of a dis-
18 trict court of the United States, the District Court of
19 Guam, the District Court of the Virgin Islands, or the
20 District Court of the Northern Mariana Islands, in
21 any civil action arising under, or in any civil action
22 in which a party has asserted a compulsory counter-
23 claim arising under, any Act of Congress relating to
24 patents or plant variety protection;”.

25 (c) *REMOVAL.*—

1 (1) *IN GENERAL*.—Chapter 89 of title 28, United
 2 States Code, is amended by adding at the end the fol-
 3 lowing new section:

4 **“§1454. Patent, plant variety protection, and copy-**
 5 **right cases**

6 “(a) *IN GENERAL*.—A civil action in which any party
 7 asserts a claim for relief arising under any Act of Congress
 8 relating to patents, plant variety protection, or copyrights
 9 may be removed to the district court of the United States
 10 for the district and division embracing the place where the
 11 action is pending.

12 “(b) *SPECIAL RULES*.—The removal of an action
 13 under this section shall be made in accordance with section
 14 1446, except that if the removal is based solely on this sec-
 15 tion—

16 “(1) the action may be removed by any party;
 17 and

18 “(2) the time limitations contained in section
 19 1446(b) may be extended at any time for cause
 20 shown.

21 “(c) *CLARIFICATION OF JURISDICTION IN CERTAIN*
 22 *CASES*.—The court to which a civil action is removed under
 23 this section is not precluded from hearing and determining
 24 any claim in the civil action because the State court from

1 *which the civil action is removed did not have jurisdiction*
 2 *over that claim.*

3 “(d) *REMAND.*—*If a civil action is removed solely*
 4 *under this section, the district court—*

5 “(1) *shall remand all claims that are neither a*
 6 *basis for removal under subsection (a) nor within the*
 7 *original or supplemental jurisdiction of the district*
 8 *court under any Act of Congress; and*

9 “(2) *may, under the circumstances specified in*
 10 *section 1367(c), remand any claims within the sup-*
 11 *plemental jurisdiction of the district court under sec-*
 12 *tion 1367.”.*

13 (2) *CONFORMING AMENDMENT.*—*The table of sec-*
 14 *tions for chapter 89 of title 28, United States Code,*
 15 *is amended by adding at the end the following new*
 16 *item:*

“1454. Patent, plant variety protection, and copyright cases.”.

17 (d) *TRANSFER BY COURT OF APPEALS FOR THE FED-*
 18 *ERAL CIRCUIT.*—

19 (1) *IN GENERAL.*—*Chapter 99 of title 28, United*
 20 *States Code, is amended by adding at the end the fol-*
 21 *lowing new section:*

22 “**§ 1632. Transfer by the Court of Appeals for the Fed-**
 23 **eral Circuit**

24 “*When a case is appealed to the Court of Appeals for*
 25 *the Federal Circuit under section 1295(a)(1), and no claim*

1 *for relief arising under any Act of Congress relating to pat-*
 2 *ents or plant variety protection is the subject of the appeal*
 3 *by any party, the Court of Appeals for the Federal Circuit*
 4 *shall transfer the appeal to the court of appeals for the re-*
 5 *gional circuit embracing the district from which the appeal*
 6 *has been taken.”.*

7 (2) *CONFORMING AMENDMENT.—The table of sec-*
 8 *tions for chapter 99 of title 28, United States Code,*
 9 *is amended by adding at the end the following new*
 10 *item:*

“1632. Transfer by the Court of Appeals for the Federal Circuit.”.

11 (e) *PROCEDURAL MATTERS IN PATENT CASES.—*

12 (1) *JOINDER OF PARTIES AND STAY OF AC-*
 13 *TIONS.—Chapter 29 of title 35, United States Code,*
 14 *as amended by this Act, is further amended by add-*
 15 *ing at the end the following new section:*

16 **“§ 299. Joinder of parties**

17 “(a) *JOINDER OF ACCUSED INFRINGERS.—In any*
 18 *civil action arising under any Act of Congress relating to*
 19 *patents, other than an action or trial in which an act of*
 20 *infringement under section 271(e)(2) has been pled, parties*
 21 *that are accused infringers may be joined in one action as*
 22 *defendants or counterclaim defendants only if—*

23 “(1) *any right to relief is asserted against the*
 24 *parties jointly, severally, or in the alternative with*
 25 *respect to or arising out of the same transaction, oc-*

1 *currence, or series of transactions or occurrences re-*
2 *lating to the making, using, importing into the*
3 *United States, offering for sale, or selling of the same*
4 *accused product or process; and*

5 *“(2) questions of fact common to all defendants*
6 *or counterclaim defendants will arise in the action.*

7 *“(b) ALLEGATIONS INSUFFICIENT FOR JOINDER.—For*
8 *purposes of this subsection, accused infringers may not be*
9 *joined in one action or trial as defendants or counterclaim*
10 *defendants based solely on allegations that they each have*
11 *infringed the patent or patents in suit.”.*

12 *(2) CONFORMING AMENDMENT.—The table of sec-*
13 *tions for chapter 29 of title 35, United States Code,*
14 *as amended by this Act, is further amended by add-*
15 *ing at the end the following new item:*

“299. Joinder of parties.”.

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

19 **SEC. 20. TECHNICAL AMENDMENTS.**

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

22 *(1) in the first undesignated paragraph, by*
23 *striking “When” and inserting “(a) JOINT IN-*
24 *VENTIONS.—When”;*

1 (2) *in the second undesignated paragraph,*
2 *by striking “If a joint inventor” and inserting*
3 *“(b) OMITTED INVENTOR.—If a joint inventor”;*
4 *and*

5 (3) *in the third undesignated paragraph—*
6 *(A) by striking “Whenever” and insert-*
7 *ing “(c) CORRECTION OF ERRORS IN APPLI-*
8 *CATION.—Whenever”; and*
9 *(B) by striking “and such error arose*
10 *without any deceptive intention on his*
11 *part,”.*

12 (b) *FILING OF APPLICATION IN FOREIGN COUNTRY.—*
13 *Section 184 of title 35, United States Code, is amended—*

14 (1) *in the first undesignated paragraph—*
15 (A) *by striking “Except when” and insert-*
16 *ing “(a) FILING IN FOREIGN COUNTRY.—Except*
17 *when”; and*

18 (B) *by striking “and without deceptive in-*
19 *tent”;*

20 (2) *in the second undesignated paragraph, by*
21 *striking “The term” and inserting “(b) APPLICA-*
22 *TION.—The term”; and*

23 (3) *in the third undesignated paragraph, by*
24 *striking “The scope” and inserting “(c) SUBSEQUENT*

1 *MODIFICATIONS, AMENDMENTS, AND SUPPLE-*
2 *MENTS.—The scope”.*

3 *(c) FILING WITHOUT A LICENSE.—Section 185 of title*
4 *35, United States Code, is amended by striking “and with-*
5 *out deceptive intent”.*

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

8 *(1) in the first undesignated paragraph—*

9 *(A) by striking “Whenever” and inserting*
10 *“(a) IN GENERAL.—Whenever”; and*

11 *(B) by striking “without any deceptive in-*
12 *tention”;*

13 *(2) in the second undesignated paragraph, by*
14 *striking “The Director” and inserting “(b) MULTIPLE*
15 *REISSUED PATENTS.—The Director”;*

16 *(3) in the third undesignated paragraph, by*
17 *striking “The provisions” and inserting “(c) APPLI-*
18 *CABILITY OF THIS TITLE.—The provisions”;* and

19 *(4) in the last undesignated paragraph, by strik-*
20 *ing “No reissued patent” and inserting “(d) REISSUE*
21 *PATENT ENLARGING SCOPE OF CLAIMS.—No reissued*
22 *patent”.*

23 *(e) EFFECT OF REISSUE.—Section 253 of title 35,*
24 *United States Code, is amended—*

1 (1) *in the first undesignated paragraph, by*
2 *striking “Whenever, without any deceptive intention,”*
3 *and inserting “(a) IN GENERAL.—Whenever”; and*

4 (2) *in the second undesignated paragraph, by*
5 *striking “In like manner” and inserting “(b) ADDI-*
6 *TIONAL DISCLAIMER OR DEDICATION.—In the man-*
7 *ner set forth in subsection (a),”.*

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

10 (1) *in the first undesignated paragraph—*

11 (A) *by striking “Whenever” and inserting*
12 *“(a) CORRECTION.—Whenever”; and*

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

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

18 (g) *PRESUMPTION OF VALIDITY.—Section 282 of title*
19 *35, United States Code, is amended—*

20 (1) *in the first undesignated paragraph—*

21 (A) *by striking “A patent” and inserting*
22 *“(a) IN GENERAL.—A patent”; and*

23 (B) *by striking the third sentence;*

24 (2) *in the second undesignated paragraph—*

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

3 (B) in paragraph (1), by striking
4 “unforceability,” and inserting “unenforce-
5 ability.”; and

6 (C) in paragraph (2), by striking “patent-
7 ability,” and inserting “patentability.”; and
8 (3) in the third undesignated paragraph—

9 (A) by striking “In actions involving the
10 validity or infringement of a patent” and insert-
11 ing “(c) NOTICE OF ACTIONS; ACTIONS DURING
12 EXTENSION OF PATENT TERM.—In an action
13 involving the validity or infringement of patent,
14 the party asserting infringement shall identify,
15 in the pleadings or otherwise in writing to the
16 adverse party, all of its real parties in interest,
17 and”;

18 (B) by striking “Claims Court” and insert-
19 ing “Court of Federal Claims”.

20 (h) ACTION FOR INFRINGEMENT.—Section 288 of title
21 35, United States Code, is amended by striking “, without
22 deceptive intention,”.

23 (i) REVISER’S NOTES.—

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

4 (2) *Section 202 of title 35, United States Code,*
5 *is amended—*

6 (A) *in subsection (b)(3), by striking “the*
7 *section 203(b)” and inserting “section 203(b)”;*
8 *and*

9 (B) *in subsection (c)(7)(D), by striking “ex-*
10 *cept where it proves” and all that follows*
11 *through “small business firms; and” and insert-*
12 *ing: “except where it is determined to be infeas-*
13 *ible following a reasonable inquiry, a preference*
14 *in the licensing of subject inventions shall be*
15 *given to small business firms; and”.*

16 (3) *Section 209(d)(1) of title 35, United States*
17 *Code, is amended by striking “nontransferrable” and*
18 *inserting “nontransferable”.*

19 (4) *Section 287(c)(2)(G) of title 35, United*
20 *States Code, is amended by striking “any state” and*
21 *inserting “any State”.*

22 (5) *Section 371(b) of title 35, United States*
23 *Code, is amended by striking “of the treaty” and in-*
24 *serting “of the treaty.”.*

25 (j) *UNNECESSARY REFERENCES.—*

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

4 (2) *EXCEPTION.*—*The amendment made by*
5 *paragraph (1) shall not apply to the use of such term*
6 *in the following sections of title 35, United States*
7 *Code:*

8 (A) *Section 1(c).*

9 (B) *Section 101.*

10 (C) *Subsections (a) and (b) of section 105.*

11 (D) *The first instance of the use of such*
12 *term in section 111(b)(8).*

13 (E) *Section 161.*

14 (F) *Section 164.*

15 (G) *Section 171.*

16 (H) *Section 251(c), as so designated by this*
17 *section.*

18 (I) *Section 261.*

19 (J) *Subsections (g) and (h) of section 271.*

20 (K) *Section 287(b)(1).*

21 (L) *Section 289.*

22 (M) *The first instance of the use of such*
23 *term in section 375(a).*

24 (k) *EFFECTIVE DATE.*—*The amendments made by this*
25 *section shall take effect upon the expiration of the 1-year*

1 *period beginning on the date of the enactment of this Act*
2 *and shall apply to proceedings commenced on or after that*
3 *effective date.*

4 **SEC. 21. TRAVEL EXPENSES AND PAYMENT OF ADMINISTRA-**
5 **TIVE JUDGES.**

6 *(a) AUTHORITY TO COVER CERTAIN TRAVEL RELATED*
7 *EXPENSES.—Section 2(b)(11) of title 35, United States*
8 *Code, is amended by inserting “, and the Office is author-*
9 *ized to expend funds to cover the subsistence expenses and*
10 *travel-related expenses, including per diem, lodging costs,*
11 *and transportation costs, of persons attending such pro-*
12 *grams who are not Federal employees” after “world”.*

13 *(b) PAYMENT OF ADMINISTRATIVE JUDGES.—Section*
14 *3(b) of title 35, United States Code, is amended by adding*
15 *at the end the following:*

16 *“(6) ADMINISTRATIVE PATENT JUDGES AND AD-*
17 *MINISTRATIVE TRADEMARK JUDGES.—The Director*
18 *may fix the rate of basic pay for the administrative*
19 *patent judges appointed pursuant to section 6 and the*
20 *administrative trademark judges appointed pursuant*
21 *to section 17 of the Trademark Act of 1946 (15 U.S.C.*
22 *1067) at not greater than the rate of basic pay pay-*
23 *able for level III of the Executive Schedule under sec-*
24 *tion 5314 of title 5. The payment of a rate of basic*
25 *pay under this paragraph shall not be subject to the*

1 *pay limitation under section 5306(e) or 5373 of title*
2 *5.”.*

3 **SEC. 22. PATENT AND TRADEMARK OFFICE FUNDING.**

4 (a) *DEFINITION.*—*In this section, the term “Fund”*
5 *means the United States Patent and Trademark Office Pub-*
6 *lic Enterprise Fund established under subsection (c).*

7 (b) *FUNDING.*—

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

10 (A) *in subsection (b), by striking “Patent*
11 *and Trademark Office Appropriation Account”*
12 *and inserting “United States Patent and Trade-*
13 *mark Office Public Enterprise Fund”; and*

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

15 (i) *by striking “To the extent” and all*
16 *that follows through “fees” and inserting*
17 *“Fees”; and*

18 (ii) *by striking “shall be collected by*
19 *and shall be available to the Director” and*
20 *inserting “shall be collected by the Director*
21 *and shall be available until expended”.*

22 (2) *EFFECTIVE DATE.*—*The amendments made*
23 *by paragraph (1) shall take effect on the later of—*

24 (A) *October 1, 2011; or*

1 (B) the first day of the first fiscal year that
2 begins after the date of the enactment of this Act.

3 (c) *USPTO REVOLVING FUND*.—

4 (1) *ESTABLISHMENT*.—There is established in
5 the Treasury of the United States a revolving fund to
6 be known as the “United States Patent and Trade-
7 mark Office Public Enterprise Fund”. Any amounts
8 in the Fund shall be available for use by the Director
9 without fiscal year limitation.

10 (2) *DERIVATION OF RESOURCES*.—There shall be
11 deposited into the Fund and recorded as offsetting re-
12 ceipts, on and after the effective date set forth in sub-
13 section (b)(2)—

14 (A) any fees collected under sections 41, 42,
15 and 376 of title 35, United States Code, except
16 that—

17 (i) notwithstanding any other provi-
18 sion of law, if such fees are collected by, and
19 payable to, the Director, the Director shall
20 transfer such amounts to the Fund; and

21 (ii) no funds collected pursuant to sec-
22 tion 10(h) of this Act or section 1(a)(2) of
23 Public Law 111–45 shall be deposited in the
24 Fund; and

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

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

6 (A) all expenses to the extent consistent with
7 the limitation on the use of fees set forth in sec-
8 tion 42(c) of title 35, United States Code, includ-
9 ing all administrative and operating expenses,
10 determined in the discretion of the Director to be
11 ordinary and reasonable, incurred by the Direc-
12 tor for the continued operation of all services,
13 programs, activities, and duties of the Office re-
14 lating to patents and trademarks, as such serv-
15 ices, programs, activities, and duties are de-
16 scribed under—

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

18 (ii) the Trademark Act of 1946; and

19 (B) all expenses incurred pursuant to any
20 obligation, representation, or other commitment
21 of the Office.

22 (d) *ANNUAL REPORT.*—Not later than 60 days after
23 the end of each fiscal year, the Director shall submit a re-
24 port to Congress which shall—

1 (1) *summarize the operations of the Office for the*
2 *preceding fiscal year, including financial details and*
3 *staff levels broken down by each major activity of the*
4 *Office;*

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

8 (3) *describe the long-term modernization plans of*
9 *the Office;*

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

13 (5) *include the results of the most recent audit*
14 *carried out under subsection (f).*

15 (e) *ANNUAL SPENDING PLAN.—*

16 (1) *IN GENERAL.—Not later than 30 days after*
17 *the beginning of each fiscal year, the Director shall*
18 *notify the Committees on Appropriations of both*
19 *Houses of Congress of the plan for the obligation and*
20 *expenditure of the total amount of the funds for that*
21 *fiscal year in accordance with section 605 of the*
22 *Science, State, Justice, Commerce, and Related Agen-*
23 *cies Appropriations Act, 2006 (Public Law 109–108;*
24 *119 Stat. 2334).*

1 (2) *CONTENTS.*—*Each plan under paragraph (1)*
2 *shall—*

3 (A) *summarize the operations of the Office*
4 *for the current fiscal year, including financial*
5 *details and staff levels with respect to major ac-*
6 *tivities; and*

7 (B) *detail the operating plan of the Office,*
8 *including specific expense and staff needs, for the*
9 *current fiscal year.*

10 (f) *AUDIT.*—*The Director shall, on an annual basis,*
11 *provide for an independent audit of the financial state-*
12 *ments of the Office. Such audit shall be conducted in accord-*
13 *ance with generally acceptable accounting procedures.*

14 (g) *BUDGET.*—*The Director shall prepare and submit*
15 *each year to the President a business-type budget for the*
16 *Fund in a manner, and before a date, as the President pre-*
17 *scribes by regulation for the Federal budget.*

18 **SEC. 23. SATELLITE OFFICES.**

19 (a) *ESTABLISHMENT.*—*Subject to available resources,*
20 *the Director shall, by not later than the date that is 3 years*
21 *after the date of the enactment of this Act, establish 3 or*
22 *more satellite offices in the United States to carry out the*
23 *responsibilities of the Office.*

24 (b) *PURPOSES.*—*The purposes of the satellite offices es-*
25 *tablished under subsection (a) are to—*

1 (1) *increase outreach activities to better connect*
2 *patent filers and innovators with the Office;*

3 (2) *enhance patent examiner retention;*

4 (3) *improve recruitment of patent examiners;*

5 (4) *decrease the number of patent applications*
6 *waiting for examination; and*

7 (5) *improve the quality of patent examination.*

8 (c) *REQUIRED CONSIDERATIONS.—*

9 (1) *IN GENERAL.—In selecting the location of*
10 *each satellite office to be established under subsection*
11 *(a), the Director—*

12 (A) *shall ensure geographic diversity among*
13 *the offices, including by ensuring that such of-*
14 *fices are established in different States and re-*
15 *gions throughout the Nation;*

16 (B) *may rely upon any previous evalua-*
17 *tions by the Office of potential locales for sat-*
18 *ellite offices, including any evaluations prepared*
19 *as part of the Office’s Nationwide Workforce Pro-*
20 *gram that resulted in the 2010 selection of De-*
21 *troit, Michigan, as the first satellite office of the*
22 *Office.*

23 (2) *OPEN SELECTION PROCESS.—Nothing in*
24 *paragraph (1) shall constrain the Office to only con-*

1 sider its evaluations in selecting the Detroit, Michi-
2 gan, satellite office.

3 (d) *REPORT TO CONGRESS.*—Not later than the end
4 of the third fiscal year that begins after the date of the en-
5 actment of this Act, the Director shall submit a report to
6 Congress on—

7 (1) the rationale of the Director in selecting the
8 location of any satellite office required under sub-
9 section (a);

10 (2) the progress of the Director in establishing
11 all such satellite offices; and

12 (3) whether the operation of existing satellite of-
13 fices is achieving the purposes under subsection (b).

14 **SEC. 24. DESIGNATION OF DETROIT SATELLITE OFFICE.**

15 (a) *DESIGNATION.*—The satellite office of the United
16 States Patent and Trademark Office to be located in De-
17 troit, Michigan, shall be known and designated as the “Eli-
18 jah J. McCoy United States Patent and Trademark Office”.

19 (b) *REFERENCES.*—Any reference in a law, map, regu-
20 lation, document, paper, or other record of the United
21 States to the satellite office of the United States Patent and
22 Trademark Office to be located in Detroit, Michigan, re-
23 ferred to in subsection (a) shall be deemed to be a reference
24 to the “Elijah J. McCoy United States Patent and Trade-
25 mark Office”.

1 **SEC. 25. PATENT OMBUDSMAN PROGRAM FOR SMALL BUSI-**
2 **NESS CONCERNS.**

3 *Using available resources, the Director shall establish*
4 *and maintain in the Office a Patent Ombudsman Program.*
5 *The duties of the Program's staff shall include providing*
6 *support and services relating to patent filings to small busi-*
7 *ness concerns.*

8 **SEC. 26. PRIORITY EXAMINATION FOR TECHNOLOGIES IM-**
9 **PORTANT TO AMERICAN COMPETITIVENESS.**

10 *Section 2(b)(2) of title 35, United States Code, is*
11 *amended—*

12 *(1) in subparagraph (E), by striking “and” after*
13 *the semicolon;*

14 *(2) in subparagraph (F), by inserting “and”*
15 *after the semicolon; and*

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

17 *“(G) may, subject to any conditions pre-*
18 *scribed by the Director and at the request of the*
19 *patent applicant, provide for prioritization of*
20 *examination of applications for products, proc-*
21 *esses, or technologies that are important to the*
22 *national economy or national competitiveness*
23 *without recovering the aggregate extra cost of*
24 *providing such prioritization, notwithstanding*
25 *section 41 or any other provision of law;”.*

1 **SEC. 27. CALCULATION OF 60-DAY PERIOD FOR APPLICA-**
2 **TION OF PATENT TERM EXTENSION.**

3 (a) *IN GENERAL.*—Section 156(d)(1) of title 35,
4 *United States Code*, is amended by adding at the end the
5 *following flush sentence:*

6 *“For purposes of determining the date on which a product*
7 *receives permission under the second sentence of this para-*
8 *graph, if such permission is transmitted after 4:30 P.M.,*
9 *Eastern Time, on a business day, or is transmitted on a*
10 *day that is not a business day, the product shall be deemed*
11 *to receive such permission on the next business day. For*
12 *purposes of the preceding sentence, the term ‘business day’*
13 *means any Monday, Tuesday, Wednesday, Thursday, or*
14 *Friday, excluding any legal holiday under section 6103 of*
15 *title 5.”.*

16 (b) *APPLICABILITY.*—*The amendment made by sub-*
17 *section (a) shall apply to any application for extension of*
18 *a patent term under section 156 of title 35, United States*
19 *Code, that is pending on, that is filed after, or as to which*
20 *a decision regarding the application is subject to judicial*
21 *review on, the date of the enactment of this Act.*

22 **SEC. 28. STUDY ON IMPLEMENTATION.**

23 (a) *PTO STUDY.*—*The Director shall conduct a study*
24 *on the manner in which this Act and the amendments made*
25 *by this Act are being implemented by the Office, and on*
26 *such other aspects of the patent policies and practices of*

1 *the Federal Government with respect to patent rights, inno-*
2 *vation in the United States, competitiveness of United*
3 *States markets, access by small businesses to capital for in-*
4 *vestment, and such other issues, as the Director considers*
5 *appropriate.*

6 **(b) REPORT TO CONGRESS.**—*The Director shall, not*
7 *later than the date that is 4 years after the date of the enact-*
8 *ment of this Act, submit to the Committees on the Judiciary*
9 *of the House of Representatives and the Senate a report on*
10 *the results of the study conducted under subsection (a), in-*
11 *cluding recommendations for any changes to laws and regu-*
12 *lations that the Director considers appropriate.*

13 **SEC. 29. PRO BONO PROGRAM.**

14 **(a) IN GENERAL.**—*The Director shall work with and*
15 *support intellectual property law associations across the*
16 *country in the establishment of pro bono programs designed*
17 *to assist financially under-resourced independent inventors*
18 *and small businesses.*

19 **(b) EFFECTIVE DATE.**—*This section shall take effect*
20 *on the date of the enactment of this Act.*

21 **SEC. 30. EFFECTIVE DATE.**

22 *Except as otherwise provided in this Act, the provi-*
23 *sions of this Act shall take effect upon the expiration of the*
24 *1-year period beginning on the date of the enactment of this*

1 *Act and shall apply to any patent issued on or after that*
2 *effective date.*

3 **SEC. 31. BUDGETARY EFFECTS.**

4 *The budgetary effects of this Act, for the purpose of*
5 *complying with the Statutory Pay-As-You-Go Act of 2010,*
6 *shall be determined by reference to the latest statement titled*
7 *“Budgetary Effects of PAYGO Legislation” for this Act,*
8 *submitted for printing in the Congressional Record by the*
9 *Chairman of the House Budget Committee, provided that*
10 *such statement has been submitted prior to the vote on pas-*
11 *sage.*

Union Calendar No. 54

112TH CONGRESS
1ST Session

H. R. 1249

[Report No. 112-98, Part I]

A BILL

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

JUNE 1, 2011

Reported from the Committee on the Judiciary with an
amendment

JUNE 1, 2011

The Committee on the Budget discharged; committed to
the Committee of the Whole House on the State of the
Union and ordered to be printed