

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 1908
OFFERED BY MR. BERMAN OF CALIFORNIA, MR.
SMITH OF TEXAS, MR. CONYERS OF MICHIGAN,
AND MR. COBLE OF NORTH CAROLINA**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

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

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

- Sec. 1. Short title; table of contents.
- Sec. 2. Reference to title 35, United States Code.
- Sec. 3. Right of the first inventor to file.
- Sec. 4. Inventor’s oath or declaration.
- Sec. 5. Right of the inventor to obtain damages.
- Sec. 6. Post-grant procedures and other quality enhancements.
- Sec. 7. Definitions; patent trial and appeal board.
- Sec. 8. Study and report on reexamination proceedings.
- Sec. 9. Submissions by third parties and other quality enhancements.
- Sec. 10. Venue and jurisdiction.
- Sec. 11. Additional information; inequitable conduct as defense to infringement.
- Sec. 12. Regulatory authority.
- Sec. 13. Technical amendments.
- Sec. 14. Study of special masters in patent cases.
- Sec. 15. 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8 amended or repealed, that amendment or repeal shall be

1 considered to be made to that section or other provision
2 of title 35, United States Code.

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

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

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

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

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

14 “(1) the filing date of the patent or the applica-
15 tion for patent containing the claim to the invention;
16 or

17 “(2) if the patent or application for patent is
18 entitled to a right of priority of any other applica-
19 tion under section 119, 365(a), or 365(b) or to the
20 benefit of an earlier filing date in the United States
21 under section 120, 121, or 365(c), the filing date of
22 the earliest such application in which the claimed in-
23 vention is disclosed in the manner provided by sec-
24 tion 112(a).

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

4 “(j) The term ‘joint invention’ means an invention
5 resulting from the collaboration of inventive endeavors of
6 two or more persons working toward the same end and
7 producing an invention by their collective efforts.”.

8 (b) CONDITIONS FOR PATENTABILITY.—

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

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

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

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

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

19 “(B) one year or less before the effective
20 filing date of the claimed invention, other than
21 through disclosures made by the inventor or a
22 joint inventor or by others who obtained the
23 subject matter disclosed directly or indirectly
24 from the inventor or a joint inventor; or

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

8 “(b) EXCEPTIONS.—

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

19 “(2) DERIVATION, PRIOR DISCLOSURE, AND
20 COMMON ASSIGNMENT EXCEPTIONS.—Subject mat-
21 ter that would otherwise qualify as prior art only
22 under subsection (a)(2) shall not be prior art to a
23 claimed invention if—

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

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

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

16 “(3) JOINT RESEARCH AGREEMENT EXCEP-
17 TION.—

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

23 “(i) the claimed invention was made
24 by or on behalf of parties to a joint re-
25 search agreement that was in effect on or

1 before the effective filing date of the
2 claimed invention;

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

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

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

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

23 “(A) as of the filing date of the patent or
24 the application for patent; or

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

5 (e) REPEAL OF STATUTORY INVENTION REGISTRA-
6 TION.—

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

10 (2) REMOVAL OF CROSS REFERENCES.—Section
11 111(b)(8) is amended by striking “sections 115,
12 131, 135, and 157” and inserting “sections 131 and
13 135”.

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

18 (g) CONFORMING AMENDMENTS.—

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

22 (2) LIMITATION ON REMEDIES.—Section
23 287(c)(4) is amended by striking “the earliest effec-
24 tive filing date of which is prior to” and inserting
25 “which has an effective filing date before”.

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

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

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

13 (6) LIMIT ON RIGHT OF PRIORITY.—Section
14 119(a) is amended by striking “; but no patent shall
15 be granted” and all that follows through “one year
16 prior to such filing”.

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

19 (A) in paragraph (2)—

20 (i) by striking “publication, on sale,
21 or public use,” and all that follows through
22 “obtained in the United States” and in-
23 serting “the 1-year period referred to in
24 section 102(a) would end before the end of
25 that 2-year period”; and

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

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

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

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

13 “(a) DISPUTE OVER RIGHT TO PATENT.—

14 “(1) INSTITUTION OF DERIVATION PRO-
15 CEEDING.—

16 “(A) REQUEST FOR PROCEEDING.—An ap-
17 plicant may request initiation of a derivation
18 proceeding to determine the right of the appli-
19 cant to a patent by filing a request that sets
20 forth with particularity the basis for finding
21 that another applicant derived the claimed in-
22 vention from the applicant requesting the pro-
23 ceeding and, without authorization, filed an ap-
24 plication claiming such invention. Any such re-
25 quest—

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

3 “(I) the date on which a patent
4 is issued containing a claim that is
5 the same or substantially the same as
6 the claimed invention; or

7 “(II) the date of first publication
8 of an application containing a claim
9 that is the same or is substantially the
10 same as the claimed invention; and

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

13 “(B) DETERMINATION OF DIRECTOR.—
14 Whenever the Director determines that patents
15 or applications for patent naming different indi-
16 viduals as the inventor interfere with one an-
17 other because of a dispute over the right to pat-
18 ent under section 101 on the basis of a request
19 under subparagraph (A), the Director shall in-
20 stitute a derivation proceeding for the purpose
21 of determining which applicant is entitled to a
22 patent.

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

1 “(A) shall determine the question of the
2 right to patent;

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

6 “(C) shall issue a final decision on the
7 right to patent.

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

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

1 on copies of the patent distributed after such can-
2 cellation by the Patent and Trademark Office.”.

3 (j) ELIMINATION OF REFERENCES TO INTER-
4 FERENCES.—(1) Sections 6, 41, 134, 141, 145, 146, 154,
5 305, and 314 are each amended by striking “Board of
6 Patent Appeals and Interferences” each place it appears
7 and inserting “Patent Trial and Appeal Board”.

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

9 (A) by striking “an interference” each place it
10 appears and inserting “a derivation proceeding”;
11 and

12 (B) by striking “interference” each additional
13 place it appears and inserting “derivation pro-
14 ceeding”.

15 (3) The section heading for section 134 is amended
16 to read as follows:

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

18 (4) The section heading for section 135 is amended
19 to read as follows:

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

21 (5) The section heading for section 146 is amended
22 to read as follows:

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

2 (6) Section 154(b)(1)(C) is amended by striking
3 “INTERFERENCES” and inserting “DERIVATION PRO-
4 CEEDINGS”.

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

“6. Patent Trial and Appeal Board.”.

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

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

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

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

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

15 “(A) the Patent Trial and Appeal Board of
16 the United States Patent and Trademark Office
17 with respect to patent applications, derivation
18 proceedings, and post-grant review proceedings,
19 at the instance of an applicant for a patent or
20 any party to a patent interference (commenced
21 before the effective date provided in section
22 3(k) of the Patent Reform Act of 2007), deriva-
23 tion proceeding, or post-grant review pro-

1 ceeding, and any such appeal shall waive any
2 right of such applicant or party to proceed
3 under section 145 or 146 of title 35;”.

4 (k) EFFECTIVE DATE.—

5 (1) IN GENERAL.—The amendments made by
6 this section—

7 (A) shall take effect 90 days after the date
8 on which the President transmits to the Con-
9 gress a finding that major patenting authorities
10 have adopted a grace period having substan-
11 tially the same effect as that contained under
12 the amendments made by this section; and

13 (B) shall apply to all applications filed on
14 or after the effective date under subparagraph
15 (A).

16 (2) DEFINITIONS.—In this subsection:

17 (A) MAJOR PATENTING AUTHORITIES.—
18 The term “major patenting authorities” means
19 at least the patenting authorities in Europe and
20 Japan.

21 (B) GRACE PERIOD.—The term “grace pe-
22 riod” means the 1-year period ending on the ef-
23 fective filing date of a claimed invention, during
24 which disclosures of the subject matter by the
25 inventor or a joint inventor, or by others who

1 obtained the subject matter disclosed directly or
2 indirectly from the inventor or a joint inventor,
3 do not qualify as prior art to the claimed inven-
4 tion.

5 (C) EFFECTIVE FILING DATE.—The term
6 “effective filing date of a claimed invention”
7 means, with respect to a patenting authority in
8 another country, a date equivalent to the effec-
9 tive filing date of a claimed invention as defined
10 in section 100(h) of title 35, United States
11 Code, as added by subsection (a) of this section.

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

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

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

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

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

1 tor or a joint inventor of a claimed invention in an applica-
2 tion for patent shall execute an oath or declaration in con-
3 nection with the application.

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

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

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

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

15 “(d) SUBSTITUTE STATEMENT.—

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

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

1 “(A) is unable to file the oath or declara-
2 tion under subsection (a) because the indi-
3 vidual—

4 “(i) is deceased;

5 “(ii) is under legal incapacity; or

6 “(iii) cannot be found or reached after
7 diligent effort; or

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

11 “(3) CONTENTS.—A substitute statement under
12 this subsection shall—

13 “(A) identify the individual with respect to
14 whom the statement applies;

15 “(B) set forth the circumstances rep-
16 resenting the permitted basis for the filing of
17 the substitute statement in lieu of the oath or
18 declaration under subsection (a); and

19 “(C) contain any additional information,
20 including any showing, required by the Direc-
21 tor.

22 “(e) MAKING REQUIRED STATEMENTS IN ASSIGN-
23 MENT OF RECORD.—An individual who is under an obliga-
24 tion of assignment of an application for patent may in-
25 clude the required statements under subsections (b) and

1 (c) in the assignment executed by the individual, in lieu
2 of filing such statements separately.

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

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

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

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

23 “(3) an assignment meeting the requirements
24 of subsection (e) was executed with respect to the
25 earlier-filed application by the individual and was re-

1 corded in connection with the earlier-filed applica-
2 tion.

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

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

13 “(2) SUPPLEMENTAL STATEMENTS NOT RE-
14 QUIRED.—If an individual has executed an oath or
15 declaration 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
20 equivalent to those required by this section in con-
21 nection with the application for patent or any patent
22 issuing thereon.

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

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

3 “(i) ACKNOWLEDGMENT OF PENALTIES.—Any dec-
4 laration or statement filed under this section must contain
5 an acknowledgment that any willful false statement is
6 punishable 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
10 divisional application” and all that follows through
11 “inventor.”.

12 (3) REQUIREMENTS FOR NONPROVISIONAL AP-
13 PLICATIONS.—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
19 appears.

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

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

23 (b) FILING BY OTHER THAN INVENTOR.—Section
24 118 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 suf-
5 ficient proprietary interest in the matter may make an ap-
6 plication for patent on behalf of and as agent for the in-
7 ventor on proof of the pertinent facts and a showing that
8 such action is appropriate to preserve the rights of the
9 parties. If the Director grants a patent on an application
10 filed under this section by a person other than the inven-
11 tor, the patent shall be granted to the real party in inter-
12 est and upon such notice to the inventor as the Director
13 considers 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 (B) by striking “of carrying out his inven-
19 tion” and inserting “or joint inventor of car-
20 rying out the invention”; and

21 (2) in the second paragraph—

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

24 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 “Sub-
7 ject to the following paragraph,” and inserting “(d)
8 REFERENCE IN DEPENDENT FORMS.—Subject to
9 subsection (e),”;

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

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

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

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

3 IN GENERAL.—Upon”;

4 (B) by designating the second undesig-
5 nated paragraph as subsection (c); and

6 (C) by inserting after subsection (a) (as
7 designated by subparagraph (A) of this para-
8 graph) the following:

9 “(b) REASONABLE ROYALTY.—

10 “(1) IN GENERAL.— An award pursuant to
11 subsection (a) that is based upon a reasonable roy-
12 alty shall be determined in accordance with the re-
13 quirements of paragraphs (2) through (5). The court
14 shall identify the factors that are relevant to the de-
15 termination of a reasonable royalty under the appli-
16 cable paragraph, and the court or jury, as the case
17 may be, shall consider only those factors in making
18 the determination.

19 “(2) RELATIONSHIP OF DAMAGES TO CON-
20 TRIBUTIONS OVER PRIOR ART.—The court shall con-
21 duct an analysis to ensure that a reasonable royalty
22 under subsection (a) is applied only to that economic
23 value properly attributable to the patent’s specific
24 contribution over the prior art. The court shall ex-
25 clude from the analysis the economic value properly

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

5 “(3) ENTIRE MARKET VALUE.—Unless the
6 claimant shows that the patent’s specific contribu-
7 tion over the prior art is the predominant basis for
8 market demand for an infringing product or process,
9 damages may not be based upon the entire market
10 value of the products or processes involved that sat-
11 isfy that demand.

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

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

1 appropriate, as well as any other relevant factors
2 under applicable law.”;

3 (2) by amending the subsection (c) (as des-
4 igned by paragraph (1)(B) of this subsection) to
5 read as follows:

6 “(c) WILLFUL INFRINGEMENT.—

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

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

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

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

24 “(ii) identifying with particularity
25 each claim of the patent, each product or

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

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

10 “(C) after having been found by a court to
11 have infringed that patent, the infringer en-
12 gaged in conduct that was not colorably dif-
13 ferent from the conduct previously found to
14 have infringed the patent, and that resulted in
15 a separate finding of infringement of the same
16 patent.

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

1 “(B) An informed good faith belief within the
2 meaning of subparagraph (A) may be established
3 by—

4 “(i) reasonable reliance on advice of coun-
5 sel;

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

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

11 “(C) The decision of the infringer not to
12 present evidence of advice of counsel is not relevant
13 to a determination of willful infringement under
14 paragraph (2).

15 “(4) LIMITATION ON PLEADING.—Before the
16 date on which a court determines that the patent in
17 suit is not invalid, is enforceable, and has been in-
18 fringed by the infringer, a patentee may not plead
19 and a court may not determine that an infringer has
20 willfully infringed a patent. The court’s determina-
21 tion of an infringer’s willfulness shall be made with-
22 out a jury.”; and

23 (3) in the third undesignated paragraph, by
24 striking “The court” and inserting “(c) EXPERT
25 TESTIMONY.—The court”.

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

4 (1) in subsection (a)—

5 (A) in paragraph (1)—

6 (i) by striking “of a method”; and

7 (ii) by striking “review period;” and
8 inserting “review period; and”;

9 (B) in paragraph (2)(B), by striking the
10 semicolon at the end and inserting a period;
11 and

12 (C) by striking paragraphs (3) and (4);

13 (2) in subsection (b)—

14 (A) in paragraph (1)—

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

16 (ii) by striking “at least 1 year before
17 the effective filing date of such patent,
18 and” and all that follows through the pe-
19 riod and inserting “and commercially used,
20 or made substantial preparations for com-
21 mercial use of, the subject matter before
22 the effective filing date of the claimed in-
23 vention.”;

24 (B) in paragraph (2)—

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

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

10 (C) in paragraph (3)—

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

12 (ii) by redesignating subparagraphs
13 (B) and (C) as subparagraphs (A) and
14 (B), respectively;

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

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

18 **“§ 273. Special defenses to and exemptions from in-
19 fringement”.**

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

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

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

1 **SEC. 6. POST-GRANT PROCEDURES AND OTHER QUALITY**
2 **ENHANCEMENTS.**

3 (a) CITATION OF PRIOR ART.—

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

6 **“§ 301. Citation of prior art**

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

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

13 “(2) written statements of the patent owner
14 filed in a proceeding before a Federal court or the
15 Patent and Trademark Office in which the patent
16 owner takes a position on the scope of one or more
17 patent claims.

18 “(b) SUBMISSIONS PART OF OFFICIAL FILE.—If the
19 person citing prior art or written submissions under sub-
20 section (a) explains in writing the pertinence and manner
21 of applying the prior art or written submissions to at least
22 one claim of the patent, the citation of the prior art or
23 written submissions (as the case may be) and the expla-
24 nation thereof shall become a part of the official file of
25 the patent.

26 “(c) PROCEDURES FOR WRITTEN STATEMENTS.—

1 “(1) SUBMISSION OF ADDITIONAL MATE-
2 RIALS.—A party that submits written statements
3 under subsection (a)(2) in a proceeding shall include
4 any other documents, pleadings, or evidence from
5 the proceeding that address the patent owner’s
6 statements or the claims addressed by the written
7 statements.

8 “(2) LIMITATION ON USE OF STATEMENTS.—
9 Written statements submitted under subsection
10 (a)(2) shall not be considered for any purpose other
11 than to determine the proper meaning of the claims
12 that are the subject of the request in a proceeding
13 ordered pursuant to section 304 or 313. Any such
14 written statements, and any materials submitted
15 under paragraph (1), that are subject to an applica-
16 ble protective order shall be redacted to exclude in-
17 formation subject to the order.

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

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

24 “(a) Within 3 months after the owner of a patent
25 files a request for reexamination under section 302, the

1 Director shall determine whether a substantial new ques-
2 tion of patentability affecting any claim of the patent con-
3 cerned is raised by the request, with or without consider-
4 ation of other patents or printed publications. On the Di-
5 rector's own initiative, and at any time, the Director may
6 determine whether a substantial new question of patent-
7 ability is raised by patents and publications discovered by
8 the Director, is cited under section 301, or is cited by any
9 person other than the owner of the patent under section
10 302 or section 311. The existence of a substantial new
11 question of patentability is not precluded by the fact that
12 a patent or printed publication was previously cited by or
13 to the Office or considered by the Office.”.

14 (c) CONDUCT OF INTER PARTES PROCEEDINGS.—
15 Section 314 is amended—

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

22 (2) in subsection (b), by striking paragraph (2)
23 and inserting the following:

24 “(2) The third-party requester shall have the oppor-
25 tunity to file written comments on any action on the mer-

1 its by the Office in the inter partes reexamination pro-
2 ceeding, and on any response that the patent owner files
3 to such an action, if those written comments are received
4 by the Office within 60 days after the date of service on
5 the third-party requester of the Office action or patent
6 owner response, as the case may be.”; and

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

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

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

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

16 (1) in the subsection heading, by striking
17 “FINAL DECISION” and inserting “DISTRICT COURT
18 DECISION”; and

19 (2) by striking “Once a final decision has been
20 entered” and inserting “Once the judgment of the
21 district court has been entered”.

22 (f) POST-GRANT OPPOSITION PROCEDURES.—

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

1 **“CHAPTER 32—POST-GRANT REVIEW**
2 **PROCEDURES**

- “ 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.

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

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

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

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

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

4 “(2) the patent owner consents in writing to the
5 proceeding.

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

7 “A cancellation petition filed under section 321 may
8 be considered only if—

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

12 “(2) the petition identifies the cancellation peti-
13 tioner; and

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

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

1 **“§ 324. Prohibited filings**

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

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

10 “(a) IN GENERAL.—The cancellation petitioner shall
11 file such additional information with respect to the peti-
12 tion as the Director may require. For each petition sub-
13 mitted under section 321, the Director shall determine if
14 the written statement, and any evidence submitted with
15 the request, establish that a substantial question of pat-
16 entability exists for at least one claim in the patent. The
17 Director may initiate a post-grant review proceeding if the
18 Director determines that the information presented pro-
19 vides sufficient grounds to believe that there is a substan-
20 tial question of patentability concerning one or more
21 claims of the patent at issue.

22 “(b) NOTIFICATION; DETERMINATIONS NOT RE-
23 VIEWABLE.— The Director shall notify the patent owner
24 and each petitioner in writing of the Director’s determina-
25 tion under subsection (a), including a determination to
26 deny the petition. The Director shall make that determina-

1 tion in writing not later than 60 days after receiving the
2 petition. Any determination made by the Director under
3 subsection (a), including whether or not to institute a
4 post-grant review proceeding or to deny the petition, shall
5 not be reviewable.

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

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

8 “(1) prescribe regulations, in accordance with
9 section 2(b)(2), establishing and governing post-
10 grant review proceedings under this chapter and
11 their relationship to other proceedings under this
12 title;

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

16 “(3) prescribe regulations setting forth proce-
17 dures for discovery of relevant evidence, including
18 that such discovery shall be limited to evidence di-
19 rectly related to factual assertions advanced by ei-
20 ther party in the proceeding, and the procedures for
21 obtaining such evidence shall be consistent with the
22 purpose and nature of the proceeding.

23 “(b) POST-GRANT REGULATIONS.—Regulations
24 under subsection (a)(1)—

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

7 “(2) shall provide for discovery upon order of
8 the Director;

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

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

21 “(5) may provide for protective orders gov-
22 erning the exchange and submission of confidential
23 information; and

24 “(6) shall ensure that any information sub-
25 mitted by the patent owner in support of any

1 amendment entered under section 329 is made avail-
2 able to the public as part of the prosecution history
3 of the patent.

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

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

12 **“§ 327. Patent owner response**

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

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

22 “(a) IN GENERAL.—The presumption of validity set
23 forth in section 282 shall not apply in a challenge to any
24 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
8 motion to amend the patent in one or more of the fol-
9 lowing 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 pat-
19 ent 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
23 Appeal Board shall issue a final written decision with re-
24 spect to the patentability of any patent claim challenged
25 and any 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 certifi-
6 cate canceling any claim of the patent finally determined
7 to be unpatentable and incorporating in the patent by op-
8 eration of the certificate any new claim determined to be
9 patentable.

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

19 **“§ 332. Settlement**

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

1 shall apply to that petitioner. If no petitioner remains in
2 the proceeding, the panel of administrative patent judges
3 assigned to the proceeding shall terminate the proceeding.

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

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

20 “(a) IN GENERAL.—Notwithstanding subsection
21 135(a), sections 251 and 252, and chapter 30, the Direc-
22 tor may determine the manner in which any reexamination
23 proceeding, reissue proceeding, interference proceeding
24 (commenced before the effective date provided in section
25 3(k) of the Patent Reform Act of 2007), derivation pro-

1 ceeding, or post-grant review proceeding, that is pending
2 during a post-grant review proceeding, may proceed, in-
3 cluding providing for stay, transfer, consolidation, or ter-
4 mination of any such proceeding.

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

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

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

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

21 “(2) the Director may not thereafter maintain
22 a post-grant review proceeding that was requested,
23 before the final decision was so entered, by that
24 party or the privies of that party on the basis of
25 such 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 which
6 the cancellation petitioner raised during the post-grant re-
7 view proceeding—

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

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

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

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

18 **“§ 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-
23 grant proceeding shall have the right to be a party to the
24 appeal.”.

1 (g) CONFORMING AMENDMENT.—The table of chap-
2 ters for part III is amended by adding at the end the fol-
3 lowing:

“32. Post-Grant Review Proceedings 321”.

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

8 (i) EFFECTIVE DATES.—

9 (1) IN GENERAL.—The amendments and repeal
10 made by this section shall take effect at the end of
11 the 1-year period beginning on the date of the enact-
12 ment of this Act.

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

20 (3) APPLICABILITY TO POST-GRANT PRO-
21 CEEDINGS.—The amendments made by subsection
22 (f) shall apply to patents issued on or after the ef-
23 fective date under paragraph (1).

24 (j) REGULATIONS.—

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

9 (2) PENDING INTERFERENCES.—The Director
10 shall determine the procedures under which inter-
11 ferences under title 35, United States Code, that are
12 commenced before the effective date under sub-
13 section (i)(1) are to proceed, including whether any
14 such interference is to be dismissed without preju-
15 dice to the filing of a cancellation petition for a post-
16 grant opposition proceeding under chapter 32 of title
17 35, United States Code, or is to proceed as if this
18 Act had not been enacted. The Director shall include
19 such procedures in regulations issued under para-
20 graph (1).

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

22 (a) DEFINITIONS.—Section 100 (as amended by this
23 Act) is further amended—

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

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

2 “(k) The term ‘cancellation petitioner’ means the real
3 party in interest requesting cancellation of any claim of
4 a patent under chapter 32 of this title and the privies of
5 the real party in interest.”.

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

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

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

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

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

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

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

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

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

21 (c) EFFECTIVE DATE.—The amendments made by
22 this section shall take effect at the end of the 1-year period
23 beginning on the date of the enactment of this Act.

1 **SEC. 8. STUDY AND REPORT ON REEXAMINATION PRO-**
2 **CEEDINGS.**

3 The Under Secretary of Commerce for Intellectual
4 Property and Director of the Patent and Trademark Of-
5 fice shall, not later than 2 years after the date of the en-
6 actment of this Act—

7 (1) conduct a study of the effectiveness and ef-
8 ficiency of the different forms of proceedings avail-
9 able under title 35, United States Code, for the re-
10 examination of patents; and

11 (2) submit to the Committees on the Judiciary
12 of the House of Representatives and the Senate a
13 report on the results of the study, including any of
14 the Director's suggestions for amending the law, and
15 any other recommendations the Director has with
16 respect to patent reexamination proceedings.

17 **SEC. 9. SUBMISSIONS BY THIRD PARTIES AND OTHER**
18 **QUALITY ENHANCEMENTS.**

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

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

21 (2) in subparagraph (A)—

22 (A) by striking “(A) An application” and
23 inserting “An application”; and

24 (B) by redesignating clauses (i) through
25 (iv) as subparagraphs (A) through (D), respec-
26 tively.

1 (b) PREISSUANCE SUBMISSIONS BY THIRD PAR-
2 TIES.—Section 122 is amended by adding at the end the
3 following:

4 “(e) PREISSUANCE SUBMISSIONS BY THIRD PAR-
5 TIES.—

6 “(1) IN GENERAL.—Any person may submit for
7 consideration and inclusion in the record of a patent
8 application, any patent, published patent application,
9 or other publication of potential relevance to the ex-
10 amination of the application, if such submission is
11 made in writing before the earlier of—

12 “(A) the date a notice of allowance under
13 section 151 is mailed in the application for pat-
14 ent; or

15 “(B) either—

16 “(i) 6 months after the date on which
17 the application for patent is published
18 under section 122, or

19 “(ii) the date of the first rejection
20 under section 132 of any claim by the ex-
21 aminer during the examination of the ap-
22 plication for patent,
23 whichever occurs later.

24 “(2) OTHER REQUIREMENTS.—Any submission
25 under paragraph (1) shall—

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

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

5 “(C) include a statement by the submitter
6 affirming that the submission was made in
7 compliance with this section.”.

8 (c) **EFFECTIVE DATE.**—The amendments made by
9 this section—

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

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

16 **SEC. 10. VENUE AND JURISDICTION.**

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

20 “(b) Any civil action arising under any Act of Con-
21 gress relating to patents, other than an action seeking re-
22 view of a decision of the Patent Trial and Appeal Board
23 under chapter 13 of title 35, may be brought only—

24 “(1) in the judicial district where either party
25 resides; or

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

4 “(c) Notwithstanding section 1391(c) of this title, for
5 purposes of venue under subsection (b), a corporation
6 shall be deemed to reside in the judicial district in which
7 the corporation has its principal place of business or in
8 the State in which the corporation is incorporated.”.

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

11 (1) by striking “and” at the end of paragraph
12 (1);

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

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

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

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

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

4 **SEC. 11. ADDITIONAL INFORMATION; INEQUITABLE CON-**
5 **DUCT AS DEFENSE TO INFRINGEMENT.**

6 (a) DISCLOSURE REQUIREMENTS FOR APPLI-
7 CANTS.—

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

10 **“§ 123. Additional information**

11 “(a) IN GENERAL.—The Director shall, by regula-
12 tion, require that applicants submit a search report and
13 other information and analysis relevant to patentability.
14 An application shall be regarded as abandoned if the appli-
15 cant fails to submit the required search report, informa-
16 tion, and analysis in the manner and within the time pe-
17 riod prescribed by the Director.

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

21 **“§ 124. Micro entities**

22 “(a) DEFINITION.—For purposes of this title, the
23 term ‘micro entity’ means an applicant for patent who
24 makes 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
5 regulations 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,
9 and is not under an obligation by contract or law to
10 assign, grant, or convey, a license or any other own-
11 ership interest in the application; and

12 “(4) does not have a gross income, as defined
13 in section 61(a) of the Internal Revenue Code of
14 1986, exceeding 2.5 times the Average Gross Income
15 (AGI) as reported by Secretary of Labor in the cal-
16 endar year immediately preceding the calendar year
17 in 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
22 regulations issued by the Director and meets the re-
23 quirements 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
2 under an obligation by contract or law to assign,
3 grant, or convey, a license or other ownership inter-
4 est in the application to an entity that has five or
5 fewer employees and has a gross taxable income, as
6 defined in section 61(a) of the Internal Revenue
7 Code of 1986, that does not exceed 2.5 times the
8 Average Gross Income (AGI) as reported by Sec-
9 retary of Labor in the calendar year immediately
10 preceding the calendar year in which the examina-
11 tion fee is being paid.

12 “(d) INCOME LEVEL ADJUSTMENT.—The income lev-
13 els referred to in subsections (b) and (c) may be adjusted
14 by the Director on October 1, 2009, and every year there-
15 after, to reflect any fluctuations occurring during the pre-
16 vious 12 months in the Consumer Price Index, as deter-
17 mined by the Secretary of Labor.”.

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

“123. Additional information.

“124. Micro entities.”.

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

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

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

7 (3) in the third undesignated paragraph—

8 (A) by striking “In actions” and inserting
9 “(d) NOTICE OF ACTIONS; PLEADING.—In ac-
10 tions”; and

11 (B) by inserting after the second sentence
12 the following: “In actions involving allegations
13 of inequitable conduct under subsection (c), the
14 party asserting this defense or claim shall com-
15 ply with the pleading requirements set forth in
16 Rule 9(b) of the Federal Rules of Civil Proce-
17 dure.” ;

18 (4) in the fourth undesignated paragraph, by
19 striking “Invalidity” and inserting “(e) EXTENSION
20 OF PATENT TERM.—Invalidity”; and

21 (5) by inserting after subsection (b), as des-
22 ignated by paragraph (2) of this section, the fol-
23 lowing:

24 “(c) INEQUITABLE CONDUCT.—

1 “(1) DEFENSE.—A patent may be held to be
2 unenforceable for inequitable conduct if, by clear
3 and convincing evidence, it is shown that the pat-
4 entee, its agents, or another person with a duty of
5 disclosure to the Office, with intent to mislead or de-
6 ceive the patent examiner, failed to disclose material
7 information or submitted materially false informa-
8 tion concerning any claim during prosecution of the
9 patent. Patents related to a patent with a claim that
10 is found unenforceable due to inequitable conduct
11 may also be held to be unenforceable.

12 “(2) MATERIALITY AND INTENT.—

13 “(A) MATERIALITY.—For purposes of
14 paragraph (1), material information is any in-
15 formation that a reasonable patent examiner
16 would consider important in deciding whether
17 to allow the patent application. Information is
18 material to patentability when it is not cumu-
19 lative to information already of record in the
20 application.

21 “(B) INTENT.—In order to prove intent to
22 mislead or deceive under paragraph (1), specific
23 facts beyond materiality of the information sub-
24 mitted or not disclosed must be proven that
25 support an inference of intent to mislead or de-

1 ceive the Patent and Trademark Office. Facts
2 support an inference of intent if they show cir-
3 cumstances that indicate conscious or deliberate
4 behavior on the part of the patentee, its agents,
5 or another person with a duty of disclosure to
6 the Office, to not disclose material information
7 or to submit materially false information.

8 “(3) ATTORNEY MISCONDUCT.—Upon a finding
9 of inequitable conduct, if there is evidence that the
10 conduct can be attributable to a person or persons
11 authorized to practice before the Office, the court
12 shall refer the matter to the Office for appropriate
13 disciplinary action under section 32, and shall order
14 the parties to preserve and make available to the Of-
15 fice any materials that may be relevant to the deter-
16 mination under section 32.”.

17 (c) EFFECTIVE DATE.—

18 (1) SUBSECTION (a).—The amendments made
19 by subsection (a)—

20 (A) shall take effect at the end of the 1-
21 year period beginning on the date of the enact-
22 ment of this Act; and

23 (B) shall apply to any application for pat-
24 ent filed on or after the effective date under
25 subparagraph (A).

1 (2) SUBSECTION (b).—The amendments made
2 by 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. 12. REGULATORY AUTHORITY.**

6 (a) REGULATORY AUTHORITY.—Section 2(c) is
7 amended by adding at the end the following:

8 “(6) The powers granted under paragraph (2) of sub-
9 section (b) include the authority to promulgate regulations
10 to ensure the quality and timeliness of applications and
11 their examination, including specifying circumstances
12 under which an application for patent may claim the ben-
13 efit under sections 120, 121 and 365(c) of the filing date
14 of a prior filed application for patent.”.

15 (b) CLARIFICATION.—The amendment made by sub-
16 section (a) clarifies the scope of power granted to the
17 United States Patent and Trademark Office by paragraph
18 (2) of section 2(b) of title 35, United States Code, as in
19 effect since the enactment of Public Law 106-113.

20 **SEC. 13. TECHNICAL AMENDMENTS.**

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

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

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

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

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

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

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

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

19 (c) REISSUE OF DEFECTIVE PATENTS.—Section 251
20 is amended—

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

23 (2) in the second paragraph, by striking “The
24 Director” and inserting “(b) MULTIPLE REISSUED
25 PATENTS.—The Director”;

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

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

8 (d) EFFECT OF REISSUE.—Section 253 is amend-
9 ed—

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

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

17 (e) CORRECTION OF NAMED INVENTOR.—Section
18 256 is amended—

19 (1) in the first paragraph, by striking “When-
20 ever” and inserting “(a) CORRECTION.—Whenever”;
21 and

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

1 (f) EFFECTIVE DATE.—The amendments made by
2 this section shall take effect on the date of the enactment
3 of this Act.

4 **SEC. 14. STUDY OF SPECIAL MASTERS IN PATENT CASES.**

5 (a) IN GENERAL.—Not later than 180 days after the
6 date of the enactment of this Act, the Director of the Ad-
7 ministrative Office of the United States Courts shall con-
8 duct a study of, and submit to the Committee on the Judi-
9 ciary of the House of Representatives and the Committee
10 on the Judiciary of the Senate a report on, the use of
11 special masters in patent litigation who are appointed in
12 accordance with Rule 53 of the Federal Rules of Civil Pro-
13 cedure.

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

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

23 (1) the basis upon which courts appoint special
24 masters under Rule 53(b) of the Federal Rules of
25 Civil Procedure;

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

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

5 (4) the subject matter at issue in cases that use
6 special masters;

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

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

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

15 (8) any other factors that the Director believes
16 would assist in gauging the effectiveness of special
17 masters in patent litigation

18 **SEC. 15. RULE OF CONSTRUCTION.**

19 The enactment of section 102(b)(3) of title 35,
20 United States Code, under section (3)(b) of this Act is
21 done with the same intent to promote joint research activi-
22 ties that was expressed, including in the legislative history,
23 through the enactment of the Cooperative Research and
24 Technology Enhancement Act of 2004 (Public Law 108–
25 453; the “CREATE Act”), the amendments of which are

1 stricken by section 3(c) of this Act. The United States
2 Patent and Trademark Office shall administer section
3 102(b)(3) of title 35, United States Code, in a manner
4 consistent with the legislative history of the CREATE Act
5 that was relevant to its administration by the Patent and
6 Trademark Office.