

## Union Calendar No.

110TH CONGRESS  
1ST SESSION

# H. R. 1908

[Report No. 110-]

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

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### IN THE HOUSE OF REPRESENTATIVES

APRIL 18, 2007

Mr. BERMAN (for himself, Mr. SMITH of Texas, Mr. CONYERS, Mr. COBLE, Mr. BOUCHER, Mr. GOODLATTE, Ms. ZOE LOFGREN of California, Mr. ISSA, Mr. SCHIFF, Mr. CANNON, and Ms. JACKSON-LEE of Texas) introduced the following bill; which was referred to the Committee on the Judiciary

JULY --, 2007

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

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

[For text of introduced bill, see copy of bill as introduced on April 18, 2007]

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## 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,*

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

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

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

*Sec. 1. Short title; table of contents.*

*Sec. 2. Reference to title 35, United States Code.*

*Sec. 3. Right of the first inventor to file.*

*Sec. 4. Inventor’s oath or declaration.*

*Sec. 5. Right of the inventor to obtain damages.*

*Sec. 6. Post-grant procedures and other quality enhancements.*

*Sec. 7. Definitions; patent trial and appeal board.*

*Sec. 8. Study and report on reexamination proceedings.*

*Sec. 9. Submissions by third parties and other quality enhancements.*

*Sec. 10. Tax planning methods not patentable.*

*Sec. 11. Venue and jurisdiction.*

*Sec. 12. Additional information; inequitable conduct as defense to infringement.*

*Sec. 13. Best mode requirement.*

*Sec. 14. Regulatory authority.*

*Sec. 15. Technical amendments.*

*Sec. 16. Study of special masters in patent cases.*

*Sec. 17. Rule of construction.*

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

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8 *amended or repealed, that amendment or repeal shall be*  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

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

12 (a) *DEFINITIONS.*—*Section 100 is amended by adding*  
13 *at the end the following:*

14 “(f) *The term ‘inventor’ means the individual or, if*  
15 *a joint invention, the individuals collectively who invented*  
16 *or discovered the subject matter of an invention.*”

1           “(g) *The terms ‘joint inventor’ and ‘coinventor’ mean*  
2 *any one of the individuals who invented or discovered the*  
3 *subject matter of a joint invention.*

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

6                   “(1) *the filing date of the patent or the applica-*  
7 *tion for patent containing the claim to the invention;*  
8 *or*

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

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

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

23           (b) *CONDITIONS FOR PATENTABILITY.—*

24                   (1) *IN GENERAL.—Section 102 is amended to*  
25 *read as follows:*

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

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

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

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

9 “(B) one year or less before the effective fil-  
10 ing date of the claimed invention, other than  
11 through disclosures made by the inventor or a  
12 joint inventor or by others who obtained the sub-  
13 ject matter disclosed directly or indirectly from  
14 the inventor or a joint inventor; or

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

22 “(b) *EXCEPTIONS.*—

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

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

7               “(2) *DERIVATION, PRIOR DISCLOSURE, AND COM-*  
8       *MON ASSIGNMENT EXCEPTIONS.*—Subject matter that  
9       would otherwise qualify as prior art only under sub-  
10      section (a)(2) shall not be prior art to a claimed in-  
11      vention if—

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

15               “(B) the subject matter had been publicly  
16      disclosed by the inventor or a joint inventor or  
17      others who obtained the subject matter disclosed  
18      directly or indirectly from the inventor or a joint  
19      inventor before the date on which the application  
20      or patent referred to in subsection (a)(2) was ef-  
21      fectively filed; or

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

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

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

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

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

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

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

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

1           *performance of experimental, developmental, or*  
2           *research work in the field of the claimed inven-*  
3           *tion.*

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

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

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

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

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

22           (c) *CONDITIONS FOR PATENTABILITY; NON-OBVIOUS*  
23           *SUBJECT MATTER.*—*Section 103 is amended to read as fol-*  
24           *lows:*

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

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

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

15 *(e) REPEAL OF STATUTORY INVENTION REGISTRA-*  
16 *TION.—*

17 *(1) IN GENERAL.—Section 157, and the item re-*  
18 *lating to that section in the table of sections for chap-*  
19 *ter 14, are repealed.*

20 *(2) REMOVAL OF CROSS REFERENCES.—Section*  
21 *111(b)(8) is amended by striking “sections 115, 131,*  
22 *135, and 157” and inserting “sections 131 and 135”.*

23 *(f) EARLIER FILING DATE FOR INVENTOR AND JOINT*  
24 *INVENTOR.—Section 120 is amended by striking “which is*  
25 *filed by an inventor or inventors named” and inserting*  
26 *“which names an inventor or joint inventor”.*



1           (g) *CONFORMING AMENDMENTS.*—

2                 (1) *RIGHT OF PRIORITY.*—Section 172 is amend-  
3           ed by striking “and the time specified in section  
4           102(d)”.

5                 (2) *LIMITATION ON REMEDIES.*—Section  
6           287(c)(4) is amended by striking “the earliest effective  
7           filing date of which is prior to” and inserting “which  
8           has an effective filing date before”.

9                 (3) *INTERNATIONAL APPLICATION DESIGNATING*  
10           *THE UNITED STATES: EFFECT.*—Section 363 is  
11           amended by striking “except as otherwise provided in  
12           section 102(e) of this title”.

13                 (4) *PUBLICATION OF INTERNATIONAL APPLICA-*  
14           *TION: EFFECT.*—Section 374 is amended by striking  
15           “sections 102(e) and 154(d)” and inserting “section  
16           154(d)”.

17                 (5) *PATENT ISSUED ON INTERNATIONAL APPLICA-*  
18           *TION: EFFECT.*—The second sentence of section 375(a)  
19           is amended by striking “Subject to section 102(e) of  
20           this title, such” and inserting “Such”.

21                 (6) *LIMIT ON RIGHT OF PRIORITY.*—Section  
22           119(a) is amended by striking “; but no patent shall  
23           be granted” and all that follows through “one year  
24           prior to such filing”.

1           (7) *INVENTIONS MADE WITH FEDERAL ASSIST-*  
2           *ANCE.—Section 202(c) is amended—*

3                   (A) *in paragraph (2)—*

4                           (i) *by striking “publication, on sale, or*  
5                           *public use,” and all that follows through*  
6                           *“obtained in the United States” and insert-*  
7                           *ing “the 1-year period referred to in section*  
8                           *102(a) would end before the end of that 2-*  
9                           *year period”; and*

10                           (ii) *by striking “the statutory” and in-*  
11                           *serting “that 1-year”; and*

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

17           (h) *REPEAL OF INTERFERING PATENT REMEDIES.—*  
18           *Section 291, and the item relating to that section in the*  
19           *table of sections for chapter 29, are repealed.*

20           (i) *ACTION FOR CLAIM TO PATENT ON DERIVED IN-*  
21           *VENTION.—*

22                   (1) *IN GENERAL.—Section 135(a) is amended to*  
23                   *read as follows:*

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

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

3           “(A) *REQUEST FOR PROCEEDING.—An ap-*  
4           *plicant may request initiation of a derivation*  
5           *proceeding to determine the right of the appli-*  
6           *cant to a patent by filing a request that sets*  
7           *forth with particularity the basis for finding*  
8           *that another applicant derived the claimed in-*  
9           *vention from the applicant requesting the pro-*  
10           *ceeding and, without authorization, filed an ap-*  
11           *plication claiming such invention. Any such re-*  
12           *quest—*

13           “(i) *may only be made within 12*  
14           *months after the earlier of—*

15           “(I) *the date on which a patent is*  
16           *issued containing a claim that is the*  
17           *same or substantially the same as the*  
18           *claimed invention; or*

19           “(II) *the date of first publication*  
20           *of an application containing a claim*  
21           *that is the same or is substantially the*  
22           *same as the claimed invention; and*

23           “(ii) *must be made under oath, and*  
24           *must be supported by substantial evidence.*

1           “(B) *DETERMINATION OF DIRECTOR.*—  
2           *Whenever the Director determines that patents or*  
3           *applications for patent naming different individ-*  
4           *uals as the inventor interfere with one another*  
5           *because of a dispute over the right to patent*  
6           *under section 101 on the basis of a request under*  
7           *subparagraph (A), the Director shall institute a*  
8           *derivation proceeding for the purpose of deter-*  
9           *mining which applicant is entitled to a patent.*

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

13                 “(A) *shall determine the question of the*  
14                 *right to patent;*

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

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

20          “(3) *DERIVATION PROCEEDING.*—*The Patent*  
21          *Trial and Appeal Board may defer action on a re-*  
22          *quest to initiate a derivation proceeding for up to*  
23          *three months after the date on which the Director*  
24          *issues a patent to the applicant that filed the earlier*  
25          *application.*

1           “(4) *EFFECT OF FINAL DECISION.*—*The final de-*  
2           *cision of the Patent Trial and Appeal Board in a*  
3           *derivation proceeding, if adverse to the claim of an*  
4           *applicant, shall constitute the final refusal by the*  
5           *Patent and Trademark Office on the claims involved.*  
6           *The Director may issue a patent to an applicant who*  
7           *is determined by the Patent Trial and Appeal Board*  
8           *to have the right to a patent. The final decision of the*  
9           *Board, if adverse to a patentee, shall, if no appeal or*  
10           *other review of the decision has been or can be taken*  
11           *or had, constitute cancellation of the claims involved*  
12           *in the patent, and notice of such cancellation shall be*  
13           *endorsed on copies of the patent distributed after such*  
14           *cancellation by the Patent and Trademark Office.”.*

15           (2) *CONFORMING AMENDMENTS.*—(A) *Section*  
16           *135 is further amended—*

17                   (i) *in subsection (b)—*

18                           (I) *by striking “(b)(1) A claim” and*  
19                           *inserting the following:*

20           “(b) *SAME CLAIMS.*—

21                   “(1) *ISSUED PATENTS.*—*A claim”;* and

22                           (II) *by striking “(2) A claim” and in-*  
23                           *serting the following:*

24                   “(2) *PUBLISHED APPLICATIONS.*—*A claim”;* and

1                   (III) moving the remaining text of  
2 paragraphs (1) and (2) 2 ems to the right;  
3 (ii) in subsection (c)—

4                   (I) by striking “(c) Any agreement”  
5 and inserting the following:

6           “(c) *AGREEMENTS TO TERMINATE PROCEEDINGS.*—

7                   “(1) *IN GENERAL.*—Any agreement”;

8                   (II) by striking “an interference” and  
9 inserting “a derivation proceeding”;

10                   (III) by striking “the interference”  
11 each place it appears and inserting “the  
12 derivation proceeding”;

13                   (IV) in the second paragraph, by strik-  
14 ing “The Director” and inserting the fol-  
15 lowing:

16                   “(2) *NOTICE.*—The Director”;

17                   (V) by amending the third paragraph  
18 to read as follows:

19                   “(3) *JUDICIAL REVIEW.*—Any discretionary ac-  
20 tion of the Director under this subsection shall be re-  
21 viewable under chapter 7 of title 5.”; and

22                   (VI) by moving the remaining text of  
23 paragraphs (1) and (2) of subsection (c) 2  
24 ems to the right; and

25                   (iii) in subsection (d)—

1                   (I) by striking “(d) Parties” and in-  
2                   serting “(d) ARBITRATION.—Parties”;

3                   (II) by striking “a patent interference”  
4                   and inserting “a derivation proceeding”;  
5                   and

6                   (III) by striking “the interference” and  
7                   inserting “the derivation proceeding”.

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

13           (2) *Section 141 is amended—*

14                   (A) by striking “an interference” and inserting  
15                   “a derivation proceeding”; and

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

19           (3) *Section 146 is amended—*

20                   (A) *in the first paragraph—*

21                           (i) by striking “Any party” and inserting  
22                           “(a) *IN GENERAL.—Any party*”;

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

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

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

7           (4) The section heading for section 134 is amended to  
8           read as follows:

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

10          (5) The section heading for section 135 is amended to  
11          read as follows:

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

13          (6) The section heading for section 146 is amended to  
14          read as follows:

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

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

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

          “6. Patent Trial and Appeal Board.”.

21          (9) The items relating to sections 134 and 135 in the  
22          table of sections for chapter 12 are amended to read as fol-  
23          lows:

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

          “135. Derivation proceedings.”.



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

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

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

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

17           (k) *EFFECTIVE DATE.—*

18                   (1) *IN GENERAL.—The amendments made by*  
19 *this section—*

20                           (A) *shall take effect 90 days after the date*  
21 *on which the President transmits to the Congress*  
22 *a finding that major patenting authorities have*  
23 *adopted a grace period having substantially the*  
24 *same effect as that contained under the amend-*  
25 *ments made by this section; and*

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

4           (2) *DEFINITIONS.*—*In this subsection:*

5           (A) *MAJOR PATENTING AUTHORITIES.*—*The*  
6           *term “major patenting authorities” means at*  
7           *least the patenting authorities in Europe and*  
8           *Japan.*

9           (B) *GRACE PERIOD.*—*The term “grace pe-*  
10           *riod” means the 1-year period ending on the ef-*  
11           *fective filing date of a claimed invention, during*  
12           *which disclosures of the subject matter by the in-*  
13           *ventor or a joint inventor, or by others who ob-*  
14           *tained the subject matter disclosed directly or in-*  
15           *directly from the inventor or a joint inventor, do*  
16           *not qualify as prior art to the claimed invention.*

17           (C) *EFFECTIVE FILING DATE.*—*The term*  
18           *“effective filing date of a claimed invention”*  
19           *means, with respect to a patenting authority in*  
20           *another country, a date equivalent to the effective*  
21           *filing date of a claimed invention as defined in*  
22           *section 100(h) of title 35, United States Code, as*  
23           *added by subsection (a) of this section.*

24           (l) *REVIEW EVERY 7 YEARS.*—*Not later than the end*  
25           *of the 7-year period beginning on the effective date under*

1 subsection (k), and the end of every 7-year period thereafter,  
2 the Under Secretary of Commerce for Intellectual Property  
3 and Director of the United States Patent and Trademark  
4 Office (in this subsection referred to as the “Director”)  
5 shall—

6 (1) conduct a study on the effectiveness and effi-  
7 ciency of the amendments made by this section; and

8 (2) submit to the Committees on the Judiciary of  
9 the House of Representatives and the Senate a report  
10 on the results of the study, including any rec-  
11 ommendations the Director has on amendments to the  
12 law and other recommendations of the Director with  
13 respect to the first-to-file system implemented under  
14 the amendments made by this section.

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

16 (a) INVENTOR’S OATH OR DECLARATION.—

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

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

20 “(a) NAMING THE INVENTOR; INVENTOR’S OATH OR  
21 DECLARATION.—An application for patent that is filed  
22 under section 111(a), that commences the national stage  
23 under section 363, or that is filed by an inventor for an  
24 invention for which an application has previously been filed  
25 under this title by that inventor shall include, or be amend-

1 *ed to include, the name of the inventor of any claimed in-*  
2 *vention in the application. Except as otherwise provided*  
3 *in this section, each individual who is the inventor or a*  
4 *joint inventor of a claimed invention in an application for*  
5 *patent shall execute an oath or declaration in connection*  
6 *with the application.*

7       “(b) *REQUIRED STATEMENTS.—An oath or declara-*  
8 *tion by an individual under subsection (a) shall contain*  
9 *statements that—*

10               “(1) *the application was made or was authorized*  
11 *to be made by individual; and*

12               “(2) *the individual believes himself or herself to*  
13 *be the original inventor or an original joint inventor*  
14 *of a claimed invention in the application.*

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

19       “(d) *SUBSTITUTE STATEMENT.—*

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

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

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

6                           “(i) *is deceased;*

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

8                           “(iii) *cannot be found or reached after*  
9                   *diligent effort; or*

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

13           “(3) *CONTENTS.*—*A substitute statement under*  
14           *this subsection shall—*

15                   “(A) *identify the individual with respect to*  
16                   *whom the statement applies;*

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

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

23           “(e) *MAKING REQUIRED STATEMENTS IN ASSIGNMENT*  
24           *OF RECORD.*—*An individual who is under an obligation*  
25           *of assignment of an application for patent may include the*

1 *required statements under subsections (b) and (c) in the as-*  
2 *signment executed by the individual, in lieu of filing such*  
3 *statements separately.*

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

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

17               “(1) *an oath or declaration meeting the require-*  
18 *ments of subsection (a) was executed by the indi-*  
19 *vidual and was filed in connection with the earlier-*  
20 *filed application;*

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

24               “(3) *an assignment meeting the requirements of*  
25 *subsection (e) was executed with respect to the earlier-*

1       *filed application by the individual and was recorded*  
2       *in connection with the earlier-filed application.*

3       “(h) *SUPPLEMENTAL AND CORRECTED STATEMENTS;*  
4 *FILING ADDITIONAL STATEMENTS.—*

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

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

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

1        *ply with a requirement under this section if the fail-*  
2        *ure is remedied as provided under paragraph (1).*

3        *“(i) ACKNOWLEDGMENT OF PENALTIES.—Any dec-*  
4        *laration or statement filed under this section must contain*  
5        *an acknowledgment that any willful false statement is pun-*  
6        *ishable by fine or imprisonment, or both, under section*  
7        *1001 of title 18.”.*

8                *(2) RELATIONSHIP TO DIVISIONAL APPLICA-*  
9        *TIONS.—Section 121 is amended by striking “If a di-*  
10        *visional application” and all that follows through*  
11        *“inventor.”.*

12                *(3) REQUIREMENTS FOR NONPROVISIONAL APPLI-*  
13        *CATIONS.—Section 111(a) is amended—*

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

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

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

20                *(4) CONFORMING AMENDMENT.—The item relat-*  
21        *ing to section 115 in the table of sections for chapter*  
22        *11 is amended to read as follows:*

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

23                *(b) FILING BY OTHER THAN INVENTOR.—Section 118*  
24        *is amended to read as follows:*



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

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

14       (c) *SPECIFICATION.—Section 112 is amended—*

15             (1) *in the first paragraph—*

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

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

22             (2) *in the second paragraph—*

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

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

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

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

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

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

16          (d) EFFECTIVE DATE.—The amendments made by this  
17          section—

18               (1) shall take effect at the end of the 1-year pe-  
19               riod beginning on the date of the enactment of this  
20               Act; and

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

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

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

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

3           (2) *by designating the second undesignated para-*  
4 *graph as subsection (c);*

5           (3) *by inserting after subsection (a) (as des-*  
6 *ignated by paragraph (1) of this subsection) the fol-*  
7 *lowing:*

8           “(b) *REASONABLE ROYALTY.—*

9           “(1) *IN GENERAL.— An award pursuant to sub-*  
10 *section (a) that is based upon a reasonable royalty*  
11 *shall be determined in accordance with this sub-*  
12 *section. Based on the facts of the case, the court shall*  
13 *determine whether paragraph (2), (3), or (5) will be*  
14 *used by the court or the jury in calculating a reason-*  
15 *able royalty. The court shall identify the factors that*  
16 *are relevant to the determination of a reasonable roy-*  
17 *alty under the applicable paragraph, and the court or*  
18 *jury, as the case may be, shall consider only those fac-*  
19 *tors in making the determination.*

20           “(2) *RELATIONSHIP OF DAMAGES TO CONTRIBU-*  
21 *TIONS OVER PRIOR ART.—The court shall conduct an*  
22 *analysis to ensure that a reasonable royalty under*  
23 *subsection (a) is applied only to that economic value*  
24 *properly attributable to the patent’s specific contribu-*  
25 *tion over the prior art. The court shall exclude from*

1        *the analysis the economic value properly attributable*  
2        *to the prior art, and other features or improvements,*  
3        *whether or not themselves patented, that contribute*  
4        *economic value to the infringing product or process.*

5            *“(3) ENTIRE MARKET VALUE.—Unless the claim-*  
6        *ant shows that the patent’s specific contribution over*  
7        *the prior art is the predominant basis for market de-*  
8        *mand for an infringing product or process, damages*  
9        *may not be based upon the entire market value of the*  
10       *products or processes involved that satisfy that de-*  
11       *mand.*

12           *“(4) COMBINATION INVENTIONS.—For purposes*  
13       *of paragraphs (2) and (3), in the case of a combina-*  
14       *tion invention the elements of which are present indi-*  
15       *vidually in the prior art, the patentee may show that*  
16       *the contribution over the prior art may include the*  
17       *value of the additional function resulting from the*  
18       *combination, as well as the enhanced value, if any, of*  
19       *some or all of the prior art elements resulting from*  
20       *the combination.*

21           *“(5) OTHER FACTORS.—In determining a rea-*  
22       *sonable royalty, the court may also consider, or direct*  
23       *the jury to consider, the terms of any nonexclusive*  
24       *marketplace licensing of the invention, where appro-*

1        *appropriate, as well as any other relevant factors under ap-*  
2        *plicable law.”;*

3                *(4) by amending subsection (c) (as designated by*  
4        *paragraph (1) of this subsection) to read as follows:*  
5        *“(c) WILLFUL INFRINGEMENT.—*

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

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

17                *“(A) after receiving written notice from the*  
18        *patentee—*

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

23                *“(ii) identifying with particularity*  
24        *each claim of the patent, each product or*  
25        *process that the patent owner alleges in-*

1            *fringes the patent, and the relationship of*  
2            *such product or process to such claim,*  
3            *the infringer, after a reasonable opportunity to*  
4            *investigate, thereafter performed one or more of*  
5            *the alleged acts of infringement;*

6            *“(B) the infringer intentionally copied the*  
7            *patented invention with knowledge that it was*  
8            *patented; or*

9            *“(C) after having been found by a court to*  
10           *have infringed that patent, the infringer engaged*  
11           *in conduct that was not colorably different from*  
12           *the conduct previously found to have infringed*  
13           *the patent, and that resulted in a separate find-*  
14           *ing of infringement of the same patent.*

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

22           *“(B) An informed good faith belief within the*  
23           *meaning of subparagraph (A) may be established*  
24           *by—*

1           “(i) reasonable reliance on advice of coun-  
2           sel;

3           “(ii) evidence that the infringer sought to  
4           modify its conduct to avoid infringement once it  
5           had discovered the patent; or

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

8           “(C) The decision of the infringer not to present  
9           evidence of advice of counsel is not relevant to a deter-  
10          mination of willful infringement under paragraph  
11          (2).

12          “(4) LIMITATION ON PLEADING.—Before the date  
13          on which a court determines that the patent in suit  
14          is not invalid, is enforceable, and has been infringed  
15          by the infringer, a patentee may not plead and a  
16          court may not determine that an infringer has will-  
17          fully infringed a patent. The court’s determination of  
18          an infringer’s willfulness shall be made without a  
19          jury.”; and

20          (5) in the third undesignated paragraph, by  
21          striking “The court” and inserting “(d) EXPERT TES-  
22          TIMONY.—The court”.

23          (b) DEFENSE TO INFRINGEMENT BASED ON EARLIER  
24          INVENTOR.—Section 273 is amended—

25          (1) in subsection (a)—

- 1                   (A) in paragraph (1)—
- 2                   (i) by striking “of a method”; and
- 3                   (ii) by striking “review period;” and
- 4                   inserting “review period; and”;
- 5                   (B) in paragraph (2)(B), by striking the
- 6                   semicolon at the end and inserting a period; and
- 7                   (C) by striking paragraphs (3) and (4);
- 8                   (2) in subsection (b)—
- 9                   (A) in paragraph (1)—
- 10                   (i) by striking “for a method”; and
- 11                   (ii) by striking “at least 1 year before
- 12                   the effective filing date of such patent, and”
- 13                   and all that follows through the period and
- 14                   inserting “and commercially used, or made
- 15                   substantial preparations for commercial use
- 16                   of, the subject matter before the effective fil-
- 17                   ing date of the claimed invention.”;
- 18                   (B) in paragraph (2)—
- 19                   (i) by striking “The sale or other dis-
- 20                   position of a useful end product produced
- 21                   by a patented method” and inserting “The
- 22                   sale or other disposition of subject matter
- 23                   that qualifies for the defense set forth in this
- 24                   section”; and



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

4                   (C) in paragraph (3)—

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

6                   (ii) by redesignating subparagraphs  
7                   (B) and (C) as subparagraphs (A) and (B),  
8                   respectively; and

9                   (D) in paragraph (7), by striking “of the  
10                  patent” and inserting “of the claimed inven-  
11                  tion”; and

12                  (3) by amending the heading to read as follows:

13       **“§273. Special defenses to and exemptions from in-  
14                  fringement”.**

15                  (c) *TABLE OF SECTIONS.*—The item relating to section  
16       273 in the table of sections for chapter 28 is amended to  
17       read as follows:

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

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

21                  (e) *REVIEW EVERY 7 YEARS.*—Not later than the end  
22       of the 7-year period beginning on the date of the enactment  
23       of this Act, and the end of every 7-year period thereafter,  
24       the Under Secretary of Commerce for Intellectual Property  
25       and Director of the United States Patent and Trademark

1 *Office (in this subsection referred to as the “Director”)*  
2 *shall—*

3 *(1) conduct a study on the effectiveness and effi-*  
4 *ciency of the amendments made by this section; and*

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

12 **SEC. 6. POST-GRANT PROCEDURES AND OTHER QUALITY**  
13 **ENHANCEMENTS.**

14 *(a) CITATION OF PRIOR ART.—*

15 *(1) IN GENERAL.—Section 301 is amended to*  
16 *read as follows:*

17 **“§ 301. Citation of prior art**

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

20 *“(1) prior art consisting of patents or printed*  
21 *publications which that person believes to have a*  
22 *bearing on the patentability of any claim of a par-*  
23 *ticular patent; or*

24 *“(2) written statements of the patent owner filed*  
25 *in a proceeding before a Federal court or the Patent*

1        *and Trademark Office in which the patent owner*  
2        *takes a position on the scope of one or more patent*  
3        *claims.*

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

11       “(c) *PROCEDURES FOR WRITTEN STATEMENTS.—*

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

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

1        *shall be redacted to exclude information subject to the*  
2        *order.*

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

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

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

24       (c) *CONDUCT OF INTER PARTES PROCEEDINGS.*—*Sec-*  
25       *tion 314 is amended—*

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

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

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

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

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

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

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

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

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

7           (f) *POST-GRANT OPPOSITION PROCEDURES.—*

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

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

“Sec.

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

“322. *Timing and bases of petition.*

“323. *Requirements of petition.*

“324. *Prohibited filings.*

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

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

“327. *Patent owner response.*

“328. *Proof and evidentiary standards.*

“329. *Amendment of the patent.*

“330. *Decision of the Board.*

“331. *Effect of decision.*

“332. *Settlement.*

“333. *Relationship to other pending proceedings.*

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

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

“336. *Appeal.*

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

13           *“Subject to sections 322, 324, 332, and 333, a person*  
14           *who is not the patent owner may file with the Office a peti-*  
15           *tion for cancellation seeking to institute a post-grant review*  
16           *proceeding to cancel as unpatentable any claim of a patent*  
17           *on any ground that could be raised under paragraph (2)*

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

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

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

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

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

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

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

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

19 *“(2) the petition identifies the cancellation peti-*  
20 *tioner; and*

21 *“(3) the petition sets forth in writing the basis*  
22 *for the cancellation, identifying each claim challenged*  
23 *and providing such information as the Director may*  
24 *require by regulation, and includes copies of patents*

1        *and printed publications that the cancellation peti-*  
2        *tioner relies upon in support of the petition; and*

3            *“(4) the petitioner provides copies of those docu-*  
4        *ments to the patent owner or, if applicable, the des-*  
5        *ignated representative of the patent owner.*

6        **“§ 324. Prohibited filings**

7            *“A post-grant review proceeding may not be instituted*  
8        *under section 322 if the petition for cancellation requesting*  
9        *the proceeding identifies the same cancellation petitioner*  
10       *and the same patent as a previous petition for cancellation*  
11       *filed under such section.*

12       **“§ 325. Submission of additional information; showing**  
13            ***of sufficient grounds***

14            *“(a) IN GENERAL.—The cancellation petitioner shall*  
15        *file such additional information with respect to the petition*  
16        *as the Director may require. For each petition submitted*  
17        *under section 321, the Director shall determine if the writ-*  
18        *ten statement, and any evidence submitted with the request,*  
19        *establish that a substantial question of patentability exists*  
20        *for at least one claim in the patent. The Director may ini-*  
21        *tiate a post-grant review proceeding if the Director deter-*  
22        *mines that the information presented provides sufficient*  
23        *grounds to believe that there is a substantial question of*  
24        *patentability concerning one or more claims of the patent*  
25        *at issue.*



1           “(b) *NOTIFICATION; DETERMINATIONS NOT REVIEW-*  
2 *ABLE.—The Director shall notify the patent owner and each*  
3 *petitioner in writing of the Director’s determination under*  
4 *subsection (a), including a determination to deny the peti-*  
5 *tion. The Director shall make that determination in writing*  
6 *not later than 60 days after receiving the petition. Any de-*  
7 *termination made by the Director under subsection (a), in-*  
8 *cluding whether or not to institute a post-grant review pro-*  
9 *ceeding or to deny the petition, shall not be reviewable.*

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

11           “(a) *IN GENERAL.—The Director shall prescribe regu-*  
12 *lations, in accordance with section 2(b)(2)—*

13                   “(1) *establishing and governing post-grant re-*  
14 *view proceedings under this chapter and their rela-*  
15 *tionship to other proceedings under this title;*

16                   “(2) *establishing procedures for the submission of*  
17 *supplemental information after the petition for can-*  
18 *cellation is filed; and*

19                   “(3) *setting forth procedures for discovery of rel-*  
20 *evant evidence, including that such discovery shall be*  
21 *limited to evidence directly related to factual asser-*  
22 *tions advanced by either party in the proceeding, and*  
23 *the procedures for obtaining such evidence shall be*  
24 *consistent with the purpose and nature of the pro-*  
25 *ceeding.*

1           “(b) *POST-GRANT REGULATIONS.*—*Regulations under*  
2 *subsection (a)(1)—*

3           “(1) *shall require that the final determination in*  
4 *a post-grant proceeding issue not later than one year*  
5 *after the date on which the post-grant review pro-*  
6 *ceeding is instituted under this chapter, except that,*  
7 *for good cause shown, the Director may extend the 1-*  
8 *year period by not more than six months;*

9           “(2) *shall provide for discovery upon order of the*  
10 *Director;*

11           “(3) *shall provide for publication of notice in the*  
12 *Federal Register of the filing of a petition for post-*  
13 *grant review under this chapter, for publication of the*  
14 *petition, and documents, orders, and decisions relat-*  
15 *ing to the petition, on the website of the Patent and*  
16 *Trademark Office, and for filings under seal exempt*  
17 *from publication requirements;*

18           “(4) *shall prescribe sanctions for abuse of dis-*  
19 *covery, abuse of process, or any other improper use of*  
20 *the proceeding, such as to harass or to cause unneces-*  
21 *sary delay or unnecessary increase in the cost of the*  
22 *proceeding;*

23           “(5) *may provide for protective orders governing*  
24 *the exchange and submission of confidential informa-*  
25 *tion; and*

1           “(6) shall ensure that any information submitted  
2           by the patent owner in support of any amendment  
3           entered under section 329 is made available to the  
4           public as part of the prosecution history of the patent.

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

9           “(d) *CONDUCT OF PROCEEDING.*—The Patent Trial  
10          and Appeal Board shall, in accordance with section 6(b),  
11          conduct each post-grant review proceeding authorized by the  
12          Director.

13          “**§ 327. Patent owner response**

14          “After a post-grant proceeding under this chapter has  
15          been instituted with respect to a patent, the patent owner  
16          shall have the right to file, within a time period set by the  
17          Director, a response to the cancellation petition. The patent  
18          owner shall file with the response, through affidavits or dec-  
19          larations, any additional factual evidence and expert opin-  
20          ions on which the patent owner relies in support of the re-  
21          sponse.

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

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

1           “(b) *BURDEN OF PROOF.*—The party advancing a  
2 *proposition under this chapter shall have the burden of*  
3 *proving that proposition by a preponderance of the evi-*  
4 *dence.*

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

6           “(a) *IN GENERAL.*—In response to a challenge in a  
7 *petition for cancellation, the patent owner may file one mo-*  
8 *tion to amend the patent in one or more of the following*  
9 *ways:*

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

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

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

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

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

20           **“§ 330. Decision of the Board**

21           “*If the post-grant review proceeding is instituted and*  
22 *not dismissed under this chapter, the Patent Trial and Ap-*  
23 *peal Board shall issue a final written decision with respect*  
24 *to the patentability of any patent claim challenged and any*  
25 *new claim added under section 329.*

1 **“§ 331. Effect of decision**

2 “(a) *IN GENERAL.*—*If the Patent Trial and Appeal*  
3 *Board issues a final decision under section 330 and the*  
4 *time for appeal has expired or any appeal proceeding has*  
5 *terminated, the Director shall issue and publish a certificate*  
6 *canceling any claim of the patent finally determined to be*  
7 *unpatentable and incorporating in the patent by operation*  
8 *of the certificate any new claim determined to be patentable.*

9 “(b) *NEW CLAIMS.*—*Any new claim held to be patent-*  
10 *able and incorporated into a patent in a post-grant review*  
11 *proceeding shall have the same effect as that specified in*  
12 *section 252 for reissued patents on the right of any person*  
13 *who made, purchased, offered to sell, or used within the*  
14 *United States, or imported into the United States, anything*  
15 *patented by such new claim, or who made substantial prep-*  
16 *arations therefor, before a certificate under subsection (a)*  
17 *of this section is issued.*

18 **“§ 332. Settlement**

19 “(a) *IN GENERAL.*—*A post-grant review proceeding*  
20 *shall be terminated with respect to any petitioner upon the*  
21 *joint request of the petitioner and the patent owner, unless*  
22 *the Patent Trial and Appeal Board has issued a written*  
23 *decision before the request for termination is filed. If the*  
24 *post-grant review proceeding is terminated with respect to*  
25 *a petitioner under this paragraph, no estoppel shall apply*  
26 *to that petitioner. If no petitioner remains in the pro-*

1 *ceeding, the panel of administrative patent judges assigned*  
2 *to the proceeding shall terminate the proceeding.*

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

18 **“§ 333. Relationship to other pending proceedings**

19       “(a) *IN GENERAL.*—*Notwithstanding subsection*  
20 *135(a), sections 251 and 252, and chapter 30, the Director*  
21 *may determine the manner in which any reexamination*  
22 *proceeding, reissue proceeding, interference proceeding*  
23 *(commenced before the effective date provided in section 3(k)*  
24 *of the Patent Reform Act of 2007), derivation proceeding,*  
25 *or post-grant review proceeding, that is pending during a*

1 *post-grant review proceeding, may proceed, including pro-*  
2 *viding for stay, transfer, consolidation, or termination of*  
3 *any such proceeding.*

4 “(b) *STAYS.—The Director may stay a post-grant re-*  
5 *view proceeding if a pending civil action for infringement*  
6 *addresses the same or substantially the same questions of*  
7 *patentability.*

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

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

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

20 “(2) *the Director may not thereafter maintain a*  
21 *post-grant review proceeding that was requested, be-*  
22 *fore the final decision was so entered, by that party*  
23 *or the privies of that party on the basis of such*  
24 *grounds.*

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

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

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

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

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

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

18 **“§ 336. Appeal**

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

24       *(g) CONFORMING AMENDMENT.—The table of chapters*  
25 *for part III is amended by adding at the end the following:*

**“32. Post-Grant Review Proceedings ..... 321”.**



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

5       (i) *EFFECTIVE DATES.*—

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

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

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

21       (j) *REGULATIONS.*—

22           (1) *REGULATIONS.*—The Under Secretary of  
23 *Commerce for Intellectual Property and Director of*  
24 *the United States Patent and Trademark Office (in*  
25 *this subsection referred to as the “Director”)* shall, not

1        *later than the date that is 1 year after the date of the*  
2        *enactment of this Act, issue regulations to carry out*  
3        *chapter 32 of title 35, United States Code, as added*  
4        *by subsection (f) of this section.*

5            (2) *PENDING INTERFERENCES.*—*The Director*  
6        *shall determine the procedures under which inter-*  
7        *ferences under title 35, United States Code, that are*  
8        *commenced before the effective date under subsection*  
9        *(i)(1) are to proceed, including whether any such in-*  
10       *terference is to be dismissed without prejudice to the*  
11       *filing of a cancellation petition for a post-grant oppo-*  
12       *sition proceeding under chapter 32 of title 35, United*  
13       *States Code, or is to proceed as if this Act had not*  
14       *been enacted. The Director shall include such proce-*  
15       *dures in regulations issued under paragraph (1).*

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

17        (a) *DEFINITIONS.*—*Section 100 (as amended by this*  
18 *Act) is further amended by adding at the end the following:*

19            “(k) *The term ‘cancellation petitioner’ means the real*  
20 *party in interest requesting cancellation of any claim of*  
21 *a patent under chapter 32 of this title and the privies of*  
22 *the real party in interest.’”*

23        (a) *PATENT TRIAL AND APPEAL BOARD.*—*Section 6*  
24 *is amended to read as follows:*

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

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

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

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

19               “(2) *on written appeal of a patent owner, review*  
20 *adverse decisions of examiners upon patents in reex-*  
21 *amination proceedings under chapter 30;*

22               “(3) *review appeals by patent owners and third-*  
23 *party requesters under section 315;*

24               “(4) *determine priority and patentability of in-*  
25 *vention in derivation proceedings under section*  
26 *135(a); and*

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

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

12           **(b) EFFECTIVE DATE.**—*The amendments made by this*  
13 *section shall take effect at the end of the 1-year period begin-*  
14 *ning on the date of the enactment of this Act.*

15 **SEC. 8. STUDY AND REPORT ON REEXAMINATION PRO-**  
16 **CEEDINGS.**

17           *The Under Secretary of Commerce for Intellectual*  
18 *Property and Director of the Patent and Trademark Office*  
19 *shall, not later than 2 years after the date of the enactment*  
20 *of this Act—*

21           (1) *conduct a study of the effectiveness and effi-*  
22 *ciency of the different forms of proceedings available*  
23 *under title 35, United States Code, for the reexamina-*  
24 *tion of patents; and*

1           (2) *submit to the Committees on the Judiciary of*  
2           *the House of Representatives and the Senate a report*  
3           *on the results of the study, including any of the Di-*  
4           *rector's suggestions for amending the law, and any*  
5           *other recommendations the Director has with respect*  
6           *to patent reexamination proceedings.*

7   **SEC. 9. SUBMISSIONS BY THIRD PARTIES AND OTHER**  
8                           **QUALITY ENHANCEMENTS.**

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

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

11                   (2) *in subparagraph (A)—*

12                           (A) *by striking “(A) An application” and*  
13                           *inserting “An application”; and*

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

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

17           *Section 122 is amended by adding at the end the following:*

18                   “(e) *PREISSUANCE SUBMISSIONS BY THIRD PAR-*  
19                   *TIES.—*

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

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

4           “(B) *either—*

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

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

12           *whichever occurs later.*

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

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

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

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

22           “(c) *EFFECTIVE DATE.—The amendments made by this*  
23           *section—*

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

4           (2) shall apply to any application for patent  
5           filed before, on, or after the effective date under para-  
6           graph (1).

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

8           (a) *IN GENERAL.*—Section 101 is amended—

9           (1) by striking “Whoever” and inserting “(a)  
10          *PATENTABLE INVENTIONS.*—Whoever”; and

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

12          “(b) *TAX PLANNING METHODS.*—

13           “(1) *UNPATENTABLE SUBJECT MATTER.*—A pat-  
14          ent may not be obtained for a tax planning method.

15           “(2) *DEFINITIONS.*—For purposes of paragraph  
16          (1)—

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

1           “(B) the term ‘taxpayer’ means an indi-  
2           vidual, entity, or other person (as defined in sec-  
3           tion 7701 of the Internal Revenue Code of 1986)  
4           that is subject to taxation directly, is required to  
5           prepare a tax return or information statement to  
6           enable one or more other persons to determine  
7           their tax liability, or is otherwise subject to a tax  
8           law;

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

14          “(D) the term ‘State’ means each of the sev-  
15          eral States, the District of Columbia, and any  
16          commonwealth, territory, or possession of the  
17          United States.”.

18          (b) *APPLICABILITY.*—*The amendments made by this*  
19          *section—*

20                 (1) *shall take effect on the date of the enactment*  
21                 *of this Act;*

22                 (2) *shall apply to any application for patent or*  
23                 *application for a reissue patent that is—*

24                         (A) *filed on or after the date of the enact-*  
25                         *ment of this Act; or*



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

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

8   **SEC. 11. VENUE AND JURISDICTION.**

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

12           “(b) Notwithstanding section 1391 of this title, in any  
13          civil action arising under any Act of Congress relating to  
14          patents, a party shall not manufacture venue by assign-  
15          ment, incorporation, or otherwise to invoke the venue of a  
16          specific district court.

17           “(c) Notwithstanding section 1391 of this title, any  
18          civil action for patent infringement or any action for de-  
19          claratory judgment may be brought only in a judicial dis-  
20          trict—

21           “(1) where the defendant has its principal place  
22          of business or in the location or place in which the  
23          defendant is incorporated, or, for foreign corporations  
24          with a United States subsidiary, where the defend-  
25          ant’s primary United States subsidiary has its prin-

1        *principal place of business or in the location or place in*  
2        *which the defendants primary United States sub-*  
3        *sidiary is incorporated;*

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

9                *“(3) where the primary plaintiff resides, if the*  
10        *primary plaintiff in the action is an institution of*  
11        *higher education as defined under section 101(a) of*  
12        *the Higher Education Act of 1965 (20 U.S.C.*  
13        *1001(a)); or*

14                *“(4) where the plaintiff resides, if the plaintiff or*  
15        *a subsidiary of the plaintiff has an established phys-*  
16        *ical facility in such district dedicated to research, de-*  
17        *velopment, or manufacturing that is operated by full-*  
18        *time employees of the plaintiff or such subsidiary, or*  
19        *if the sole plaintiff in the action is an individual in-*  
20        *ventor who is a natural person and who qualifies at*  
21        *the time such action is filed as a micro entity under*  
22        *section 124 of title 35.*

23                *“(d) If the plaintiff brings a civil action for patent*  
24        *infringement in a judicial district under subsection (c), the*

1 *district court may transfer that action to any other district*  
2 *or division where—*

3           “(1) *the defendant has substantial evidence or*  
4 *witnesses; and*

5           “(2) *venue would be appropriate under section*  
6 *1391 of this title, if such transfer would be appro-*  
7 *prate under section 1404 of this title.”.*

8 (b) *INTERLOCUTORY APPEALS.—Subsection (c) of sec-*  
9 *tion 1292 of title 28, United States Code, is amended—*

10           (1) *by striking “and” at the end of paragraph*  
11 *(1);*

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

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

15           “(3) *of an appeal from an interlocutory order or*  
16 *decree determining construction of claims in a civil*  
17 *action for patent infringement under section 271 of*  
18 *title 35.*

19 *Application for an appeal under paragraph (3) shall be*  
20 *made to the court within 10 days after entry of the order*  
21 *or decree. The district court shall have discretion whether*  
22 *to approve the application and, if so, whether to stay pro-*  
23 *ceedings in the district court during pendency of the ap-*  
24 *peal.”.*

1           (c) *EFFECTIVE DATE.*—*The amendments made by this*  
2 *section shall apply to any action commenced on or after*  
3 *the date of the enactment of this Act.*

4 **SEC. 12. ADDITIONAL INFORMATION; INEQUITABLE CON-**  
5 **DUCT AS DEFENSE TO INFRINGEMENT.**

6           (a) *DISCLOSURE REQUIREMENTS FOR APPLICANTS.*—

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

9 **“§ 123. Additional information**

10           “(a) *IN GENERAL.*—*The Director shall, by regulation,*  
11 *require that applicants submit a search report and other*  
12 *information and analysis relevant to patentability. An ap-*  
13 *plication shall be regarded as abandoned if the applicant*  
14 *fails to submit the required search report, information, and*  
15 *analysis in the manner and within the time period pre-*  
16 *scribed by the Director.*

17           “(b) *EXCEPTION FOR MICRO ENTITIES.*—*Applications*  
18 *from micro-entities shall not be subject to the requirements*  
19 *of regulations issued under subsection (a).*

20 **“§ 124. Micro entities**

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

1       “(b) *UNASSIGNED APPLICATION.*—A certification  
2 under this subsection is a certification by each inventor  
3 named in the application that the inventor—

4               “(1) qualifies as a small entity as defined in reg-  
5 ulations issued by the Director;

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

8               “(3) has not assigned, granted, or conveyed, and  
9 is not under an obligation by contract or law to as-  
10 sign, grant, or convey, a license or any other owner-  
11 ship interest in the application; and

12               “(4) does not have a gross income, as defined in  
13 section 61(a) of the Internal Revenue Code of 1986,  
14 exceeding 2.5 times the median household income, as  
15 reported by the Bureau of the Census, for the most re-  
16 cent calendar year preceding the calendar year in  
17 which the examination fee is being paid.

18       “(c) *ASSIGNED APPLICATION.*—A certification under  
19 this subsection is a certification by each inventor named  
20 in the application that the inventor—

21               “(1) qualifies as a small entity as defined in reg-  
22 ulations issued by the Director and meets the require-  
23 ments of subsection (b)(4);

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

1           “(3) *has assigned, granted, conveyed, or is under*  
2           *an obligation by contract or law to assign, grant, or*  
3           *convey, a license or other ownership interest in the*  
4           *application to an entity that has five or fewer em-*  
5           *ployees and has a gross taxable income, as defined in*  
6           *section 61(a) of the Internal Revenue Code of 1986,*  
7           *that does not exceed 2.5 times the median household*  
8           *income, as reported by the Bureau of the Census, for*  
9           *the most recent calendar year preceding the calendar*  
10           *year in which the examination fee is being paid.”.*

11           (2) *CONFORMING AMENDMENT.*—*The table of sec-*  
12           *tions for chapter 11 is amended by adding at the end*  
13           *the following new items:*

          “123. *Additional information.*

          “124. *Micro entities.*”.

14           (b) *INEQUITABLE CONDUCT AS DEFENSE TO IN-*  
15           *FRINGEMENT.*—*Section 282 is amended—*

16           (1) *in the first undesignated paragraph, by*  
17           *striking “A patent” and inserting “(a) IN GEN-*  
18           *ERAL.—A patent”;*

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

20           (A) *by striking “The following” and insert-*  
21           *ing “(b) DEFENSES.—The following”;* and

22           (B) *by striking the comma at the end of*  
23           *each of paragraphs (1), (2), and (3) and insert-*  
24           *ing a period;*

1           (3) *in the third undesignated paragraph—*

2                   (A) *by striking “In actions” and inserting*  
3           *“(d) NOTICE OF ACTIONS; PLEADING.—In ac-*  
4           *tions”;*

5                   (B) *by inserting after the second sentence*  
6           *the following: “In an action involving any alle-*  
7           *gation of inequitable conduct under subsection*  
8           *(c), the party asserting this defense or claim*  
9           *shall comply with the pleading requirements set*  
10          *forth in Rule 9(b) of the Federal Rules of Civil*  
11          *Procedure.”; and*

12                   (C) *by striking “Invalidity” and inserting*  
13          *“(e) EXTENSION OF PATENT TERM.—Inva-*  
14          *lidity”;* and

15           (4) *by inserting after subsection (b), as des-*  
16          *ignated by paragraph (2) of this subsection, the fol-*  
17          *lowing:*

18          “(c) *INEQUITABLE CONDUCT.—*

19                   (1) *DEFENSE.—A patent may be held to be un-*  
20          *enforceable, or other remedy imposed under para-*  
21          *graph (3), for inequitable conduct only if it is estab-*  
22          *lished, by clear and convincing evidence, that—*

23                           (A) *the patentee, its agents, or another*  
24                           *person with a duty of disclosure to the Office,*  
25                           *with the intent to mislead or deceive the patent*

1           *examiner, misrepresented or failed to disclose*  
2           *material information concerning a matter or*  
3           *proceeding before the Office; and*

4           *“(B) in the absence of such deception, the*  
5           *Office, acting reasonably, would, on the record*  
6           *before it, have made a prima facie finding of*  
7           *unpatentability.*

8           *“(2) INTENT.—In order to prove intent to mis-*  
9           *lead or deceive under paragraph (1), specific facts be-*  
10          *yond materiality of the information submitted or not*  
11          *disclosed must be proven that support an inference of*  
12          *intent to mislead or deceive the Patent and Trade-*  
13          *mark Office. Facts support an inference of intent if*  
14          *they show circumstances that indicate conscious or*  
15          *deliberate behavior on the part of the patentee, its*  
16          *agents, or another person with a duty of disclosure to*  
17          *the Office, to not disclose material information or to*  
18          *submit materially false information.*

19          *“(3) REMEDY.—Upon a finding of inequitable*  
20          *conduct, the court shall balance the equities to deter-*  
21          *mine which of the following remedies to impose:*

22                 *“(A) Denying equitable relief to the patent*  
23                 *holder and limiting the remedy for infringement*  
24                 *to damages.*



1           “(B) *Holding the claims-in-suit, or the*  
2           *claims in which inequitable conduct occurred,*  
3           *unenforceable.*

4           “(C) *Holding the patent unenforceable.*

5           “(D) *Holding the claims of a related patent*  
6           *unenforceable.*

7           “(4) *ATTORNEY MISCONDUCT.—Upon a finding*  
8           *of inequitable conduct, if there is evidence that the*  
9           *conduct can be attributable to a person or persons au-*  
10           *thorized to practice before the Office, the court shall*  
11           *refer the matter to the Office for appropriate discipli-*  
12           *nary action under section 32, and shall order the par-*  
13           *ties to preserve and make available to the Office any*  
14           *materials that may be relevant to the determination*  
15           *under section 32.”.*

16           “(c) *EFFECTIVE DATE.—*

17           “(1) *SUBSECTION (a).—The amendments made by*  
18           *subsection (a)—*

19           “(A) *shall take effect at the end of the 1-year*  
20           *period beginning on the date of the enactment of*  
21           *this Act; and*

22           “(B) *shall apply to any application for pat-*  
23           *ent filed on or after the effective date under sub-*  
24           *paragraph (A).*

1           (2) *SUBSECTION (b).*—*The amendments made by*  
2           *subsection (b) shall apply to any civil action com-*  
3           *menced on or after the date of the enactment of this*  
4           *Act.*

5   **SEC. 13. BEST MODE REQUIREMENT.**

6           *Section 282(b) (as designated by section 12(b) of this*  
7           *Act) is amended by striking paragraph (3) and inserting*  
8           *the following:*

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

11           “(A) *any requirement of section 112 of this*  
12          *title, other than the requirement that the speci-*  
13          *fication shall set forth the best mode con-*  
14          *templated by the inventor of carrying out his in-*  
15          *vention; or*

16           “(B) *any requirement of section 251 of this*  
17          *title.*”.

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

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

21          “(6) *The powers granted under paragraph (2) of sub-*  
22          *section (b) include the authority to promulgate regulations*  
23          *to ensure the quality and timeliness of applications and*  
24          *their examination, including specifying circumstances*  
25          *under which an application for patent may claim the ben-*

1 *efit under sections 120, 121 and 365(c) of the filing date*  
2 *of a prior filed application for patent.”.*

3 (b) *CLARIFICATION.—The amendment made by sub-*  
4 *section (a) clarifies the scope of power granted to the United*  
5 *States Patent and Trademark Office by paragraph (2) of*  
6 *section 2(b) of title 35, United States Code, as in effect since*  
7 *the enactment of Public Law 106–113.*

8 **SEC. 15. TECHNICAL AMENDMENTS.**

9 (a) *JOINT INVENTIONS.—Section 116 is amended—*

10 (1) *in the first paragraph, by striking*  
11 *“When” and inserting “(a) JOINT INVEN-*  
12 *TIONS.—When”;*

13 (2) *in the second paragraph, by striking “If*  
14 *a joint inventor” and inserting “(b) OMITTED*  
15 *INVENTOR.—If a joint inventor”;* and

16 (3) *in the third paragraph, by striking*  
17 *“Whenever” and inserting “(c) CORRECTION OF*  
18 *ERRORS IN APPLICATION.—Whenever”.*

19 (b) *FILING OF APPLICATION IN FOREIGN COUNTRY.—*  
20 *Section 184 is amended—*

21 (1) *in the first paragraph, by striking “Except*  
22 *when” and inserting “(a) FILING IN FOREIGN COUN-*  
23 *TRY.—Except when”;*

1           (2) *in the second paragraph, by striking “The*  
2 *term” and inserting “(b) APPLICATION.—The term”;*  
3 *and*

4           (3) *in the third paragraph, by striking “The*  
5 *scope” and inserting “(c) SUBSEQUENT MODIFICA-*  
6 *TIONS, AMENDMENTS, AND SUPPLEMENTS.—The*  
7 *scope”.*

8           (c) *REISSUE OF DEFECTIVE PATENTS.—Section 251*  
9 *is amended—*

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

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

15           (3) *in the third paragraph, by striking “The*  
16 *provisions” and inserting “(c) APPLICABILITY OF*  
17 *THIS TITLE.—The provisions”;* *and*

18           (4) *in the last paragraph, by striking “No re-*  
19 *issued patent” and inserting “(d) REISSUE PATENT*  
20 *ENLARGING SCOPE OF CLAIMS.—No reissued patent”.*

21           (d) *EFFECT OF REISSUE.—Section 253 is amended—*

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

1           (2) *in the second paragraph, by striking “In like*  
2 *manner” and inserting “(b) ADDITIONAL DISCLAIMER*  
3 *OR DEDICATION.—In the manner set forth in sub-*  
4 *section (a),”.*

5           (e) *CORRECTION OF NAMED INVENTOR.—Section 256*  
6 *is amended—*

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

10           (2) *in the second paragraph, by striking “The*  
11 *error” and inserting “(b) PATENT VALID IF ERROR*  
12 *CORRECTED.—The error”.*

13           (f) *EFFECTIVE DATE.—The amendments made by this*  
14 *section shall take effect on the date of the enactment of this*  
15 *Act.*

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

17           (a) *IN GENERAL.—Not later than 180 days after the*  
18 *date of the enactment of this Act, the Director of the Admin-*  
19 *istrative Office of the United States Courts shall conduct*  
20 *a study of, and submit to the Committee on the Judiciary*  
21 *of the House of Representatives and the Committee on the*  
22 *Judiciary of the Senate a report on, the use of special mas-*  
23 *ters in patent litigation who are appointed in accordance*  
24 *with Rule 53 of the Federal Rules of Civil Procedure.*

1           (b) *OBJECTIVE.*—*In conducting the study under sub-*  
2 *section (a), the Director shall consider whether the use of*  
3 *special masters has been beneficial in patent litigation and*  
4 *what, if any, program should be undertaken to facilitate*  
5 *the use by the judiciary of special masters in patent litiga-*  
6 *tion.*

7           (c) *FACTORS TO CONSIDER.*—*In conducting the study*  
8 *under subsection (a), the Director, in consultation with the*  
9 *Federal Judicial Center, shall consider—*

10                 (1) *the basis upon which courts appoint special*  
11 *masters under Rule 53(b) of the Federal Rules of*  
12 *Civil Procedure;*

13                 (2) *the frequency with which special masters*  
14 *have been used by the courts;*

15                 (3) *the role and powers special masters are given*  
16 *by the courts;*

17                 (4) *the subject matter at issue in cases that use*  
18 *special masters;*

19                 (5) *the impact on court time and costs in cases*  
20 *where a special master is used as compared to cases*  
21 *where no special master is used;*

22                 (6) *the legal and technical training and experi-*  
23 *ence of special masters;*

1           (7) *whether the use of special masters has an im-*  
2           *act on the reversal rate of district court decisions at*  
3           *the Court of Appeals for the Federal Circuit; and*

4           (8) *any other factors that the Director believes*  
5           *would assist in gauging the effectiveness of special*  
6           *masters in patent litigation.*

7   **SEC. 17. RULE OF CONSTRUCTION.**

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