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112TH CONGRESS
1ST SESSION**H. R. 1249**

IN THE SENATE OF THE UNITED STATES

JUNE 27, 2011

Received and read the first time

JUNE 28, 2011

Read the second time and placed on the calendar

AN ACT

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

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

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

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Leahy-Smith America Invents Act”.

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

- Sec. 1. Short title; table of contents.
- Sec. 2. Definitions.
- Sec. 3. First inventor to file.
- Sec. 4. Inventor’s oath or declaration.
- Sec. 5. Defense to infringement based on prior commercial use.
- Sec. 6. Post-grant review proceedings.

- Sec. 7. Patent Trial and Appeal Board.
- Sec. 8. Preissuance submissions by third parties.
- Sec. 9. Venue.
- Sec. 10. Fee setting authority.
- Sec. 11. Fees for patent services.
- Sec. 12. Supplemental examination.
- Sec. 13. Funding agreements.
- Sec. 14. Tax strategies deemed within the prior art.
- Sec. 15. Best mode requirement.
- Sec. 16. Marking.
- Sec. 17. Advice of counsel.
- Sec. 18. Transitional program for covered business method patents.
- Sec. 19. Jurisdiction and procedural matters.
- Sec. 20. Technical amendments.
- Sec. 21. Travel expenses and payment of administrative judges.
- Sec. 22. Patent and Trademark Office funding.
- Sec. 23. Satellite offices.
- Sec. 24. Designation of Detroit satellite office.
- Sec. 25. Priority examination for important technologies.
- Sec. 26. Study on implementation.
- Sec. 27. Study on genetic testing.
- Sec. 28. Patent Ombudsman Program for small business concerns.
- Sec. 29. Establishment of methods for studying the diversity of applicants.
- Sec. 30. Sense of Congress.
- Sec. 31. USPTO study on international patent protections for small businesses.
- Sec. 32. Pro bono program.
- Sec. 33. Limitation on issuance of patents.
- Sec. 34. Study of patent litigation.
- Sec. 35. Effective date.
- Sec. 36. Budgetary effects.
- Sec. 37. Calculation of 60-day period for application of patent term extension.

1 **SEC. 2. DEFINITIONS.**

2 In this Act:

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

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

9 (3) **PATENT PUBLIC ADVISORY COMMITTEE.**—
 10 The term “Patent Public Advisory Committee”
 11 means the Patent Public Advisory Committee estab-

1 lished under section 5(a) of title 35, United States
2 Code.

3 (4) TRADEMARK ACT OF 1946.—The term
4 “Trademark Act of 1946” means the Act entitled
5 “An Act to provide for the registration and protec-
6 tion of trademarks used in commerce, to carry out
7 the provisions of certain international conventions,
8 and for other purposes”, approved July 5, 1946 (15
9 U.S.C. 1051 et seq.) (commonly referred to as the
10 “Trademark Act of 1946” or the “Lanham Act”).

11 (5) TRADEMARK PUBLIC ADVISORY COM-
12 MITTEE.—The term “Trademark Public Advisory
13 Committee” means the Trademark Public Advisory
14 Committee established under section 5(a) of title 35,
15 United States Code.

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

17 (a) DEFINITIONS.—Section 100 of title 35, United
18 States Code, is amended—

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

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

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

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

4 “(h) The term ‘joint research agreement’ means a
5 written contract, grant, or cooperative agreement entered
6 into by 2 or more persons or entities for the performance
7 of experimental, developmental, or research work in the
8 field of the claimed invention.

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

11 “(A) if subparagraph (B) does not apply, the
12 actual filing date of the patent or the application for
13 the patent containing a claim to the invention; or

14 “(B) the filing date of the earliest application
15 for which the patent or application is entitled, as to
16 such invention, to a right of priority under section
17 119, 365(a), or 365(b) or to the benefit of an earlier
18 filing date under section 120, 121, or 365(c).

19 “(2) The effective filing date for a claimed invention
20 in an application for reissue or reissued patent shall be
21 determined by deeming the claim to the invention to have
22 been contained in the patent for which reissue was sought.

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

1 (b) CONDITIONS FOR PATENTABILITY.—

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

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

5 “(a) NOVELTY; PRIOR ART.—A person shall be enti-
6 tled to a patent unless—

7 “(1) the claimed invention was patented, de-
8 scribed in a printed publication, or in public use, on
9 sale, or otherwise available to the public before the
10 effective filing date of the claimed invention; or

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

18 “(b) EXCEPTIONS.—

19 “(1) DISCLOSURES MADE 1 YEAR OR LESS BE-
20 FORE THE EFFECTIVE FILING DATE OF THE
21 CLAIMED INVENTION.—A disclosure made 1 year or
22 less before the effective filing date of a claimed in-
23 vention shall not be prior art to the claimed inven-
24 tion under subsection (a)(1) if—

1 “(A) the disclosure was made by the inven-
2 tor or joint inventor or by another who obtained
3 the subject matter disclosed directly or indi-
4 rectly from the inventor or a joint inventor; or

5 “(B) the subject matter disclosed had, be-
6 fore such disclosure, been publicly disclosed by
7 the inventor or a joint inventor or another who
8 obtained the subject matter disclosed directly or
9 indirectly from the inventor or a joint inventor.

10 “(2) DISCLOSURES APPEARING IN APPLICA-
11 TIONS AND PATENTS.—A disclosure shall not be
12 prior art to a claimed invention under subsection
13 (a)(2) if—

14 “(A) the subject matter disclosed was ob-
15 tained directly or indirectly from the inventor or
16 a joint inventor;

17 “(B) the subject matter disclosed had, be-
18 fore such subject matter was effectively filed
19 under subsection (a)(2), been publicly disclosed
20 by the inventor or a joint inventor or another
21 who obtained the subject matter disclosed di-
22 rectly or indirectly from the inventor or a joint
23 inventor; or

24 “(C) the subject matter disclosed and the
25 claimed invention, not later than the effective

1 filing date of the claimed invention, were owned
2 by the same person or subject to an obligation
3 of assignment to the same person.

4 “(c) COMMON OWNERSHIP UNDER JOINT RESEARCH
5 AGREEMENTS.—Subject matter disclosed and a claimed
6 invention shall be deemed to have been owned by the same
7 person or subject to an obligation of assignment to the
8 same person in applying the provisions of subsection
9 (b)(2)(C) if—

10 “(1) the subject matter disclosed was developed
11 and the claimed invention was made by, or on behalf
12 of, 1 or more parties to a joint research agreement
13 that was in effect on or before the effective filing
14 date of the claimed invention;

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

18 “(3) the application for patent for the claimed
19 invention discloses or is amended to disclose the
20 names of the parties to the joint research agree-
21 ment.

22 “(d) PATENTS AND PUBLISHED APPLICATIONS EF-
23 FECTIVE AS PRIOR ART.—For purposes of determining
24 whether a patent or application for patent is prior art to
25 a claimed invention under subsection (a)(2), such patent

1 or application shall be considered to have been effectively
2 filed, with respect to any subject matter described in the
3 patent or application—

4 “(1) if paragraph (2) does not apply, as of the
5 actual filing date of the patent or the application for
6 patent; or

7 “(2) if the patent or application for patent is
8 entitled to claim a right of priority under section
9 119, 365(a), or 365(b), or to claim the benefit of an
10 earlier filing date under section 120, 121, or 365(c),
11 based upon 1 or more prior filed applications for
12 patent, as of the filing date of the earliest such ap-
13 plication that describes the subject matter.”.

14 (2) CONTINUITY OF INTENT UNDER THE CRE-
15 ATE ACT.—The enactment of section 102(c) of title
16 35, United States Code, under paragraph (1) of this
17 subsection is done with the same intent to promote
18 joint research activities that was expressed, includ-
19 ing in the legislative history, through the enactment
20 of the Cooperative Research and Technology En-
21 hancement Act of 2004 (Public Law 108–453; the
22 “CREATE Act”), the amendments of which are
23 stricken by subsection (c) of this section. The United
24 States Patent and Trademark Office shall admin-
25 ister section 102(c) of title 35, United States Code,

1 in a manner consistent with the legislative history of
2 the CREATE Act that was relevant to its adminis-
3 tration by the United States Patent and Trademark
4 Office.

5 (3) CONFORMING AMENDMENT.—The item re-
6 lating to section 102 in the table of sections for
7 chapter 10 of title 35, United States Code, is
8 amended to read as follows:

“102. Conditions for patentability; novelty.”.

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

12 **“§ 103. Conditions for patentability; non-obvious sub-**
13 **ject matter**

14 “A patent for a claimed invention may not be ob-
15 tained, notwithstanding that the claimed invention is not
16 identically disclosed as set forth in section 102, if the dif-
17 ferences between the claimed invention and the prior art
18 are such that the claimed invention as a whole would have
19 been obvious before the effective filing date of the claimed
20 invention to a person having ordinary skill in the art to
21 which the claimed invention pertains. Patentability shall
22 not be negated by the manner in which the invention was
23 made.”.

24 (d) REPEAL OF REQUIREMENTS FOR INVENTIONS
25 MADE ABROAD.—Section 104 of title 35, United States

1 Code, and the item relating to that section in the table
2 of sections for chapter 10 of title 35, United States Code,
3 are repealed.

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

6 (1) IN GENERAL.—Section 157 of title 35,
7 United States Code, and the item relating to that
8 section in the table of sections for chapter 14 of title
9 35, United States Code, are repealed.

10 (2) REMOVAL OF CROSS REFERENCES.—Section
11 111(b)(8) of title 35, United States Code, is amend-
12 ed by striking “sections 115, 131, 135, and 157”
13 and inserting “sections 131 and 135”.

14 (3) EFFECTIVE DATE.—The amendments made
15 by this subsection shall take effect upon the expira-
16 tion of the 18-month period beginning on the date
17 of the enactment of this Act, and shall apply to any
18 request for a statutory invention registration filed on
19 or after that effective date.

20 (f) EARLIER FILING DATE FOR INVENTOR AND
21 JOINT INVENTOR.—Section 120 of title 35, United States
22 Code, is amended by striking “which is filed by an inven-
23 tor or inventors named” and inserting “which names an
24 inventor or joint inventor”.

25 (g) CONFORMING AMENDMENTS.—

1 (1) RIGHT OF PRIORITY.—Section 172 of title
2 35, United States Code, is amended by striking
3 “and the time specified in section 102(d)”.

4 (2) LIMITATION ON REMEDIES.—Section
5 287(c)(4) of title 35, United States Code, is amend-
6 ed by striking “the earliest effective filing date of
7 which is prior to” and inserting “which has an effec-
8 tive filing date before”.

9 (3) INTERNATIONAL APPLICATION DESIG-
10 NATING THE UNITED STATES: EFFECT.—Section
11 363 of title 35, United States Code, is amended by
12 striking “except as otherwise provided in section
13 102(e) of this title”.

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

18 (5) PATENT ISSUED ON INTERNATIONAL APPLI-
19 CATION: EFFECT.—The second sentence of section
20 375(a) of title 35, United States Code, is amended
21 by striking “Subject to section 102(e) of this title,
22 such” and inserting “Such”.

23 (6) LIMIT ON RIGHT OF PRIORITY.—Section
24 119(a) of title 35, United States Code, is amended
25 by striking “; but no patent shall be granted” and

1 all that follows through “one year prior to such fil-
2 ing”.

3 (7) INVENTIONS MADE WITH FEDERAL ASSIST-
4 ANCE.—Section 202(c) of title 35, United States
5 Code, is amended—

6 (A) in paragraph (2)—

7 (i) by striking “publication, on sale,
8 or public use,” and all that follows through
9 “obtained in the United States” and in-
10 sserting “the 1-year period referred to in
11 section 102(b) would end before the end of
12 that 2-year period”; and

13 (ii) by striking “prior to the end of
14 the statutory” and inserting “before the
15 end of that 1-year”; and

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

21 (h) DERIVED PATENTS.—

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

1 **“§ 291. Derived Patents**

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

9 “(b) FILING LIMITATION.—An action under this sec-
10 tion may be filed only before the end of the 1-year period
11 beginning on the date of the issuance of the first patent
12 containing a claim to the allegedly derived invention and
13 naming an individual alleged to have derived such inven-
14 tion as the inventor or joint inventor.”.

15 (2) CONFORMING AMENDMENT.—The item re-
16 lating to section 291 in the table of sections for
17 chapter 29 of title 35, United States Code, is
18 amended to read as follows:

“291. Derived patents.”.

19 (i) DERIVATION PROCEEDINGS.—Section 135 of title
20 35, United States Code, is amended to read as follows:

21 **“§ 135. Derivation proceedings**

22 “(a) INSTITUTION OF PROCEEDING.—An applicant
23 for patent may file a petition to institute a derivation pro-
24 ceeding in the Office. The petition shall set forth with par-
25 ticularity the basis for finding that an inventor named in

1 an earlier application derived the claimed invention from
2 an inventor named in the petitioner's application and,
3 without authorization, the earlier application claiming
4 such invention was filed. Any such petition may be filed
5 only within the 1-year period beginning on the date of the
6 first publication of a claim to an invention that is the same
7 or substantially the same as the earlier application's claim
8 to the invention, shall be made under oath, and shall be
9 supported by substantial evidence. Whenever the Director
10 determines that a petition filed under this subsection dem-
11 onstrates that the standards for instituting a derivation
12 proceeding are met, the Director may institute a deriva-
13 tion proceeding. The determination by the Director wheth-
14 er to institute a derivation proceeding shall be final and
15 nonappealable.

16 “(b) DETERMINATION BY PATENT TRIAL AND AP-
17 PEAL BOARD.—In a derivation proceeding instituted
18 under subsection (a), the Patent Trial and Appeal Board
19 shall determine whether an inventor named in the earlier
20 application derived the claimed invention from an inventor
21 named in the petitioner's application and, without author-
22 ization, the earlier application claiming such invention was
23 filed. In appropriate circumstances, the Patent Trial and
24 Appeal Board may correct the naming of the inventor in
25 any application or patent at issue. The Director shall pre-

1 scribe regulations setting forth standards for the conduct
2 of derivation proceedings, including requiring parties to
3 provide sufficient evidence to prove and rebut a claim of
4 derivation.

5 “(c) DEFERRAL OF DECISION.—The Patent Trial
6 and Appeal Board may defer action on a petition for a
7 derivation proceeding until the expiration of the 3-month
8 period beginning on the date on which the Director issues
9 a patent that includes the claimed invention that is the
10 subject of the petition. The Patent Trial and Appeal
11 Board also may defer action on a petition for a derivation
12 proceeding, or stay the proceeding after it has been insti-
13 tuted, until the termination of a proceeding under chapter
14 30, 31, or 32 involving the patent of the earlier applicant.

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

1 “(e) SETTLEMENT.—Parties to a proceeding insti-
2 tuted under subsection (a) may terminate the proceeding
3 by filing a written statement reflecting the agreement of
4 the parties as to the correct inventors of the claimed inven-
5 tion in dispute. Unless the Patent Trial and Appeal Board
6 finds the agreement to be inconsistent with the evidence
7 of record, if any, it shall take action consistent with the
8 agreement. Any written settlement or understanding of
9 the parties shall be filed with the Director. At the request
10 of a party to the proceeding, the agreement or under-
11 standing shall be treated as business confidential informa-
12 tion, shall be kept separate from the file of the involved
13 patents or applications, and shall be made available only
14 to Government agencies on written request, or to any per-
15 son on a showing of good cause.

16 “(f) ARBITRATION.—Parties to a proceeding insti-
17 tuted under subsection (a) may, within such time as may
18 be specified by the Director by regulation, determine such
19 contest or any aspect thereof by arbitration. Such arbitra-
20 tion shall be governed by the provisions of title 9, to the
21 extent such title is not inconsistent with this section. The
22 parties shall give notice of any arbitration award to the
23 Director, and such award shall, as between the parties to
24 the arbitration, be dispositive of the issues to which it re-
25 lates. The arbitration award shall be unenforceable until

1 such notice is given. Nothing in this subsection shall pre-
2 clude the Director from determining the patentability of
3 the claimed inventions involved in the proceeding.”.

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

10 (2)(A) Section 146 of title 35, United States Code,
11 is amended—

12 (i) by striking “an interference” and in-
13 serting “a derivation proceeding”; and

14 (ii) by striking “the interference” and in-
15 serting “the derivation proceeding”.

16 (B) The subparagraph heading for section
17 154(b)(1)(C) of title 35, United States Code, is
18 amended to read as follows:

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

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

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

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

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

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

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

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

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

11 (k) STATUTE OF LIMITATIONS.—

12 (1) IN GENERAL.—Section 32 of title 35,
13 United States Code, is amended by inserting be-
14 tween the third and fourth sentences the following:

15 “A proceeding under this section shall be com-
16 menced not later than the earlier of either the date
17 that is 10 years after the date on which the mis-
18 conduct forming the basis for the proceeding oc-
19 curred, or 1 year after the date on which the mis-
20 conduct forming the basis for the proceeding is
21 made known to an officer or employee of the Office
22 as prescribed in the regulations established under
23 section 2(b)(2)(D).”.

1 (2) REPORT TO CONGRESS.—The Director shall
2 provide on a biennial basis to the Judiciary Commit-
3 tees of the Senate and House of Representatives a
4 report providing a short description of incidents
5 made known to an officer or employee of the Office
6 as prescribed in the regulations established under
7 section 2(b)(2)(D) of title 35, United States Code,
8 that reflect substantial evidence of misconduct be-
9 fore the Office but for which the Office was barred
10 from commencing a proceeding under section 32 of
11 title 35, United States Code, by the time limitation
12 established by the fourth sentence of that section.

13 (3) EFFECTIVE DATE.—The amendment made
14 by paragraph (1) shall apply in any case in which
15 the time period for instituting a proceeding under
16 section 32 of title 35, United States Code, had not
17 lapsed before the date of the enactment of this Act.

18 (1) SMALL BUSINESS STUDY.—

19 (1) DEFINITIONS.—In this subsection—

20 (A) the term “Chief Counsel” means the
21 Chief Counsel for Advocacy of the Small Busi-
22 ness Administration;

23 (B) the term “General Counsel” means the
24 General Counsel of the United States Patent
25 and Trademark Office; and

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

4 (2) STUDY.—

5 (A) IN GENERAL.—The Chief Counsel, in
6 consultation with the General Counsel, shall
7 conduct a study of the effects of eliminating the
8 use of dates of invention in determining wheth-
9 er an applicant is entitled to a patent under
10 title 35, United States Code.

11 (B) AREAS OF STUDY.—The study con-
12 ducted under subparagraph (A) shall include
13 examination of the effects of eliminating the use
14 of invention dates, including examining—

15 (i) how the change would affect the
16 ability of small business concerns to obtain
17 patents and their costs of obtaining pat-
18 ents;

19 (ii) whether the change would create,
20 mitigate, or exacerbate any disadvantages
21 for applicants for patents that are small
22 business concerns relative to applicants for
23 patents that are not small business con-
24 cerns, and whether the change would cre-
25 ate any advantages for applicants for pat-

1 ents that are small business concerns rel-
2 ative to applicants for patents that are not
3 small business concerns;

4 (iii) the cost savings and other poten-
5 tial benefits to small business concerns of
6 the change; and

7 (iv) the feasibility and costs and bene-
8 fits to small business concerns of alter-
9 native means of determining whether an
10 applicant is entitled to a patent under title
11 35, United States Code.

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

20 (m) REPORT ON PRIOR USER RIGHTS.—

21 (1) IN GENERAL.—Not later than the end of
22 the 4-month period beginning on the date of the en-
23 actment of this Act, the Director shall report, to the
24 Committee on the Judiciary of the Senate and the
25 Committee on the Judiciary of the House of Rep-

1 representatives, the findings and recommendations of
2 the Director on the operation of prior user rights in
3 selected countries in the industrialized world. The
4 report shall include the following:

5 (A) A comparison between patent laws of
6 the United States and the laws of other indus-
7 trialized countries, including members of the
8 European Union and Japan, Canada, and Aus-
9 tralia.

10 (B) An analysis of the effect of prior user
11 rights on innovation rates in the selected coun-
12 tries.

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

17 (D) An analysis of the effect of prior user
18 rights, if any, on small businesses, universities,
19 and individual inventors.

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

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

1 (2) CONSULTATION WITH OTHER AGENCIES.—

2 In preparing the report required under paragraph
3 (1), the Director shall consult with the United
4 States Trade Representative, the Secretary of State,
5 and the Attorney General.

6 (n) EFFECTIVE DATE.—

7 (1) IN GENERAL.—Except as otherwise pro-
8 vided in this section, the amendments made by this
9 section shall take effect upon the expiration of the
10 18-month period beginning on the date of the enact-
11 ment of this Act, and shall apply to any application
12 for patent, and to any patent issuing thereon, that
13 contains or contained at any time—

14 (A) a claim to a claimed invention that has
15 an effective filing date as defined in section
16 100(i) of title 35, United States Code, that is
17 on or after the effective date described in this
18 paragraph; or

19 (B) a specific reference under section 120,
20 121, or 365(c) of title 35, United States Code,
21 to any patent or application that contains or
22 contained at any time such a claim.

23 (2) INTERFERING PATENTS.—The provisions of
24 sections 102(g), 135, and 291 of title 35, United
25 States Code, as in effect on the day before the effec-

1 tive date set forth in paragraph (1) of this sub-
2 section, shall apply to each claim of an application
3 for patent, and any patent issued thereon, for which
4 the amendments made by this section also apply, if
5 such application or patent contains or contained at
6 any time—

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

12 (B) a specific reference under section 120,
13 121, or 365(c) of title 35, United States Code,
14 to any patent or application that contains or
15 contained at any time such a claim.

16 (o) SENSE OF CONGRESS.—It is the sense of the Con-
17 gress that converting the United States patent system
18 from “first to invent” to a system of “first inventor to
19 file” will promote the progress of science and the useful
20 arts by securing for limited times to inventors the exclu-
21 sive rights to their discoveries and provide inventors with
22 greater certainty regarding the scope of protection pro-
23 vided by the grant of exclusive rights to their discoveries.

24 (p) SENSE OF CONGRESS.—It is the sense of the
25 Congress that converting the United States patent system

1 from “first to invent” to a system of “first inventor to
2 file” will improve the United States patent system and
3 promote harmonization of the United States patent system
4 with the patent systems commonly used in nearly all other
5 countries throughout the world with whom the United
6 States conducts trade and thereby promote greater inter-
7 national uniformity and certainty in the procedures used
8 for securing the exclusive rights of inventors to their dis-
9 coveries.

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

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

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

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

15 “(a) NAMING THE INVENTOR; INVENTOR’S OATH OR
16 DECLARATION.—An application for patent that is filed
17 under section 111(a) or commences the national stage
18 under section 371 shall include, or be amended to include,
19 the name of the inventor for any invention claimed in the
20 application. Except as otherwise provided in this section,
21 each individual who is the inventor or a joint inventor of
22 a claimed invention in an application for patent shall exe-
23 cute an oath or declaration in connection with the applica-
24 tion.

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

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

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

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

12 “(d) SUBSTITUTE STATEMENT.—

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

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

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

25 “(i) is deceased;

1 “(ii) is under legal incapacity; or

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

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

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

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

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

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

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

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

1 only if the applicant for patent has filed each required
2 oath or declaration under subsection (a) or has filed a sub-
3 stitute statement under subsection (d) or recorded an as-
4 signment meeting the requirements of subsection (e).

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

7 “(1) EXCEPTION.—The requirements under
8 this section shall not apply to an individual with re-
9 spect to an application for patent in which the indi-
10 vidual is named as the inventor or a joint inventor
11 and who claims the benefit under section 120, 121,
12 or 365(c) of the filing of an earlier-filed application,
13 if—

14 “(A) an oath or declaration meeting the
15 requirements of subsection (a) was executed by
16 the individual and was filed in connection with
17 the earlier-filed application;

18 “(B) a substitute statement meeting the
19 requirements of subsection (d) was filed in con-
20 nection with the earlier filed application with
21 respect to the individual; or

22 “(C) an assignment meeting the require-
23 ments of subsection (e) was executed with re-
24 spect to the earlier-filed application by the indi-

1 vidual and was recorded in connection with the
2 earlier-filed application.

3 “(2) COPIES OF OATHS, DECLARATIONS, STATE-
4 MENTS, OR ASSIGNMENTS.—Notwithstanding para-
5 graph (1), the Director may require that a copy of
6 the executed oath or declaration, the substitute
7 statement, or the assignment filed in connection
8 with the earlier-filed application be included in the
9 later-filed application.

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

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

20 “(2) SUPPLEMENTAL STATEMENTS NOT RE-
21 QUIRED.—If an individual has executed an oath or
22 declaration meeting the requirements of subsection
23 (a) or an assignment meeting the requirements of
24 subsection (e) with respect to an application for pat-
25 ent, the Director may not thereafter require that in-

1 dividual to make any additional oath, declaration, or
2 other statement equivalent to those required by this
3 section in connection with the application for patent
4 or any patent issuing thereon.

5 “(3) SAVINGS CLAUSE.—A patent shall not be
6 invalid or unenforceable based upon the failure to
7 comply with a requirement under this section if the
8 failure is remedied as provided under paragraph (1).

9 “(i) ACKNOWLEDGMENT OF PENALTIES.—Any dec-
10 laration or statement filed pursuant to this section shall
11 contain an acknowledgment that any willful false state-
12 ment made in such declaration or statement is punishable
13 under section 1001 of title 18 by fine or imprisonment
14 of not more than 5 years, or both.”.

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

19 (3) REQUIREMENTS FOR NONPROVISIONAL AP-
20 PLICATIONS.—Section 111(a) of title 35, United
21 States Code, is amended—

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

1 (B) in the heading for paragraph (3), by
2 inserting “OR DECLARATION” after “AND
3 OATH”; and

4 (C) by inserting “or declaration” after
5 “and oath” each place it appears.

6 (4) CONFORMING AMENDMENT.—The item re-
7 lating to section 115 in the table of sections for
8 chapter 11 of title 35, United States Code, is
9 amended to read as follows:

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

10 (b) FILING BY OTHER THAN INVENTOR.—

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

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

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

1 (2) CONFORMING AMENDMENT.—Section 251
2 of title 35, United States Code, is amended in the
3 third undesignated paragraph by inserting “or the
4 application for the original patent was filed by the
5 assignee of the entire interest” after “claims of the
6 original patent”.

7 (c) SPECIFICATION.—Section 112 of title 35, United
8 States Code, is amended—

9 (1) in the first undesignated paragraph—

10 (A) by striking “The specification” and in-
11 serting “(a) IN GENERAL.—The specification”;
12 and

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

16 (2) in the second undesignated paragraph—

17 (A) by striking “The specification” and in-
18 serting “(b) CONCLUSION.—The specification”;
19 and

20 (B) by striking “applicant regards as his
21 invention” and inserting “inventor or a joint in-
22 ventor regards as the invention”;

23 (3) in the third undesignated paragraph, by
24 striking “A claim” and inserting “(c) FORM.—A
25 claim”;

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

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

8 (6) in the last undesignated paragraph, by
9 striking “An element” and inserting “(f) ELEMENT
10 IN CLAIM FOR A COMBINATION.—An element”.

11 (d) CONFORMING AMENDMENTS.—

12 (1) Sections 111(b)(1)(A) of title 35, United
13 States Code, is amended by striking “the first para-
14 graph of section 112 of this title” and inserting
15 “section 112(a)”.

16 (2) Section 111(b)(2) of title 35, United States
17 Code, is amended by striking “the second through
18 fifth paragraphs of section 112,” and inserting
19 “subsections (b) through (e) of section 112,”.

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

1 **SEC. 5. DEFENSE TO INFRINGEMENT BASED ON PRIOR**
2 **COMMERCIAL USE.**

3 (a) IN GENERAL.—Section 273 of title 35, United
4 States Code, is amended to read as follows:

5 **“§ 273. Defense to infringement based on prior com-**
6 **mercial use**

7 “(a) IN GENERAL.—A person shall be entitled to a
8 defense under section 282(b) with respect to subject mat-
9 ter consisting of a process, or consisting of a machine,
10 manufacture, or composition of matter used in a manufac-
11 turing or other commercial process, that would otherwise
12 infringe a claimed invention being asserted against the
13 person if—

14 “(1) such person, acting in good faith, commer-
15 cially used the subject matter in the United States,
16 either in connection with an internal commercial use
17 or an actual arm’s length sale or other arm’s length
18 commercial transfer of a useful end result of such
19 commercial use; and

20 “(2) such commercial use occurred at least 1
21 year before the earlier of either—

22 “(A) the effective filing date of the claimed
23 invention; or

24 “(B) the date on which the claimed inven-
25 tion was disclosed to the public in a manner

1 that qualified for the exception from prior art
2 under section 102(b).

3 “(b) BURDEN OF PROOF.—A person asserting a de-
4 fense under this section shall have the burden of estab-
5 lishing the defense by clear and convincing evidence.

6 “(c) ADDITIONAL COMMERCIAL USES.—

7 “(1) PREMARKETING REGULATORY REVIEW.—
8 Subject matter for which commercial marketing or
9 use is subject to a premarketing regulatory review
10 period during which the safety or efficacy of the sub-
11 ject matter is established, including any period speci-
12 fied in section 156(g), shall be deemed to be com-
13 mercially used for purposes of subsection (a)(1) dur-
14 ing such regulatory review period.

15 “(2) NONPROFIT LABORATORY USE.—A use of
16 subject matter by a nonprofit research laboratory or
17 other nonprofit entity, such as a university or hos-
18 pital, for which the public is the intended bene-
19 ficiary, shall be deemed to be a commercial use for
20 purposes of subsection (a)(1), except that a defense
21 under this section may be asserted pursuant to this
22 paragraph only for continued and noncommercial
23 use by and in the laboratory or other nonprofit enti-
24 ty.

1 “(d) EXHAUSTION OF RIGHTS.—Notwithstanding
2 subsection (e)(1), the sale or other disposition of a useful
3 end result by a person entitled to assert a defense under
4 this section in connection with a patent with respect to
5 that useful end result shall exhaust the patent owner’s
6 rights under the patent to the extent that such rights
7 would have been exhausted had such sale or other dispo-
8 sition been made by the patent owner.

9 “(e) LIMITATIONS AND EXCEPTIONS.—

10 “(1) PERSONAL DEFENSE.—

11 “(A) IN GENERAL.—A defense under this
12 section may be asserted only by the person who
13 performed or directed the performance of the
14 commercial use described in subsection (a), or
15 by an entity that controls, is controlled by, or
16 is under common control with such person.

17 “(B) TRANSFER OF RIGHT.—Except for
18 any transfer to the patent owner, the right to
19 assert a defense under this section shall not be
20 licensed or assigned or transferred to another
21 person except as an ancillary and subordinate
22 part of a good-faith assignment or transfer for
23 other reasons of the entire enterprise or line of
24 business to which the defense relates.

1 “(C) RESTRICTION ON SITES.—A defense
2 under this section, when acquired by a person
3 as part of an assignment or transfer described
4 in subparagraph (B), may only be asserted for
5 uses at sites where the subject matter that
6 would otherwise infringe a claimed invention is
7 in use before the later of the effective filing
8 date of the claimed invention or the date of the
9 assignment or transfer of such enterprise or
10 line of business.

11 “(2) DERIVATION.—A person may not assert a
12 defense under this section if the subject matter on
13 which the defense is based was derived from the pat-
14 entee or persons in privity with the patentee.

15 “(3) NOT A GENERAL LICENSE.—The defense
16 asserted by a person under this section is not a gen-
17 eral license under all claims of the patent at issue,
18 but extends only to the specific subject matter for
19 which it has been established that a commercial use
20 that qualifies under this section occurred, except
21 that the defense shall also extend to variations in
22 the quantity or volume of use of the claimed subject
23 matter, and to improvements in the claimed subject
24 matter that do not infringe additional specifically
25 claimed subject matter of the patent.

1 “(4) ABANDONMENT OF USE.—A person who
2 has abandoned commercial use (that qualifies under
3 this section) of subject matter may not rely on ac-
4 tivities performed before the date of such abandon-
5 ment in establishing a defense under this section
6 with respect to actions taken on or after the date of
7 such abandonment.

8 “(5) UNIVERSITY EXCEPTION.—

9 “(A) IN GENERAL.—A person commer-
10 cially using subject matter to which subsection
11 (a) applies may not assert a defense under this
12 section if the claimed invention with respect to
13 which the defense is asserted was, at the time
14 the invention was made, owned or subject to an
15 obligation of assignment to either an institution
16 of higher education (as defined in section
17 101(a) of the Higher Education Act of 1965
18 (20 U.S.C. 1001(a)), or a technology transfer
19 organization whose primary purpose is to facili-
20 tate the commercialization of technologies devel-
21 oped by one or more such institutions of higher
22 education.

23 “(B) EXCEPTION.—Subparagraph (A)
24 shall not apply if any of the activities required
25 to reduce to practice the subject matter of the

1 claimed invention could not have been under-
 2 taken using funds provided by the Federal Gov-
 3 ernment.

4 “(f) UNREASONABLE ASSERTION OF DEFENSE.—If
 5 the defense under this section is pleaded by a person who
 6 is found to infringe the patent and who subsequently fails
 7 to demonstrate a reasonable basis for asserting the de-
 8 fense, the court shall find the case exceptional for the pur-
 9 pose of awarding attorney fees under section 285.

10 “(g) INVALIDITY.—A patent shall not be deemed to
 11 be invalid under section 102 or 103 solely because a de-
 12 fense is raised or established under this section.”.

13 (b) CONFORMING AMENDMENT.—The item relating
 14 to section 273 in the table of sections for chapter 28 of
 15 title 35, United States Code, is amended to read as fol-
 16 lows:

“273. Defense to infringement based on prior commercial use.”.

17 (c) EFFECTIVE DATE.—The amendments made by
 18 this section shall apply to any patent issued on or after
 19 the date of the enactment of this Act.

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

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

23 **“CHAPTER 31—INTER PARTES REVIEW**

“Sec.

“311. Inter partes review.

“312. Petitions.

- “313. Preliminary response to petition.
- “314. Institution of inter partes review.
- “315. Relation to other proceedings or actions.
- “316. Conduct of inter partes review.
- “317. Settlement.
- “318. Decision of the Board.
- “319. Appeal.

1 **“§ 311. Inter partes review**

2 “(a) IN GENERAL.—Subject to the provisions of this
3 chapter, a person who is not the owner of a patent may
4 file with the Office a petition to institute an inter partes
5 review of the patent. The Director shall establish, by regu-
6 lation, fees to be paid by the person requesting the review,
7 in such amounts as the Director determines to be reason-
8 able, considering the aggregate costs of the review.

9 “(b) SCOPE.—A petitioner in an inter partes review
10 may request to cancel as unpatentable 1 or more claims
11 of a patent only on a ground that could be raised under
12 section 102 or 103 and only on the basis of prior art con-
13 sisting of patents or printed publications.

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

16 “(1) the date that is 9 months after the grant
17 of a patent or issuance of a reissue of a patent; or

18 “(2) if a post-grant review is instituted under
19 chapter 32, the date of the termination of such post-
20 grant review.

1 **“§ 312. Petitions**

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

4 “(1) the petition is accompanied by payment of
5 the fee established by the Director under section
6 311;

7 “(2) the petition identifies all real parties in in-
8 terest;

9 “(3) the petition identifies, in writing and with
10 particularity, each claim challenged, the grounds on
11 which the challenge to each claim is based, and the
12 evidence that supports the grounds for the challenge
13 to each claim, including—

14 “(A) copies of patents and printed publica-
15 tions that the petitioner relies upon in support
16 of the petition; and

17 “(B) affidavits or declarations of sup-
18 porting evidence and opinions, if the petitioner
19 relies on expert opinions;

20 “(4) the petition provides such other informa-
21 tion as the Director may require by regulation; and

22 “(5) the petitioner provides copies of any of the
23 documents required under paragraphs (2), (3), and
24 (4) to the patent owner or, if applicable, the des-
25 ignated representative of the patent owner.

1 “(b) PUBLIC AVAILABILITY.—As soon as practicable
2 after the receipt of a petition under section 311, the Direc-
3 tor shall make the petition available to the public.

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

5 “If an inter partes review petition is filed under sec-
6 tion 311, the patent owner shall have the right to file a
7 preliminary response to the petition, within a time period
8 set by the Director, that sets forth reasons why no inter
9 partes review should be instituted based upon the failure
10 of the petition to meet any requirement of this chapter.

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

12 “(a) THRESHOLD.—The Director may not authorize
13 an inter partes review to be instituted unless the Director
14 determines that the information presented in the petition
15 filed under section 311 and any response filed under sec-
16 tion 313 shows that there is a reasonable likelihood that
17 the petitioner would prevail with respect to at least 1 of
18 the claims challenged in the petition.

19 “(b) TIMING.—The Director shall determine whether
20 to institute an inter partes review under this chapter pur-
21 suant to a petition filed under section 311 within 3 months
22 after—

23 “(1) receiving a preliminary response to the pe-
24 tition under section 313; or

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

3 “(c) NOTICE.—The Director shall notify the peti-
4 tioner and patent owner, in writing, of the Director’s de-
5 termination under subsection (a), and shall make such no-
6 tice available to the public as soon as is practicable. Such
7 notice shall include the date on which the review shall
8 commence.

9 “(d) NO APPEAL.—The determination by the Direc-
10 tor whether to institute an inter partes review under this
11 section shall be final and nonappealable.

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

13 “(a) INFRINGER’S CIVIL ACTION.—

14 “(1) INTER PARTES REVIEW BARRED BY CIVIL
15 ACTION.—An inter partes review may not be insti-
16 tuted if, before the date on which the petition for
17 such a review is filed, the petitioner or real party in
18 interest filed a civil action challenging the validity of
19 a claim of the patent.

20 “(2) STAY OF CIVIL ACTION.—If the petitioner
21 or real party in interest files a civil action chal-
22 lenging the validity of a claim of the patent on or
23 after the date on which the petitioner files a petition
24 for inter partes review of the patent, that civil action
25 shall be automatically stayed until either—

1 “(A) the patent owner moves the court to
2 lift the stay;

3 “(B) the patent owner files a civil action or
4 counterclaim alleging that the petitioner or real
5 party in interest has infringed the patent; or

6 “(C) the petitioner or real party in interest
7 moves the court to dismiss the civil action.

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

13 “(b) PATENT OWNER’S ACTION.—An inter partes re-
14 view may not be instituted if the petition requesting the
15 proceeding is filed more than 1 year after the date on
16 which the petitioner, real party in interest, or privy of the
17 petitioner is served with a complaint alleging infringement
18 of the patent. The time limitation set forth in the pre-
19 ceding sentence shall not apply to a request for joinder
20 under subsection (c).

21 “(c) JOINDER.—If the Director institutes an inter
22 partes review, the Director, in his or her discretion, may
23 join as a party to that inter partes review any person who
24 properly files a petition under section 311 that the Direc-
25 tor, after receiving a preliminary response under section

1 313 or the expiration of the time for filing such a re-
2 sponse, determines warrants the institution of an inter
3 partes review under section 314.

4 “(d) MULTIPLE PROCEEDINGS.—Notwithstanding
5 sections 135(a), 251, and 252, and chapter 30, during the
6 pendency of an inter partes review, if another proceeding
7 or matter involving the patent is before the Office, the
8 Director may determine the manner in which the inter
9 partes review or other proceeding or matter may proceed,
10 including providing for stay, transfer, consolidation, or
11 termination of any such matter or proceeding.

12 “(e) ESTOPPEL.—

13 “(1) PROCEEDINGS BEFORE THE OFFICE.—The
14 petitioner in an inter partes review of a claim in a
15 patent under this chapter that results in a final
16 written decision under section 318(a), or the real
17 party in interest or privy of the petitioner, may not
18 request or maintain a proceeding before the Office
19 with respect to that claim on any ground that the
20 petitioner raised or reasonably could have raised
21 during that inter partes review.

22 “(2) CIVIL ACTIONS AND OTHER PRO-
23 CEEDINGS.—The petitioner in an inter partes review
24 of a claim in a patent under this chapter that results
25 in a final written decision under section 318(a), or

1 the real party in interest or privy of the petitioner,
2 may not assert either in a civil action arising in
3 whole or in part under section 1338 of title 28 or
4 in a proceeding before the International Trade Com-
5 mission under section 337 of the Tariff Act of 1930
6 that the claim is invalid on any ground that the peti-
7 tioner raised or reasonably could have raised during
8 that inter partes review.

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

10 “(a) REGULATIONS.—The Director shall prescribe
11 regulations—

12 “(1) providing that the file of any proceeding
13 under this chapter shall be made available to the
14 public, except that any petition or document filed
15 with the intent that it be sealed shall, if accom-
16 panied by a motion to seal, be treated as sealed
17 pending the outcome of the ruling on the motion;

18 “(2) setting forth the standards for the showing
19 of sufficient grounds to institute a review under sec-
20 tion 314(a);

21 “(3) establishing procedures for the submission
22 of supplemental information after the petition is
23 filed;

1 “(4) establishing and governing inter partes re-
2 view under this chapter and the relationship of such
3 review to other proceedings under this title;

4 “(5) setting forth standards and procedures for
5 discovery of relevant evidence, including that such
6 discovery shall be limited to—

7 “(A) the deposition of witnesses submitting
8 affidavits or declarations; and

9 “(B) what is otherwise necessary in the in-
10 terest of justice;

11 “(6) prescribing sanctions for abuse of dis-
12 covery, abuse of process, or any other improper use
13 of the proceeding, such as to harass or to cause un-
14 necessary delay or an unnecessary increase in the
15 cost of the proceeding;

16 “(7) providing for protective orders governing
17 the exchange and submission of confidential infor-
18 mation;

19 “(8) providing for the filing by the patent
20 owner of a response to the petition under section
21 313 after an inter partes review has been instituted,
22 and requiring that the patent owner file with such
23 response, through affidavits or declarations, any ad-
24 ditional factual evidence and expert opinions on

1 which the patent owner relies in support of the re-
2 sponse;

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

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

13 “(11) requiring that the final determination in
14 an inter partes review be issued not later than 1
15 year after the date on which the Director notices the
16 institution of a review under this chapter, except
17 that the Director may, for good cause shown, extend
18 the 1-year period by not more than 6 months, and
19 may adjust the time periods in this paragraph in the
20 case of joinder under section 315(c);

21 “(12) setting a time period for requesting join-
22 der under section 315(c); and

23 “(13) providing the petitioner with at least 1
24 opportunity to file written comments within a time
25 period established by the Director.

1 “(b) CONSIDERATIONS.—In prescribing regulations
2 under this section, the Director shall consider the effect
3 of any such regulation on the economy, the integrity of
4 the patent system, the efficient administration of the Of-
5 fice, and the ability of the Office to timely complete pro-
6 ceedings instituted under this chapter.

7 “(c) PATENT TRIAL AND APPEAL BOARD.—The Pat-
8 ent Trial and Appeal Board shall, in accordance with sec-
9 tion 6, conduct each inter partes review instituted under
10 this chapter.

11 “(d) AMENDMENT OF THE PATENT.—

12 “(1) IN GENERAL.—During an inter partes re-
13 view instituted under this chapter, the patent owner
14 may file 1 motion to amend the patent in 1 or more
15 of the following ways:

16 “(A) Cancel any challenged patent claim.

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

19 “(2) ADDITIONAL MOTIONS.—Additional mo-
20 tions to amend may be permitted upon the joint re-
21 quest of the petitioner and the patent owner to ma-
22 terially advance the settlement of a proceeding under
23 section 317, or as permitted by regulations pre-
24 scribed by the Director.

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

4 “(e) EVIDENTIARY STANDARDS.—In an inter partes
5 review instituted under this chapter, the petitioner shall
6 have the burden of proving a proposition of
7 unpatentability by a preponderance of the evidence.

8 **“§ 317. Settlement**

9 “(a) IN GENERAL.—An inter partes review instituted
10 under this chapter shall be terminated with respect to any
11 petitioner upon the joint request of the petitioner and the
12 patent owner, unless the Office has decided the merits of
13 the proceeding before the request for termination is filed.
14 If the inter partes review is terminated with respect to
15 a petitioner under this section, no estoppel under section
16 315(e) shall attach to the petitioner, or to the real party
17 in interest or privy of the petitioner, on the basis of that
18 petitioner’s institution of that inter partes review. If no
19 petitioner remains in the inter partes review, the Office
20 may terminate the review or proceed to a final written de-
21 cision under section 318(a).

22 “(b) AGREEMENTS IN WRITING.—Any agreement or
23 understanding between the patent owner and a petitioner,
24 including any collateral agreements referred to in such
25 agreement or understanding, made in connection with, or

1 in contemplation of, the termination of an inter partes re-
2 view under this section shall be in writing and a true copy
3 of such agreement or understanding shall be filed in the
4 Office before the termination of the inter partes review
5 as between the parties. At the request of a party to the
6 proceeding, the agreement or understanding shall be treat-
7 ed as business confidential information, shall be kept sepa-
8 rate from the file of the involved patents, and shall be
9 made available only to Federal Government agencies on
10 written request, or to any person on a showing of good
11 cause.

12 **“§ 318. Decision of the Board**

13 “(a) FINAL WRITTEN DECISION.—If an inter partes
14 review is instituted and not dismissed under this chapter,
15 the Patent Trial and Appeal Board shall issue a final writ-
16 ten decision with respect to the patentability of any patent
17 claim challenged by the petitioner and any new claim
18 added under section 316(d).

19 “(b) CERTIFICATE.—If the Patent Trial and Appeal
20 Board issues a final written decision under subsection (a)
21 and the time for appeal has expired or any appeal has
22 terminated, the Director shall issue and publish a certifi-
23 cate canceling any claim of the patent finally determined
24 to be unpatentable, confirming any claim of the patent de-
25 termined to be patentable, and incorporating in the patent

1 by operation of the certificate any new or amended claim
2 determined to be patentable.

3 “(c) INTERVENING RIGHTS.—Any proposed amended
4 or new claim determined to be patentable and incorporated
5 into a patent following an inter partes review under this
6 chapter shall have the same effect as that specified in sec-
7 tion 252 for reissued patents on the right of any person
8 who made, purchased, or used within the United States,
9 or imported into the United States, anything patented by
10 such proposed amended or new claim, or who made sub-
11 stantial preparation therefor, before the issuance of a cer-
12 tificate under subsection (b).

13 “(d) DATA ON LENGTH OF REVIEW.—The Office
14 shall make available to the public data describing the
15 length of time between the institution of, and the issuance
16 of a final written decision under subsection (a) for, each
17 inter partes review.

18 **“§ 319. Appeal**

19 “A party dissatisfied with the final written decision
20 of the Patent Trial and Appeal Board under section
21 318(a) may appeal the decision pursuant to sections 141
22 through 144. Any party to the inter partes review shall
23 have the right to be a party to the appeal.”.

24 (b) CONFORMING AMENDMENT.—The table of chap-
25 ters for part III of title 35, United States Code, is amend-

1 ed by striking the item relating to chapter 31 and insert-
 2 ing the following:

“31. Inter Partes Review 311”.

3 (c) REGULATIONS AND EFFECTIVE DATE.—

4 (1) REGULATIONS.—The Director shall, not
 5 later than the date that is 1 year after the date of
 6 the enactment of this Act, issue regulations to carry
 7 out chapter 31 of title 35, United States Code, as
 8 amended by subsection (a) of this section.

9 (2) APPLICABILITY.—

10 (A) IN GENERAL.—The amendments made
 11 by subsection (a) shall take effect upon the ex-
 12 piration of the 1-year period beginning on the
 13 date of the enactment of this Act and shall
 14 apply to any patent issued before, on, or after
 15 that effective date.

16 (B) GRADUATED IMPLEMENTATION.—The
 17 Director may impose a limit on the number of
 18 inter partes reviews that may be instituted
 19 under chapter 31 of title 35, United States
 20 Code, during each of the first 4 1-year periods
 21 in which the amendments made by subsection
 22 (a) are in effect, if such number in each year
 23 equals or exceeds the number of inter partes re-
 24 examinations that are ordered under chapter 31
 25 of title 35, United States Code, in the last fiscal

1 year ending before the effective date of the
2 amendments made by subsection (a).

3 (3) TRANSITION.—

4 (A) IN GENERAL.—Chapter 31 of title 35,
5 United States Code, is amended—

6 (i) in section 312—

7 (I) in subsection (a)—

8 (aa) in the first sentence, by
9 striking “a substantial new ques-
10 tion of patentability affecting any
11 claim of the patent concerned is
12 raised by the request,” and in-
13 serting “the information pre-
14 sented in the request shows that
15 there is a reasonable likelihood
16 that the requester would prevail
17 with respect to at least 1 of the
18 claims challenged in the re-
19 quest,”; and

20 (bb) in the second sentence,
21 by striking “The existence of a
22 substantial new question of pat-
23 entability” and inserting “A
24 showing that there is a reason-
25 able likelihood that the requester

1 would prevail with respect to at
2 least 1 of the claims challenged
3 in the request”; and

4 (II) in subsection (c), in the sec-
5 ond sentence, by striking “no substan-
6 tial new question of patentability has
7 been raised,” and inserting “the show-
8 ing required by subsection (a) has not
9 been made,”; and

10 (ii) in section 313, by striking “a sub-
11 stantial new question of patentability af-
12 fecting a claim of the patent is raised” and
13 inserting “it has been shown that there is
14 a reasonable likelihood that the requester
15 would prevail with respect to at least 1 of
16 the claims challenged in the request”.

17 (B) APPLICATION.—The amendments
18 made by this paragraph—

19 (i) shall take effect on the date of the
20 enactment of this Act; and

21 (ii) shall apply to requests for inter
22 partes reexamination that are filed on or
23 after such date of enactment, but before
24 the effective date set forth in paragraph
25 (2)(A) of this subsection.

1 (C) CONTINUED APPLICABILITY OF PRIOR
2 PROVISIONS.—The provisions of chapter 31 of
3 title 35, United States Code, as amended by
4 this paragraph, shall continue to apply to re-
5 quests for inter partes reexamination that are
6 filed before the effective date set forth in para-
7 graph (2)(A) as if subsection (a) had not been
8 enacted.

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

12 **“CHAPTER 32—POST-GRANT REVIEW**

“Sec.

“321. Post-grant review.

“322. Petitions.

“323. Preliminary response to petition.

“324. Institution of post-grant review.

“325. Relation to other proceedings or actions.

“326. Conduct of post-grant review.

“327. Settlement.

“328. Decision of the Board.

“329. Appeal.

13 **“§ 321. Post-grant review**

14 “(a) IN GENERAL.—Subject to the provisions of this
15 chapter, a person who is not the owner of a patent may
16 file with the Office a petition to institute a post-grant re-
17 view of the patent. The Director shall establish, by regula-
18 tion, fees to be paid by the person requesting the review,
19 in such amounts as the Director determines to be reason-

1 able, considering the aggregate costs of the post-grant re-
2 view.

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

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

12 “§ 322. Petitions

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

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

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

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

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

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

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

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

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

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

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

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

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

9 “(b) ADDITIONAL GROUNDS.—The determination re-
10 quired under subsection (a) may also be satisfied by a
11 showing that the petition raises a novel or unsettled legal
12 question that is important to other patents or patent ap-
13 plications.

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

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

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

22 “(d) NOTICE.—The Director shall notify the peti-
23 tioner and patent owner, in writing, of the Director’s de-
24 termination under subsection (a) or (b), and shall make
25 such notice available to the public as soon as is prac-

1 ticable. Such notice shall include the date on which the
2 review shall commence.

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

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

7 “(a) INFRINGER’S CIVIL ACTION.—

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

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

20 “(A) the patent owner moves the court to
21 lift the stay;

22 “(B) the patent owner files a civil action or
23 counterclaim alleging that the petitioner or real
24 party in interest has infringed the patent; or

1 “(C) the petitioner or real party in interest
2 moves the court to dismiss the civil action.

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

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

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

22 “(d) MULTIPLE PROCEEDINGS.—Notwithstanding
23 sections 135(a), 251, and 252, and chapter 30, during the
24 pendency of any post-grant review under this chapter, if
25 another proceeding or matter involving the patent is be-

1 fore the Office, the Director may determine the manner
2 in which the post-grant review or other proceeding or mat-
3 ter may proceed, including providing for the stay, transfer,
4 consolidation, or termination of any such matter or pro-
5 ceeding. In determining whether to institute or order a
6 proceeding under this chapter, chapter 30, or chapter 31,
7 the Director may take into account whether, and reject
8 the petition or request because, the same or substantially
9 the same prior art or arguments previously were presented
10 to the Office.

11 “(e) ESTOPPEL.—

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

21 “(2) CIVIL ACTIONS AND OTHER PRO-
22 CEEDINGS.—The petitioner in a post-grant review of
23 a claim in a patent under this chapter that results
24 in a final written decision under section 328(a), or
25 the real party in interest or privy of the petitioner,

1 may not assert either in a civil action arising in
2 whole or in part under section 1338 of title 28 or
3 in a proceeding before the International Trade Com-
4 mission under section 337 of the Tariff Act of 1930
5 that the claim is invalid on any ground that the peti-
6 tioner raised or reasonably could have raised during
7 that post-grant review.

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

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

16 “(a) REGULATIONS.—The Director shall prescribe
17 regulations—

18 “(1) providing that the file of any proceeding
19 under this chapter shall be made available to the
20 public, except that any petition or document filed
21 with the intent that it be sealed shall, if accom-
22 panied by a motion to seal, be treated as sealed
23 pending the outcome of the ruling on the motion;

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

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

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

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

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

20 “(7) providing for protective orders governing
21 the exchange and submission of confidential infor-
22 mation;

23 “(8) providing for the filing by the patent
24 owner of a response to the petition under section
25 323 after a post-grant review has been instituted,

1 and requiring that the patent owner file with such
2 response, through affidavits or declarations, any ad-
3 ditional factual evidence and expert opinions on
4 which the patent owner relies in support of the re-
5 sponse;

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

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

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

1 “(12) providing the petitioner with at least 1
2 opportunity to file written comments within a time
3 period established by the Director.

4 “(b) CONSIDERATIONS.—In prescribing regulations
5 under this section, the Director shall consider the effect
6 of any such regulation on the economy, the integrity of
7 the patent system, the efficient administration of the Of-
8 fice, and the ability of the Office to timely complete pro-
9 ceedings instituted under this chapter.

10 “(c) PATENT TRIAL AND APPEAL BOARD.—The Pat-
11 ent Trial and Appeal Board shall, in accordance with sec-
12 tion 6, conduct each post-grant review instituted under
13 this chapter.

14 “(d) AMENDMENT OF THE PATENT.—

15 “(1) IN GENERAL.—During a post-grant review
16 instituted under this chapter, the patent owner may
17 file 1 motion to amend the patent in 1 or more of
18 the following ways:

19 “(A) Cancel any challenged patent claim.

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

22 “(2) ADDITIONAL MOTIONS.—Additional mo-
23 tions to amend may be permitted upon the joint re-
24 quest of the petitioner and the patent owner to ma-
25 terially advance the settlement of a proceeding under

1 section 327, or upon the request of the patent owner
2 for good cause shown.

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

6 “(e) EVIDENTIARY STANDARDS.—In a post-grant re-
7 view instituted under this chapter, the petitioner shall
8 have the burden of proving a proposition of
9 unpatentability by a preponderance of the evidence.

10 **“§ 327. Settlement**

11 “(a) IN GENERAL.—A post-grant review instituted
12 under this chapter shall be terminated with respect to any
13 petitioner upon the joint request of the petitioner and the
14 patent owner, unless the Office has decided the merits of
15 the proceeding before the request for termination is filed.
16 If the post-grant review is terminated with respect to a
17 petitioner under this section, no estoppel under section
18 325(e) shall attach to the petitioner, or to the real party
19 in interest or privy of the petitioner, on the basis of that
20 petitioner’s institution of that post-grant review. If no pe-
21 titioner remains in the post-grant review, the Office may
22 terminate the post-grant review or proceed to a final writ-
23 ten decision under section 328(a).

24 “(b) AGREEMENTS IN WRITING.—Any agreement or
25 understanding between the patent owner and a petitioner,

1 including any collateral agreements referred to in such
2 agreement or understanding, made in connection with, or
3 in contemplation of, the termination of a post-grant review
4 under this section shall be in writing, and a true copy of
5 such agreement or understanding shall be filed in the Of-
6 fice before the termination of the post-grant review as be-
7 tween the parties. At the request of a party to the pro-
8 ceeding, the agreement or understanding shall be treated
9 as business confidential information, shall be kept sepa-
10 rate from the file of the involved patents, and shall be
11 made available only to Federal Government agencies on
12 written request, or to any person on a showing of good
13 cause.

14 **“§ 328. Decision of the Board**

15 “(a) FINAL WRITTEN DECISION.—If a post-grant re-
16 view is instituted and not dismissed under this chapter,
17 the Patent Trial and Appeal Board shall issue a final writ-
18 ten decision with respect to the patentability of any patent
19 claim challenged by the petitioner and any new claim
20 added under section 326(d).

21 “(b) CERTIFICATE.—If the Patent Trial and Appeal
22 Board issues a final written decision under subsection (a)
23 and the time for appeal has expired or any appeal has
24 terminated, the Director shall issue and publish a certifi-
25 cate canceling any claim of the patent finally determined

1 to be unpatentable, confirming any claim of the patent de-
2 termined to be patentable, and incorporating in the patent
3 by operation of the certificate any new or amended claim
4 determined to be patentable.

5 “(c) INTERVENING RIGHTS.—Any proposed amended
6 or new claim determined to be patentable and incorporated
7 into a patent following a post-grant review under this
8 chapter shall have the same effect as that specified in sec-
9 tion 252 of this title for reissued patents on the right of
10 any person who made, purchased, or used within the
11 United States, or imported into the United States, any-
12 thing patented by such proposed amended or new claim,
13 or who made substantial preparation therefor, before the
14 issuance of a certificate under subsection (b).

15 “(d) DATA ON LENGTH OF REVIEW.—The Office
16 shall make available to the public data describing the
17 length of time between the institution of, and the issuance
18 of a final written decision under subsection (a) for, each
19 post-grant review.

20 **“§ 329. Appeal**

21 “A party dissatisfied with the final written decision
22 of the Patent Trial and Appeal Board under section
23 328(a) may appeal the decision pursuant to sections 141
24 through 144. Any party to the post-grant review shall have
25 the right to be a party to the appeal.”.

1 (e) CONFORMING AMENDMENT.—The table of chap-
 2 ters for part III of title 35, United States Code, is amend-
 3 ed by adding at the end the following:

“32. Post-Grant Review 321”.

4 (f) REGULATIONS AND EFFECTIVE DATE.—

5 (1) REGULATIONS.—The Director shall, not
 6 later than the date that is 1 year after the date of
 7 the enactment of this Act, issue regulations to carry
 8 out chapter 32 of title 35, United States Code, as
 9 added by subsection (d) of this section.

10 (2) APPLICABILITY.—

11 (A) IN GENERAL.—The amendments made
 12 by subsection (d) shall take effect upon the ex-
 13 piration of the 1-year period beginning on the
 14 date of the enactment of this Act and, except
 15 as provided in section 18 and in paragraph (3),
 16 shall apply only to patents described in section
 17 3(n)(1).

18 (B) LIMITATION.—The Director may im-
 19 pose a limit on the number of post-grant re-
 20 views that may be instituted under chapter 32
 21 of title 35, United States Code, during each of
 22 the first 4 1-year periods in which the amend-
 23 ments made by subsection (d) are in effect.

24 (3) PENDING INTERFERENCES.—

1 (A) PROCEDURES IN GENERAL.—The Di-
2 rector shall determine, and include in the regu-
3 lations issued under paragraph (1), the proce-
4 dures under which an interference commenced
5 before the effective date set forth in paragraph
6 (2)(A) is to proceed, including whether such in-
7 terference—

8 (i) is to be dismissed without preju-
9 dice to the filing of a petition for a post-
10 grant review under chapter 32 of title 35,
11 United States Code; or

12 (ii) is to proceed as if this Act had not
13 been enacted.

14 (B) PROCEEDINGS BY PATENT TRIAL AND
15 APPEAL BOARD.—For purposes of an inter-
16 ference that is commenced before the effective
17 date set forth in paragraph (2)(A), the Director
18 may deem the Patent Trial and Appeal Board
19 to be the Board of Patent Appeals and Inter-
20 ferences, and may allow the Patent Trial and
21 Appeal Board to conduct any further pro-
22 ceedings in that interference.

23 (C) APPEALS.—The authorization to ap-
24 peal or have remedy from derivation pro-
25 ceedings in sections 141(d) and 146 of title 35,

1 United States Code, as amended by this Act,
2 and the jurisdiction to entertain appeals from
3 derivation proceedings in section 1295(a)(4)(A)
4 of title 28, United States Code, as amended by
5 this Act, shall be deemed to extend to any final
6 decision in an interference that is commenced
7 before the effective date set forth in paragraph
8 (2)(A) of this subsection and that is not dis-
9 missed pursuant to this paragraph.

10 (g) CITATION OF PRIOR ART AND WRITTEN STATE-
11 MENTS.—

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

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

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

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

21 “(2) statements of the patent owner filed in a
22 proceeding before a Federal court or the Office in
23 which the patent owner took a position on the scope
24 of any claim of a particular patent.

1 “(b) OFFICIAL FILE.—If the person citing prior art
2 or written statements pursuant to subsection (a) explains
3 in writing the pertinence and manner of applying the prior
4 art or written statements to at least 1 claim of the patent,
5 the citation of the prior art or written statements and the
6 explanation thereof shall become a part of the official file
7 of the patent.

8 “(c) ADDITIONAL INFORMATION.—A party that sub-
9 mits a written statement pursuant to subsection (a)(2)
10 shall include any other documents, pleadings, or evidence
11 from the proceeding in which the statement was filed that
12 addresses the written statement.

13 “(d) LIMITATIONS.—A written statement submitted
14 pursuant to subsection (a)(2), and additional information
15 submitted pursuant to subsection (c), shall not be consid-
16 ered by the Office for any purpose other than to determine
17 the proper meaning of a patent claim in a proceeding that
18 is ordered or instituted pursuant to section 304, 314, or
19 324. If any such written statement or additional informa-
20 tion is subject to an applicable protective order, such
21 statement or information shall be redacted to exclude in-
22 formation that is subject to that order.

23 “(e) CONFIDENTIALITY.—Upon the written request
24 of the person citing prior art or written statements pursu-

1 ant to subsection (a), that person’s identity shall be ex-
2 cluded from the patent file and kept confidential.”.

3 (2) CONFORMING AMENDMENT.—The item re-
4 lating to section 301 in the table of sections for
5 chapter 30 of title 35, United States Code, is
6 amended to read as follows:

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

7 (3) EFFECTIVE DATE.—The amendments made
8 by this subsection shall take effect upon the expira-
9 tion of the 1-year period beginning on the date of
10 the enactment of this Act and shall apply to any
11 patent issued before, on, or after that effective date.

12 (h) REEXAMINATION.—

13 (1) DETERMINATION BY DIRECTOR.—

14 (A) IN GENERAL.—Section 303(a) of title
15 35, United States Code, is amended by striking
16 “section 301 of this title” and inserting “sec-
17 tion 301 or 302”.

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

24 (2) APPEAL.—

1 (A) IN GENERAL.—Section 306 of title 35,
2 United States Code, is amended by striking
3 “145” and inserting “144”.

4 (B) EFFECTIVE DATE.—The amendment
5 made by this paragraph shall take effect on the
6 date of the enactment of this Act and shall
7 apply to any appeal of a reexamination before
8 the Board of Patent Appeals and Interferences
9 or the Patent Trial and Appeal Board that is
10 pending on, or brought on or after, the date of
11 the enactment of this Act.

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

13 (a) COMPOSITION AND DUTIES.—

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

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

17 “(a) IN GENERAL.—There shall be in the Office a
18 Patent Trial and Appeal Board. The Director, the Deputy
19 Director, the Commissioner for Patents, the Commissioner
20 for Trademarks, and the administrative patent judges
21 shall constitute the Patent Trial and Appeal Board. The
22 administrative patent judges shall be persons of competent
23 legal knowledge and scientific ability who are appointed
24 by the Secretary, in consultation with the Director. Any
25 reference in any Federal law, Executive order, rule, regu-

1 lation, or delegation of authority, or any document of or
2 pertaining to the Board of Patent Appeals and Inter-
3 ferences is deemed to refer to the Patent Trial and Appeal
4 Board.

5 “(b) DUTIES.—The Patent Trial and Appeal Board
6 shall—

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

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

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

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

16 “(c) 3-MEMBER PANELS.—Each appeal, derivation
17 proceeding, post-grant review, and inter partes review
18 shall be heard by at least 3 members of the Patent Trial
19 and Appeal Board, who shall be designated by the Direc-
20 tor. Only the Patent Trial and Appeal Board may grant
21 rehearings.

22 “(d) TREATMENT OF PRIOR APPOINTMENTS.—The
23 Secretary of Commerce may, in the Secretary’s discretion,
24 deem the appointment of an administrative patent judge
25 who, before the date of the enactment of this subsection,

1 held office pursuant to an appointment by the Director
2 to take effect on the date on which the Director initially
3 appointed the administrative patent judge. It shall be a
4 defense to a challenge to the appointment of an adminis-
5 trative patent judge on the basis of the judge's having
6 been originally appointed by the Director that the admin-
7 istrative patent judge so appointed was acting as a de
8 facto officer.”.

9 (2) CONFORMING AMENDMENT.—The item re-
10 relating to section 6 in the table of sections for chap-
11 ter 1 of title 35, United States Code, is amended to
12 read as follows:

“6. Patent Trial and Appeal Board.”.

13 (b) ADMINISTRATIVE APPEALS.—Section 134 of title
14 35, United States Code, is amended—

15 (1) in subsection (b), by striking “any reexam-
16 ination proceeding” and inserting “a reexamina-
17 tion”; and

18 (2) by striking subsection (c).

19 (c) CIRCUIT APPEALS.—

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

22 **“§ 141. Appeal to Court of Appeals for the Federal**
23 **Circuit**

24 “(a) EXAMINATIONS.—An applicant who is dissatis-
25 fied with the final decision in an appeal to the Patent Trial

1 and Appeal Board under section 134(a) may appeal the
2 Board's decision to the United States Court of Appeals
3 for the Federal Circuit. By filing such an appeal, the ap-
4 plicant waives his or her right to proceed under section
5 145.

6 “(b) REEXAMINATIONS.—A patent owner who is dis-
7 satisfied with the final decision in an appeal of a reexam-
8 ination to the Patent Trial and Appeal Board under sec-
9 tion 134(b) may appeal the Board's decision only to the
10 United States Court of Appeals for the Federal Circuit.

11 “(c) POST-GRANT AND INTER PARTES REVIEWS.—
12 A party to an inter partes review or a post-grant review
13 who is dissatisfied with the final written decision of the
14 Patent Trial and Appeal Board under section 318(a) or
15 328(a) (as the case may be) may appeal the Board's deci-
16 sion only to the United States Court of Appeals for the
17 Federal Circuit.

18 “(d) DERIVATION PROCEEDINGS.—A party to a deri-
19 vation proceeding who is dissatisfied with the final deci-
20 sion of the Patent Trial and Appeal Board in the pro-
21 ceeding may appeal the decision to the United States
22 Court of Appeals for the Federal Circuit, but such appeal
23 shall be dismissed if any adverse party to such derivation
24 proceeding, within 20 days after the appellant has filed
25 notice of appeal in accordance with section 142, files no-

1 tice with the Director that the party elects to have all fur-
2 ther proceedings conducted as provided in section 146. If
3 the appellant does not, within 30 days after the filing of
4 such notice by the adverse party, file a civil action under
5 section 146, the Board's decision shall govern the further
6 proceedings in the case.”.

7 (2) JURISDICTION.—Section 1295(a)(4)(A) of
8 title 28, United States Code, is amended to read as
9 follows:

10 “(A) the Patent Trial and Appeal Board of
11 the United States Patent and Trademark Office
12 with respect to a patent application, derivation
13 proceeding, reexamination, post-grant review, or
14 inter partes review under title 35, at the in-
15 stance of a party who exercised that party's
16 right to participate in the applicable proceeding
17 before or appeal to the Board, except that an
18 applicant or a party to a derivation proceeding
19 may also have remedy by civil action pursuant
20 to section 145 or 146 of title 35; an appeal
21 under this subparagraph of a decision of the
22 Board with respect to an application or deriva-
23 tion proceeding shall waive the right of such ap-
24 plicant or party to proceed under section 145 or
25 146 of title 35;”.

1 (3) PROCEEDINGS ON APPEAL.—Section 143 of
2 title 35, United States Code, is amended—

3 (A) by striking the third sentence and in-
4 serting the following: “In an ex parte case, the
5 Director shall submit to the court in writing the
6 grounds for the decision of the Patent and
7 Trademark Office, addressing all of the issues
8 raised in the appeal. The Director shall have
9 the right to intervene in an appeal from a deci-
10 sion entered by the Patent Trial and Appeal
11 Board in a derivation proceeding under section
12 135 or in an inter partes or post-grant review
13 under chapter 31 or 32.”; and

14 (B) by striking the last sentence.

15 (d) CONFORMING AMENDMENTS.—

16 (1) ATOMIC ENERGY ACT OF 1954.—Section
17 152 of the Atomic Energy Act of 1954 (42 U.S.C.
18 2182) is amended in the third undesignated para-
19 graph—

20 (A) by striking “Board of Patent Appeals
21 and Interferences” each place it appears and
22 inserting “Patent Trial and Appeal Board”;
23 and

24 (B) by inserting “and derivation” after
25 “established for interference”.

1 (2) TITLE 51.—Section 20135 of title 51,
2 United States Code, is amended—

3 (A) in subsections (e) and (f), by striking
4 “Board of Patent Appeals and Interferences”
5 each place it appears and inserting “Patent
6 Trial and Appeal Board”; and

7 (B) in subsection (e), by inserting “and
8 derivation” after “established for interference”.

9 (e) EFFECTIVE DATE.—The amendments made by
10 this section shall take effect upon the expiration of the
11 1-year period beginning on the date of the enactment of
12 this Act and shall apply to proceedings commenced on or
13 after that effective date, except that—

14 (1) the extension of jurisdiction to the United
15 States Court of Appeals for the Federal Circuit to
16 entertain appeals of decisions of the Patent Trial
17 and Appeal Board in reexaminations under the
18 amendment made by subsection (c)(2) shall be
19 deemed to take effect on the date of the enactment
20 of this Act and shall extend to any decision of the
21 Board of Patent Appeals and Interferences with re-
22 spect to a reexamination that is entered before, on,
23 or after the date of the enactment of this Act;

24 (2) the provisions of sections 6, 134, and 141
25 of title 35, United States Code, as in effect on the

1 day before the effective date of the amendments
2 made by this section shall continue to apply to inter
3 partes reexaminations that are requested under sec-
4 tion 311 of such title before such effective date;

5 (3) the Patent Trial and Appeal Board may be
6 deemed to be the Board of Patent Appeals and
7 Interferences for purposes of appeals of inter partes
8 reexaminations that are requested under section 311
9 of title 35, United States Code, before the effective
10 date of the amendments made by this section; and

11 (4) the Director's right under the fourth sen-
12 tence of section 143 of title 35, United States Code,
13 as amended by subsection (c)(3) of this section, to
14 intervene in an appeal from a decision entered by
15 the Patent Trial and Appeal Board shall be deemed
16 to extend to inter partes reexaminations that are re-
17 quested under section 311 of such title before the ef-
18 fective date of the amendments made by this section.

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

20 (a) IN GENERAL.—Section 122 of title 35, United
21 States Code, is amended by adding at the end the fol-
22 lowing:

23 “(e) PREISSUANCE SUBMISSIONS BY THIRD PAR-
24 TIES.—

1 “(1) IN GENERAL.—Any third party may sub-
2 mit for consideration and inclusion in the record of
3 a patent application, any patent, published patent
4 application, or other printed publication of potential
5 relevance to the examination of the application, if
6 such submission is made in writing before the earlier
7 of—

8 “(A) the date a notice of allowance under
9 section 151 is given or mailed in the application
10 for patent; or

11 “(B) the later of—

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

15 “(ii) the date of the first rejection
16 under section 132 of any claim by the ex-
17 aminer during the examination of the ap-
18 plication for patent.

19 “(2) OTHER REQUIREMENTS.—Any submission
20 under paragraph (1) shall—

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

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

1 “(C) include a statement by the person
2 making such submission affirming that the sub-
3 mission was made in compliance with this sec-
4 tion.”.

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

10 **SEC. 9. VENUE.**

11 (a) **TECHNICAL AMENDMENTS RELATING TO**
12 **VENUE.**—Sections 32, 145, 146, 154(b)(4)(A), and 293
13 of title 35, United States Code, and section 21(b)(4) of
14 the Trademark Act of 1946 (15 U.S.C. 1071(b)(4)), are
15 each amended by striking “United States District Court
16 for the District of Columbia” each place that term appears
17 and inserting “United States District Court for the East-
18 ern District of Virginia”.

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

23 **SEC. 10. FEE SETTING AUTHORITY.**

24 (a) **FEE SETTING.**—

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

7 (2) FEES TO RECOVER COSTS.—Fees may be
8 set or adjusted under paragraph (1) only to recover
9 the aggregate estimated costs to the Office for proc-
10 essing, activities, services, and materials relating to
11 patents (in the case of patent fees) and trademarks
12 (in the case of trademark fees), including adminis-
13 trative costs of the Office with respect to such pat-
14 ent or trademark fees (as the case may be).

15 (b) SMALL AND MICRO ENTITIES.—The fees set or
16 adjusted under subsection (a) for filing, searching, exam-
17 ining, issuing, appealing, and maintaining patent applica-
18 tions and patents shall be reduced by 50 percent with re-
19 spect to the application of such fees to any small entity
20 that qualifies for reduced fees under section 41(h)(1) of
21 title 35, United States Code, and shall be reduced by 75
22 percent with respect to the application of such fees to any
23 micro entity as defined in section 123 of that title (as
24 added by subsection (g) of this section).

1 (c) REDUCTION OF FEES IN CERTAIN FISCAL
2 YEARS.—In each fiscal year, the Director—

3 (1) shall consult with the Patent Public Advi-
4 sory Committee and the Trademark Public Advisory
5 Committee on the advisability of reducing any fees
6 described in subsection (a); and

7 (2) after the consultation required under para-
8 graph (1), may reduce such fees.

9 (d) ROLE OF THE PUBLIC ADVISORY COMMITTEE.—
10 The Director shall—

11 (1) not less than 45 days before publishing any
12 proposed fee under subsection (a) in the Federal
13 Register, submit the proposed fee to the Patent Pub-
14 lic Advisory Committee or the Trademark Public
15 Advisory Committee, or both, as appropriate;

16 (2)(A) provide the relevant advisory committee
17 described in paragraph (1) a 30-day period following
18 the submission of any proposed fee, in which to de-
19 liberate, consider, and comment on such proposal;

20 (B) require that, during that 30-day period, the
21 relevant advisory committee hold a public hearing
22 relating to such proposal; and

23 (C) assist the relevant advisory committee in
24 carrying out that public hearing, including by offer-
25 ing the use of the resources of the Office to notify

1 and promote the hearing to the public and interested
2 stakeholders;

3 (3) require the relevant advisory committee to
4 make available to the public a written report setting
5 forth in detail the comments, advice, and rec-
6 ommendations of the committee regarding the pro-
7 posed fee; and

8 (4) consider and analyze any comments, advice,
9 or recommendations received from the relevant advi-
10 sory committee before setting or adjusting (as the
11 case may be) the fee.

12 (e) PUBLICATION IN THE FEDERAL REGISTER.—

13 (1) PUBLICATION AND RATIONALE.—The Di-
14 rector shall—

15 (A) publish any proposed fee change under
16 this section in the Federal Register;

17 (B) include, in such publication, the spe-
18 cific rationale and purpose for the proposal, in-
19 cluding the possible expectations or benefits re-
20 sulting from the proposed change; and

21 (C) notify, through the Chair and Ranking
22 Member of the Committees on the Judiciary of
23 the Senate and the House of Representatives,
24 the Congress of the proposed change not later

1 than the date on which the proposed change is
2 published under subparagraph (A).

3 (2) PUBLIC COMMENT PERIOD.—The Director
4 shall, in the publication under paragraph (1), pro-
5 vide the public a period of not less than 45 days in
6 which to submit comments on the proposed change
7 in fees.

8 (3) PUBLICATION OF FINAL RULE.—The final
9 rule setting or adjusting a fee under this section
10 shall be published in the Federal Register and in the
11 Official Gazette of the Patent and Trademark Of-
12 fice.

13 (4) CONGRESSIONAL COMMENT PERIOD.—A fee
14 set or adjusted under subsection (a) may not become
15 effective—

16 (A) before the end of the 45-day period be-
17 ginning on the day after the date on which the
18 Director publishes the final rule adjusting or
19 setting the fee under paragraph (3); or

20 (B) if a law is enacted disapproving such
21 fee.

22 (5) RULE OF CONSTRUCTION.—Rules pre-
23 scribed under this section shall not diminish—

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

4 (B) any rights under a ratified treaty.

5 (f) RETENTION OF AUTHORITY.—The Director re-
6 tains the authority under subsection (a) to set or adjust
7 fees only during such period as the Patent and Trademark
8 Office remains an agency within the Department of Com-
9 merce.

10 (g) MICRO ENTITY DEFINED.—

11 (1) IN GENERAL.—Chapter 11 of title 35,
12 United States Code, is amended by adding at the
13 end the following new section:

14 **“§ 123. Micro entity defined**

15 “(a) IN GENERAL.—For purposes of this title, the
16 term ‘micro entity’ means an applicant who makes a cer-
17 tification that the applicant—

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

20 “(2) has not been named as an inventor on
21 more than 4 previously filed patent applications,
22 other than applications filed in another country, pro-
23 visional applications under section 111(b), or inter-
24 national applications filed under the treaty defined

1 in section 351(a) for which the basic national fee
2 under section 41(a) was not paid;

3 “(3) did not, in the calendar year preceding the
4 calendar year in which the applicable fee is being
5 paid, have a gross income, as defined in section
6 61(a) of the Internal Revenue Code of 1986, exceed-
7 ing 3 times the median household income for that
8 preceding calendar year, as most recently reported
9 by the Bureau of the Census; and

10 “(4) has not assigned, granted, or conveyed,
11 and is not under an obligation by contract or law to
12 assign, grant, or convey, a license or other ownership
13 interest in the application concerned to an entity
14 that, in the calendar year preceding the calendar
15 year in which the applicable fee is being paid, had
16 a gross income, as defined in section 61(a) of the In-
17 ternal Revenue Code of 1986, exceeding 3 times the
18 median household income for that preceding cal-
19 endar year, as most recently reported by the Bureau
20 of the Census.

21 “(b) APPLICATIONS RESULTING FROM PRIOR EM-
22 PLOYMENT.—An applicant is not considered to be named
23 on a previously filed application for purposes of subsection
24 (a)(2) if the applicant has assigned, or is under an obliga-
25 tion by contract or law to assign, all ownership rights in

1 the application as the result of the applicant’s previous
2 employment.

3 “(c) FOREIGN CURRENCY EXCHANGE RATE.—If an
4 applicant’s or entity’s gross income in the preceding cal-
5 endar year is not in United States dollars, the average
6 currency exchange rate, as reported by the Internal Rev-
7 enue Service, during that calendar year shall be used to
8 determine whether the applicant’s or entity’s gross income
9 exceeds the threshold specified in paragraphs (3) or (4)
10 of subsection (a).

11 “(d) INSTITUTIONS OF HIGHER EDUCATION.—For
12 purposes of this section, a micro entity shall include an
13 applicant who certifies that—

14 “(1) the applicant’s employer, from which the
15 applicant obtains the majority of the applicant’s in-
16 come, is an institution of higher education as de-
17 fined in section 101(a) of the Higher Education Act
18 of 1965 (20 U.S.C. 1001(a)); or

19 “(2) the applicant has assigned, granted, con-
20 veyed, or is under an obligation by contract or law,
21 to assign, grant, or convey, a license or other owner-
22 ship interest in the particular applications to such
23 an institution of higher education.

24 “(e) DIRECTOR’S AUTHORITY.—In addition to the
25 limits imposed by this section, the Director may, in the

1 Director’s discretion, impose income limits, annual filing
2 limits, or other limits on who may qualify as a micro entity
3 pursuant to this section if the Director determines that
4 such additional limits are reasonably necessary to avoid
5 an undue impact on other patent applicants or owners or
6 are otherwise reasonably necessary and appropriate. At
7 least 3 months before any limits proposed to be imposed
8 pursuant to this subsection take effect, the Director shall
9 inform the Committee on the Judiciary of the House of
10 Representatives and the Committee on the Judiciary of
11 the Senate of any such proposed limits.”.

12 (2) CONFORMING AMENDMENT.—Chapter 11 of
13 title 35, United States Code, is amended by adding
14 at the end the following new item:

“123. Micro entity defined.”.

15 (h) ELECTRONIC FILING INCENTIVE.—

16 (1) IN GENERAL.—Notwithstanding any other
17 provision of this section, an additional fee of \$400
18 shall be established for each application for an origi-
19 nal patent, except for a design, plant, or provisional
20 application, that is not filed by electronic means as
21 prescribed by the Director. The fee established by
22 this subsection shall be reduced by 50 percent for
23 small entities that qualify for reduced fees under
24 section 41(h)(1) of title 35, United States Code. All
25 fees paid under this subsection shall be deposited in

1 the Treasury as an offsetting receipt that shall not
2 be available for obligation or expenditure.

3 (2) EFFECTIVE DATE.—This subsection shall
4 take effect upon the expiration of the 60-day period
5 beginning on the date of the enactment of this Act.

6 (i) EFFECTIVE DATE; SUNSET.—

7 (1) EFFECTIVE DATE.—Except as provided in
8 subsection (h), this section and the amendments
9 made by this section shall take effect on the date of
10 the enactment of this Act.

11 (2) SUNSET.—The authority of the Director to
12 set or adjust any fee under subsection (a) shall ter-
13minate upon the expiration of the 7-year period be-
14ginning on the date of the enactment of this Act.

15 (3) PRIOR REGULATIONS NOT AFFECTED.—The
16 termination of authority under this subsection shall
17 not affect any regulations issued under this section
18 before the effective date of such termination or any
19 rulemaking proceeding for the issuance of regula-
20 tions under this section that is pending on such
21 date.

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

23 (a) GENERAL PATENT SERVICES.—Subsections (a)
24 and (b) of section 41 of title 35, United States Code, are
25 amended to read as follows:

1 “(a) GENERAL FEES.—The Director shall charge the
2 following fees:

3 “(1) FILING AND BASIC NATIONAL FEES.—

4 “(A) On filing each application for an
5 original patent, except for design, plant, or pro-
6 visional applications, \$330.

7 “(B) On filing each application for an
8 original design patent, \$220.

9 “(C) On filing each application for an
10 original plant patent, \$220.

11 “(D) On filing each provisional application
12 for an original patent, \$220.

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

15 “(F) The basic national fee for each inter-
16 national application filed under the treaty de-
17 fined in section 351(a) entering the national
18 stage under section 371, \$330.

19 “(G) In addition, excluding any sequence
20 listing or computer program listing filed in an
21 electronic medium as prescribed by the Direc-
22 tor, for any application the specification and
23 drawings of which exceed 100 sheets of paper
24 (or equivalent as prescribed by the Director if
25 filed in an electronic medium), \$270 for each

1 additional 50 sheets of paper (or equivalent as
2 prescribed by the Director if filed in an elec-
3 tronic medium) or fraction thereof.

4 “(2) EXCESS CLAIMS FEES.—

5 “(A) IN GENERAL.—In addition to the fee
6 specified in paragraph (1)—

7 “(i) on filing or on presentation at
8 any other time, \$220 for each claim in
9 independent form in excess of 3;

10 “(ii) on filing or on presentation at
11 any other time, \$52 for each claim (wheth-
12 er dependent or independent) in excess of
13 20; and

14 “(iii) for each application containing a
15 multiple dependent claim, \$390.

16 “(B) MULTIPLE DEPENDENT CLAIMS.—

17 For the purpose of computing fees under sub-
18 paragraph (A), a multiple dependent claim re-
19 ferred to in section 112 or any claim depending
20 therefrom shall be considered as separate de-
21 pendent claims in accordance with the number
22 of claims to which reference is made.

23 “(C) REFUNDS; ERRORS IN PAYMENT.—

24 The Director may by regulation provide for a
25 refund of any part of the fee specified in sub-

1 paragraph (A) for any claim that is canceled
2 before an examination on the merits, as pre-
3 scribed by the Director, has been made of the
4 application under section 131. Errors in pay-
5 ment of the additional fees under this para-
6 graph may be rectified in accordance with regu-
7 lations prescribed by the Director.

8 “(3) EXAMINATION FEES.—

9 “(A) IN GENERAL.—

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

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

16 “(iii) For examination of each applica-
17 tion for an original plant patent, \$170.

18 “(iv) For examination of the national
19 stage of each international application,
20 \$220.

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

23 “(B) APPLICABILITY OF OTHER FEE PRO-
24 VISIONS.—The provisions of paragraphs (3) and
25 (4) of section 111(a) relating to the payment of

1 the fee for filing the application shall apply to
2 the payment of the fee specified in subpara-
3 graph (A) with respect to an application filed
4 under section 111(a). The provisions of section
5 371(d) relating to the payment of the national
6 fee shall apply to the payment of the fee speci-
7 fied in subparagraph (A) with respect to an
8 international application.

9 “(4) ISSUE FEES.—

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

12 “(B) For issuing each original design pat-
13 ent, \$860.

14 “(C) For issuing each original plant pat-
15 ent, \$1,190.

16 “(D) For issuing each reissue patent,
17 \$1,510.

18 “(5) DISCLAIMER FEE.—On filing each dis-
19 claimer, \$140.

20 “(6) APPEAL FEES.—

21 “(A) On filing an appeal from the exam-
22 iner to the Patent Trial and Appeal Board,
23 \$540.

24 “(B) In addition, on filing a brief in sup-
25 port of the appeal, \$540, and on requesting an

1 oral hearing in the appeal before the Patent
2 Trial and Appeal Board, \$1,080.

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

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

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

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

16 “(C) on filing a third or subsequent peti-
17 tion, \$620.

18 “(b) MAINTENANCE FEES.—

19 “(1) IN GENERAL.—The Director shall charge
20 the following fees for maintaining in force all pat-
21 ents based on applications filed on or after Decem-
22 ber 12, 1980:

23 “(A) Three years and 6 months after
24 grant, \$980.

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

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

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

14 “(3) NO MAINTENANCE FEE FOR DESIGN OR
15 PLANT PATENT.—No fee may be established for
16 maintaining a design or plant patent in force.”.

17 (b) DELAYS IN PAYMENT.—Subsection (c) of section
18 41 of title 35, United States Code, is amended—

19 (1) by striking “(c)(1) The Director” and in-
20 serting:

21 “(c) DELAYS IN PAYMENT OF MAINTENANCE
22 FEES.—

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

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

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

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

6 “(d) PATENT SEARCH AND OTHER FEES.—

7 “(1) PATENT SEARCH FEES.—

8 “(A) IN GENERAL.—The Director shall
9 charge the fees specified under subparagraph
10 (B) for the search of each application for a pat-
11 ent, except for provisional applications. The Di-
12 rector shall adjust the fees charged under this
13 paragraph to ensure that the fees recover an
14 amount not to exceed the estimated average
15 cost to the Office of searching applications for
16 patent by Office personnel.

17 “(B) SPECIFIC FEES.—The fees referred
18 to in subparagraph (A) are—

19 “(i) \$540 for each application for an
20 original patent, except for design, plant,
21 provisional, or international applications;

22 “(ii) \$100 for each application for an
23 original design patent;

24 “(iii) \$330 for each application for an
25 original plant patent;

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

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

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

16 “(D) REFUNDS.—The Director may by
17 regulation provide for a refund of any part of
18 the fee specified in this paragraph for any ap-
19 plicant who files a written declaration of ex-
20 press abandonment as prescribed by the Direc-
21 tor before an examination has been made of the
22 application under section 131.

23 “(2) OTHER FEES.—

24 “(A) IN GENERAL.—The Director shall es-
25 tablish fees for all other processing, services, or

1 materials relating to patents not specified in
2 this section to recover the estimated average
3 cost to the Office of such processing, services,
4 or materials, except that the Director shall
5 charge the following fees for the following serv-
6 ices:

7 “(i) For recording a document affect-
8 ing title, \$40 per property.

9 “(ii) For each photocopy, \$.25 per
10 page.

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

13 “(B) COPIES FOR LIBRARIES.—The yearly
14 fee for providing a library specified in section
15 12 with uncertified printed copies of the speci-
16 fications and drawings for all patents in that
17 year shall be \$50.”

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

21 “(h) FEES FOR SMALL ENTITIES.—

22 “(1) REDUCTIONS IN FEES.—Subject to para-
23 graph (3), fees charged under subsections (a), (b),
24 and (d)(1) shall be reduced by 50 percent with re-
25 spect to their application to any small business con-

1 cern as defined under section 3 of the Small Busi-
2 ness Act, and to any independent inventor or non-
3 profit organization as defined in regulations issued
4 by the Director.

5 “(2) SURCHARGES AND OTHER FEES.—With re-
6 spect to its application to any entity described in
7 paragraph (1), any surcharge or fee charged under
8 subsection (c) or (d) shall not be higher than the
9 surcharge or fee required of any other entity under
10 the same or substantially similar circumstances.

11 “(3) REDUCTION FOR ELECTRONIC FILING.—
12 The fee charged under subsection (a)(1)(A) shall be
13 reduced by 75 percent with respect to its application
14 to any entity to which paragraph (1) applies, if the
15 application is filed by electronic means as prescribed
16 by the Director.”.

17 (e) TECHNICAL AMENDMENTS.—Section 41 of title
18 35, United States Code, is amended—

19 (1) in subsection (e), in the first sentence, by
20 striking “The Director” and inserting “WAIVER OF
21 FEES; COPIES REGARDING NOTICE.—The Direc-
22 tor”;

23 (2) in subsection (f), by striking “The fees”
24 and inserting “ADJUSTMENT OF FEES.—The fees”;

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

1 (4) in subsection (i)—

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

4 “(i) ELECTRONIC PATENT AND TRADEMARK
5 DATA.—

6 “(1) MAINTENANCE OF COLLECTIONS.—The
7 Director”;

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

10 “(2) AVAILABILITY OF AUTOMATED SEARCH
11 SYSTEMS.—The Director”;

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

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

15 (D) by striking “(4) The Director” and in-
16 serting the following:

17 “(4) ANNUAL REPORT TO CONGRESS.—The Di-
18 rector”.

19 (f) ADJUSTMENT OF TRADEMARK FEES.—Section
20 802(a) of division B of the Consolidated Appropriations
21 Act, 2005 (Public Law 108–447) is amended—

22 (1) in the first sentence, by striking “During
23 fiscal years 2005, 2006, and 2007,” and inserting
24 “Until such time as the Director sets or adjusts the
25 fees otherwise,”; and

1 (2) in the second sentence, by striking “During
2 fiscal years 2005, 2006, and 2007, the” and insert-
3 ing “The”.

4 (g) EFFECTIVE DATE, APPLICABILITY, AND TRANSI-
5 TION PROVISIONS.—Section 803(a) of division B of the
6 Consolidated Appropriations Act, 2005 (Public Law 108–
7 447) is amended by striking “and shall apply only with
8 respect to the remaining portion of fiscal year 2005 and
9 fiscal year 2006”.

10 (h) PRIORITIZED EXAMINATION FEE.—

11 (1) IN GENERAL.—

12 (A) FEE.—

13 (i) PRIORITIZED EXAMINATION
14 FEE.—A fee of \$4,800 shall be established
15 for filing a request, pursuant to section
16 2(b)(2)(G) of title 35, United States Code,
17 for prioritized examination of a nonprovi-
18 sional application for an original utility or
19 plant patent.

20 (ii) ADDITIONAL FEES.—In addition
21 to the prioritized examination fee under
22 clause (i), the fees due on an application
23 for which prioritized examination is being
24 sought are the filing, search, and examina-
25 tion fees (including any applicable excess

1 claims and application size fees), proc-
2 essing fee, and publication fee for that ap-
3 plication.

4 (B) REGULATIONS; LIMITATIONS.—

5 (i) REGULATIONS.—The Director may
6 by regulation prescribe conditions for ac-
7 ceptance of a request under subparagraph
8 (A) and a limit on the number of filings
9 for prioritized examination that may be ac-
10 cepted.

11 (ii) LIMITATION ON CLAIMS.—Until
12 regulations are prescribed under clause (i),
13 no application for which prioritized exam-
14 ination is requested may contain or be
15 amended to contain more than 4 inde-
16 pendent claims or more than 30 total
17 claims.

18 (iii) LIMITATION ON TOTAL NUMBER
19 OF REQUESTS.—The Director may not ac-
20 cept in any fiscal year more than 10,000
21 requests for prioritization until regulations
22 are prescribed under this subparagraph
23 setting another limit.

24 (2) REDUCTION IN FEES FOR SMALL ENTI-
25 TIES.—The Director shall reduce fees for providing

1 prioritized examination of nonprovisional applica-
2 tions for original utility and plant patents by 50 per-
3 cent for small entities that qualify for reduced fees
4 under section 41(h)(1) of title 35, United States
5 Code.

6 (3) DEPOSIT OF FEES.—All fees paid under
7 this subsection shall be credited to the United States
8 Patent and Trademark Office Appropriation Ac-
9 count, shall remain available until expended, and
10 may be used only for the purposes specified in sec-
11 tion 42(e)(3)(A) of title 35, United States Code.

12 (4) EFFECTIVE DATE AND TERMINATION.—

13 (A) EFFECTIVE DATE.—This subsection
14 shall take effect on the date that is 10 days
15 after the date of the enactment of this Act.

16 (B) TERMINATION.—The fee imposed
17 under paragraph (1)(A)(i), and the reduced fee
18 under paragraph (2), shall terminate on the ef-
19 fective date of the setting or adjustment of the
20 fee under paragraph (1)(A)(i) pursuant to the
21 exercise of the authority under section 10 for
22 the first time with respect to that fee.

23 (i) APPROPRIATION ACCOUNT TRANSITION FEES.—

24 (1) SURCHARGE.—

1 (A) IN GENERAL.—There shall be a sur-
2 charge of 15 percent, rounded by standard
3 arithmetic rules, on all fees charged or author-
4 ized by subsections (a), (b), and (d)(1) of sec-
5 tion 41, and section 132(b), of title 35, United
6 States Code. Any surcharge imposed under this
7 subsection is, and shall be construed to be, sep-
8 arate from and in addition to any other sur-
9 charge imposed under this Act or any other
10 provision of law.

11 (B) DEPOSIT OF AMOUNTS.—Amounts col-
12 lected pursuant to the surcharge imposed under
13 subparagraph (A) shall be credited to the
14 United States Patent and Trademark Appro-
15 priation Account, shall remain available until
16 expended, and may be used only for the pur-
17 poses specified in section 42(c)(3)(A) of title
18 35, United States Code.

19 (2) EFFECTIVE DATE AND TERMINATION OF
20 SURCHARGE.—The surcharge provided for in para-
21 graph (1)—

22 (A) shall take effect on the date that is 10
23 days after the date of the enactment of this
24 Act; and

1 (B) shall terminate, with respect to a fee
2 to which paragraph (1)(A) applies, on the effec-
3 tive date of the setting or adjustment of that
4 fee pursuant to the exercise of the authority
5 under section 10 for the first time with respect
6 to that fee.

7 (j) EFFECTIVE DATE.—Except as otherwise provided
8 in this section, this section and the amendments made by
9 this section shall take effect on the date of the enactment
10 of this Act.

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

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

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

17 “(a) REQUEST FOR SUPPLEMENTAL EXAMINA-
18 TION.—A patent owner may request supplemental exam-
19 ination of a patent in the Office to consider, reconsider,
20 or correct information believed to be relevant to the pat-
21 ent, in accordance with such requirements as the Director
22 may establish. Within 3 months after the date a request
23 for supplemental examination meeting the requirements of
24 this section is received, the Director shall conduct the sup-
25 plemental examination and shall conclude such examina-

1 tion by issuing a certificate indicating whether the infor-
2 mation presented in the request raises a substantial new
3 question of patentability.

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

17 “(c) EFFECT.—

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

1 shall not be relevant to enforceability of the patent
2 under section 282.

3 “(2) EXCEPTIONS.—

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

14 “(B) PATENT ENFORCEMENT ACTIONS.—

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

1 “(d) FEES AND REGULATIONS.—

2 “(1) FEES.—The Director shall, by regulation,
3 establish fees for the submission of a request for
4 supplemental examination of a patent, and to con-
5 sider each item of information submitted in the re-
6 quest. If reexamination is ordered under subsection
7 (b), fees established and applicable to ex parte reex-
8 amination proceedings under chapter 30 shall be
9 paid, in addition to fees applicable to supplemental
10 examination.

11 “(2) REGULATIONS.—The Director shall issue
12 regulations governing the form, content, and other
13 requirements of requests for supplemental examina-
14 tion, and establishing procedures for reviewing infor-
15 mation submitted in such requests.

16 “(e) FRAUD.—If the Director becomes aware, during
17 the course of a supplemental examination or reexamina-
18 tion proceeding ordered under this section, that a material
19 fraud on the Office may have been committed in connec-
20 tion with the patent that is the subject of the supplemental
21 examination, then in addition to any other actions the Di-
22 rector is authorized to take, including the cancellation of
23 any claims found to be invalid under section 307 as a re-
24 sult of a reexamination ordered under this section, the Di-
25 rector shall also refer the matter to the Attorney General

1 for such further action as the Attorney General may deem
2 appropriate. Any such referral shall be treated as con-
3 fidential, shall not be included in the file of the patent,
4 and shall not be disclosed to the public unless the United
5 States charges a person with a criminal offense in connec-
6 tion with such referral.

7 “(f) RULE OF CONSTRUCTION.—Nothing in this sec-
8 tion shall be construed—

9 “(1) to preclude the imposition of sanctions
10 based upon criminal or antitrust laws (including sec-
11 tion 1001(a) of title 18, the first section of the Clay-
12 ton Act, and section 5 of the Federal Trade Com-
13 mission Act to the extent that section relates to un-
14 fair methods of competition);

15 “(2) to limit the authority of the Director to in-
16 vestigate issues of possible misconduct and impose
17 sanctions for misconduct in connection with matters
18 or proceedings before the Office; or

19 “(3) to limit the authority of the Director to
20 issue regulations under chapter 3 relating to sanc-
21 tions for misconduct by representatives practicing
22 before the Office.”.

23 (b) CONFORMING AMENDMENT.—The table of sec-
24 tions for chapter 25 of title 35, United States Code, is
25 amended by adding at the end the following new item:

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

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall take effect upon the expiration of the
3 1-year period beginning on the date of the enactment of
4 this Act and shall apply to any patent issued before, on,
5 or after that effective date.

6 **SEC. 13. FUNDING AGREEMENTS.**

7 (a) IN GENERAL.—Section 202(c)(7)(E)(i) of title
8 35, United States Code, is amended—

9 (1) by striking “75 percent” and inserting “15
10 percent”;

11 (2) by striking “25 percent” and inserting “85
12 percent”; and

13 (3) by striking “as described above in this
14 clause (D);” and inserting “described above in this
15 clause;”.

16 (b) EFFECTIVE DATE.—The amendments made by
17 this section shall take effect on the date of the enactment
18 of this Act and shall apply to any patent issued before,
19 on, or after that date.

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

22 (a) IN GENERAL.—For purposes of evaluating an in-
23 vention under section 102 or 103 of title 35, United States
24 Code, any strategy for reducing, avoiding, or deferring tax

1 liability, whether known or unknown at the time of the
2 invention or application for patent, shall be deemed insuf-
3 ficient to differentiate a claimed invention from the prior
4 art.

5 (b) DEFINITION.—For purposes of this section, the
6 term “tax liability” refers to any liability for a tax under
7 any Federal, State, or local law, or the law of any foreign
8 jurisdiction, including any statute, rule, regulation, or or-
9 dinance that levies, imposes, or assesses such tax liability.

10 (c) EXCLUSIONS.—This section does not apply to
11 that part of an invention that—

12 (1) is a method, apparatus, technology, com-
13 puter program product, or system, that is used sole-
14 ly for preparing a tax or information return or other
15 tax filing, including one that records, transmits,
16 transfers, or organizes data related to such filing; or

17 (2) is a method, apparatus, technology, com-
18 puter program product, or system used solely for fi-
19 nancial management, to the extent that it is sever-
20 able from any tax strategy or does not limit the use
21 of any tax strategy by any taxpayer or tax advisor.

22 (d) RULE OF CONSTRUCTION.—Nothing in this sec-
23 tion shall be construed to imply that other business meth-
24 ods are patentable or that other business method patents
25 are valid.

1 (e) **EFFECTIVE DATE; APPLICABILITY.**—This section
2 shall take effect on the date of the enactment of this Act
3 and shall apply to any patent application that is pending
4 on, or filed on or after, that date, and to any patent that
5 is issued on or after that date.

6 **SEC. 15. BEST MODE REQUIREMENT.**

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

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

13 “(A) any requirement of section 112, ex-
14 cept that the failure to disclose the best mode
15 shall not be a basis on which any claim of a
16 patent may be canceled or held invalid or other-
17 wise unenforceable; or

18 “(B) any requirement of section 251.”.

19 (b) **CONFORMING AMENDMENT.**—Sections 119(e)(1)
20 and 120 of title 35, United States Code, are each amended
21 by striking “the first paragraph of section 112 of this
22 title” and inserting “section 112(a) (other than the re-
23 quirement to disclose the best mode)”.

24 (c) **EFFECTIVE DATE.**—The amendments made by
25 this section shall take effect upon the date of the enact-

1 ment of this Act and shall apply to proceedings com-
2 menced on or after that date.

3 **SEC. 16. MARKING.**

4 (a) VIRTUAL MARKING.—

5 (1) IN GENERAL.—Section 287(a) of title 35,
6 United States Code, is amended by striking “or
7 when,” and inserting “or by fixing thereon the word
8 ‘patent’ or the abbreviation ‘pat.’ together with an
9 address of a posting on the Internet, accessible to
10 the public without charge for accessing the address,
11 that associates the patented article with the number
12 of the patent, or when,”.

13 (2) EFFECTIVE DATE.—The amendment made
14 by this subsection shall apply to any case that is
15 pending on, or commenced on or after, the date of
16 the enactment of this Act.

17 (3) REPORT.—Not later than the date that is
18 3 years after the date of the enactment of this Act,
19 the Director shall submit a report to Congress that
20 provides—

21 (A) an analysis of the effectiveness of “vir-
22 tual marking”, as provided in the amendment
23 made by paragraph (1) of this subsection, as an
24 alternative to the physical marking of articles;

1 (B) an analysis of whether such virtual
2 marking has limited or improved the ability of
3 the general public to access information about
4 patents;

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

7 (D) an analysis of the deficiencies, if any,
8 of such virtual marking.

9 (b) FALSE MARKING.—

10 (1) CIVIL PENALTY.—Section 292(a) of title
11 35, United States Code, is amended by adding at
12 the end the following: “Only the United States may
13 sue for the penalty authorized by this subsection.”.

14 (2) CIVIL ACTION FOR DAMAGES.—Subsection
15 (b) of section 292 of title 35, United States Code,
16 is amended to read as follows:

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

21 (3) EXPIRED PATENTS.—Section 292 of title
22 35, United States Code, is amended by adding at
23 the end the following:

24 “(c) The marking of a product, in a manner described
25 in subsection (a), with matter relating to a patent that

1 covered that product but has expired is not a violation of
2 this section.”.

3 (4) EFFECTIVE DATE.—The amendments made
4 by this subsection shall apply to all cases, without
5 exception, that are pending on, or commenced on or
6 after, the date of the enactment of this Act.

7 **SEC. 17. ADVICE OF COUNSEL.**

8 (a) IN GENERAL.—Chapter 29 of title 35, United
9 States Code, is amended by adding at the end the fol-
10 lowing:

11 **“§ 298. Advice of counsel**

12 “The failure of an infringer to obtain the advice of
13 counsel with respect to any allegedly infringed patent, or
14 the failure of the infringer to present such advice to the
15 court or jury, may not be used to prove that the accused
16 infringer willfully infringed the patent or that the in-
17 fringer intended to induce infringement of the patent.”.

18 (b) CONFORMING AMENDMENT.—The table of sec-
19 tions for chapter 29 of title 35, United States Code, is
20 amended by adding at the end the following:

“298. Advice of counsel.”.

21 **SEC. 18. TRANSITIONAL PROGRAM FOR COVERED BUSI-**
22 **NESS METHOD PATENTS.**

23 (a) TRANSITIONAL PROGRAM.—

24 (1) ESTABLISHMENT.—Not later than the date
25 that is 1 year after the date of the enactment of this

1 Act, the Director shall issue regulations establishing
2 and implementing a transitional post-grant review
3 proceeding for review of the validity of covered busi-
4 ness method patents. The transitional proceeding
5 implemented pursuant to this subsection shall be re-
6 garded as, and shall employ the standards and pro-
7 cedures of, a post-grant review under chapter 32 of
8 title 35, United States Code, subject to the fol-
9 lowing:

10 (A) Section 321(c) of title 35, United
11 States Code, and subsections (b), (e)(2), and (f)
12 of section 325 of such title shall not apply to
13 a transitional proceeding.

14 (B) A person may not file a petition for a
15 transitional proceeding with respect to a cov-
16 ered business method patent unless the person
17 or the person's real party in interest or privy
18 has been sued for infringement of the patent or
19 has been charged with infringement under that
20 patent.

21 (C) A petitioner in a transitional pro-
22 ceeding who challenges the validity of 1 or more
23 claims in a covered business method patent on
24 a ground raised under section 102 or 103 of
25 title 35, United States Code, as in effect on the

1 day before the effective date set forth in section
2 3(n)(1), may support such ground only on the
3 basis of—

4 (i) prior art that is described by sec-
5 tion 102(a) of such title of such title (as
6 in effect on the day before such effective
7 date); or

8 (ii) prior art that—

9 (I) discloses the invention more
10 than 1 year before the date of the ap-
11 plication for patent in the United
12 States; and

13 (II) would be described by section
14 102(a) of such title (as in effect on
15 the day before the effective date set
16 forth in section 3(n)(1)) if the disclo-
17 sure had been made by another before
18 the invention thereof by the applicant
19 for patent.

20 (D) The petitioner in a transitional pro-
21 ceeding that results in a final written decision
22 under section 328(a) of title 35, United States
23 Code, with respect to a claim in a covered busi-
24 ness method patent, or the petitioner's real
25 party in interest, may not assert, either in a

1 civil action arising in whole or in part under
2 section 1338 of title 28, United States Code, or
3 in a proceeding before the International Trade
4 Commission under section 337 of the Tariff Act
5 of 1930 (19 U.S.C. 1337), that the claim is in-
6 valid on any ground that the petitioner raised
7 during that transitional proceeding.

8 (E) The Director may institute a transi-
9 tional proceeding only for a patent that is a
10 covered business method patent.

11 (2) EFFECTIVE DATE.—The regulations issued
12 under paragraph (1) shall take effect upon the expi-
13 ration of the 1-year period beginning on the date of
14 the enactment of this Act and shall apply to any
15 covered business method patent issued before, on, or
16 after that effective date, except that the regulations
17 shall not apply to a patent described in section
18 6(f)(2)(A) of this Act during the period in which a
19 petition for post-grant review of that patent would
20 satisfy the requirements of section 321(c) of title 35,
21 United States Code.

22 (3) SUNSET.—

23 (A) IN GENERAL.—This subsection, and
24 the regulations issued under this subsection, are
25 repealed effective upon the expiration of the 8-

1 year period beginning on the date that the reg-
2 ulations issued under to paragraph (1) take ef-
3 fect.

4 (B) APPLICABILITY.—Notwithstanding
5 subparagraph (A), this subsection and the regu-
6 lations issued under this subsection shall con-
7 tinue to apply, after the date of the repeal
8 under subparagraph (A), to any petition for a
9 transitional proceeding that is filed before the
10 date of such repeal.

11 (b) REQUEST FOR STAY.—

12 (1) IN GENERAL.—If a party seeks a stay of a
13 civil action alleging infringement of a patent under
14 section 281 of title 35, United States Code, relating
15 to a transitional proceeding for that patent, the
16 court shall decide whether to enter a stay based
17 on—

18 (A) whether a stay, or the denial thereof,
19 will simplify the issues in question and stream-
20 line the trial;

21 (B) whether discovery is complete and
22 whether a trial date has been set;

23 (C) whether a stay, or the denial thereof,
24 would unduly prejudice the nonmoving party or

1 present a clear tactical advantage for the mov-
2 ing party; and

3 (D) whether a stay, or the denial thereof,
4 will reduce the burden of litigation on the par-
5 ties and on the court.

6 (2) REVIEW.—A party may take an immediate
7 interlocutory appeal from a district court’s decision
8 under paragraph (1). The United States Court of
9 Appeals for the Federal Circuit shall review the dis-
10 trict court’s decision to ensure consistent application
11 of established precedent, and such review may be de
12 novo.

13 (c) ATM EXEMPTION FOR VENUE PURPOSES.—In
14 an action for infringement under section 281 of title 35,
15 United States Code, of a covered business method patent,
16 an automated teller machine shall not be deemed to be
17 a regular and established place of business for purposes
18 of section 1400(b) of title 28, United States Code.

19 (d) DEFINITION.—

20 (1) IN GENERAL.—For purposes of this section,
21 the term “covered business method patent” means a
22 patent that claims a method or corresponding appa-
23 ratus for performing data processing or other oper-
24 ations used in the practice, administration, or man-
25 agement of a financial product or service, except

1 that the term does not include patents for techno-
2 logical inventions.

3 (2) REGULATIONS.—To assist in implementing
4 the transitional proceeding authorized by this sub-
5 section, the Director shall issue regulations for de-
6 termining whether a patent is for a technological in-
7 vention.

8 (e) RULE OF CONSTRUCTION.—Nothing in this sec-
9 tion shall be construed as amending or interpreting cat-
10 egories of patent-eligible subject matter set forth under
11 section 101 of title 35, United States Code.

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

13 (a) STATE COURT JURISDICTION.—Section 1338(a)
14 of title 28, United States Code, is amended by striking
15 the second sentence and inserting the following: “No State
16 court shall have jurisdiction over any claim for relief aris-
17 ing under any Act of Congress relating to patents, plant
18 variety protection, or copyrights. For purposes of this sub-
19 section, the term ‘State’ includes any State of the United
20 States, the District of Columbia, the Commonwealth of
21 Puerto Rico, the United States Virgin Islands, American
22 Samoa, Guam, and the Northern Mariana Islands.”.

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

1 “(1) of an appeal from a final decision of a dis-
2 trict court of the United States, the District Court
3 of Guam, the District Court of the Virgin Islands,
4 or the District Court of the Northern Mariana Is-
5 lands, in any civil action arising under, or in any
6 civil action in which a party has asserted a compul-
7 sory counterclaim arising under, any Act of Con-
8 gress relating to patents or plant variety protec-
9 tion;”.

10 (c) REMOVAL.—

11 (1) IN GENERAL.—Chapter 89 of title 28,
12 United States Code, is amended by adding at the
13 end the following new section:

14 **“§ 1454. Patent, plant variety protection, and copy-**
15 **right cases**

16 “(a) IN GENERAL.—A civil action in which any party
17 asserts a claim for relief arising under any Act of Con-
18 gress relating to patents, plant variety protection, or copy-
19 rights may be removed to the district court of the United
20 States for the district and division embracing the place
21 where the action is pending.

22 “(b) SPECIAL RULES.—The removal of an action
23 under this section shall be made in accordance with sec-
24 tion 1446, except that if the removal is based solely on
25 this section—

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

3 “(2) the time limitations contained in section
4 1446(b) may be extended at any time for cause
5 shown.

6 “(c) CLARIFICATION OF JURISDICTION IN CERTAIN
7 CASES.—The court to which a civil action is removed
8 under this section is not precluded from hearing and de-
9 termining any claim in the civil action because the State
10 court from which the civil action is removed did not have
11 jurisdiction over that claim.

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

14 “(1) shall remand all claims that are neither a
15 basis for removal under subsection (a) nor within
16 the original or supplemental jurisdiction of the dis-
17 trict court under any Act of Congress; and

18 “(2) may, under the circumstances specified in
19 section 1367(c), remand any claims within the sup-
20 plemental jurisdiction of the district court under sec-
21 tion 1367.”.

22 (2) CONFORMING AMENDMENT.—The table of
23 sections for chapter 89 of title 28, United States
24 Code, is amended by adding at the end the following
25 new item:

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

1 (d) PROCEDURAL MATTERS IN PATENT CASES.—

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

6 **“§ 299. Joinder of parties**

7 “(a) JOINDER OF ACCUSED INFRINGERS.—With re-
8 spect to any civil action arising under any Act of Congress
9 relating to patents, other than an action or trial in which
10 an act of infringement under section 271(e)(2) has been
11 pled, parties that are accused infringers may be joined in
12 one action as defendants or counterclaim defendants, or
13 have their actions consolidated for trial, or counterclaim
14 defendants only if—

15 “(1) any right to relief is asserted against the
16 parties jointly, severally, or in the alternative with
17 respect to or arising out of the same transaction, oc-
18 currence, or series of transactions or occurrences re-
19 lating to the making, using, importing into the
20 United States, offering for sale, or selling of the
21 same accused product or process; and

22 “(2) questions of fact common to all defendants
23 or counterclaim defendants will arise in the action.

24 “(b) ALLEGATIONS INSUFFICIENT FOR JOINDER.—
25 For purposes of this subsection, accused infringers may

1 not be joined in one action as defendants or counterclaim
2 defendants, or have their actions consolidated for trial,
3 based solely on allegations that they each have infringed
4 the patent or patents in suit.

5 “(c) WAIVER.—A party that is an accused infringer
6 may waive the limitations set forth in this section with
7 respect to that party.”.

8 (2) CONFORMING AMENDMENT.—The table of
9 sections for chapter 29 of title 35, United States
10 Code, as amended by this Act, is further amended
11 by adding at the end the following new item:

“299. Joinder of parties.”.

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

15 **SEC. 20. TECHNICAL AMENDMENTS.**

16 (a) JOINT INVENTIONS.—Section 116 of title 35,
17 United States Code, is amended—

18 (1) in the first undesignated paragraph, by
19 striking “When” and inserting “(a) JOINT IN-
20 VENTIONS.—When”;

21 (2) in the second undesignated paragraph,
22 by striking “If a joint inventor” and inserting
23 “(b) OMITTED INVENTOR.—If a joint inven-
24 tor”; and

25 (3) in the third undesignated paragraph—

1 (A) by striking “Whenever” and in-
2 serting “(c) CORRECTION OF ERRORS IN
3 APPLICATION.—Whenever”; and

4 (B) by striking “and such error arose
5 without any deceptive intention on his
6 part,”.

7 (b) FILING OF APPLICATION IN FOREIGN COUN-
8 TRY.—Section 184 of title 35, United States Code, is
9 amended—

10 (1) in the first undesignated paragraph—

11 (A) by striking “Except when” and insert-
12 ing “(a) FILING IN FOREIGN COUNTRY.—Ex-
13 cept when”; and

14 (B) by striking “and without deceptive in-
15 tent”;

16 (2) in the second undesignated paragraph, by
17 striking “The term” and inserting “(b) APPLICA-
18 TION.—The term”; and

19 (3) in the third undesignated paragraph, by
20 striking “The scope” and inserting “(c) SUBSE-
21 QUENT MODIFICATIONS, AMENDMENTS, AND SUP-
22 PLEMENTS.—The scope”.

23 (c) FILING WITHOUT A LICENSE.—Section 185 of
24 title 35, United States Code, is amended by striking “and
25 without deceptive intent”.

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

3 (1) in the first undesignated paragraph—

4 (A) by striking “Whenever” and inserting
5 “(a) IN GENERAL.—Whenever”; and

6 (B) by striking “without any deceptive in-
7 tention”;

8 (2) in the second undesignated paragraph, by
9 striking “The Director” and inserting “(b) MUL-
10 TIPLE REISSUED PATENTS.—The Director”;

11 (3) in the third undesignated paragraph, by
12 striking “The provisions” and inserting “(c) APPLI-
13 CABILITY OF THIS TITLE.—The provisions”; and

14 (4) in the last undesignated paragraph, by
15 striking “No reissued patent” and inserting “(d)
16 REISSUE PATENT ENLARGING SCOPE OF CLAIMS.—
17 No reissued patent”.

18 (e) EFFECT OF REISSUE.—Section 253 of title 35,
19 United States Code, is amended—

20 (1) in the first undesignated paragraph, by
21 striking “Whenever, without any deceptive inten-
22 tion,” and inserting “(a) IN GENERAL.—Whenever”;
23 and

24 (2) in the second undesignated paragraph, by
25 striking “In like manner” and inserting “(b) ADDI-

1 TIONAL DISCLAIMER OR DEDICATION.—In the man-
2 ner set forth in subsection (a),”.

3 (f) CORRECTION OF NAMED INVENTOR.—Section
4 256 of title 35, United States Code, is amended—

5 (1) in the first undesignated paragraph—

6 (A) by striking “Whenever” and inserting
7 “(a) CORRECTION.—Whenever”; and

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

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

13 (g) PRESUMPTION OF VALIDITY.—Section 282 of
14 title 35, United States Code, is amended—

15 (1) in the first undesignated paragraph—

16 (A) by striking “A patent” and inserting
17 “(a) IN GENERAL.—A patent”; and

18 (B) by striking the third sentence;

19 (2) in the second undesignated paragraph—

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

22 (B) in paragraph (1), by striking
23 “unforceability,” and inserting “unenforce-
24 ability.”; and

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

4 (A) by striking “In actions involving the
5 validity or infringement of a patent” and insert-
6 ing “(c) NOTICE OF ACTIONS; ACTIONS DUR-
7 ING EXTENSION OF PATENT TERM.—In an ac-
8 tion involving the validity or infringement of a
9 patent”; and

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

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

15 (i) REVISER’S NOTES.—

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

19 (2) Section 202 of title 35, United States Code,
20 is amended—

21 (A) in subsection (b)(3), by striking “the
22 section 203(b)” and inserting “section 203(b)”;
23 and

24 (B) in subsection (c)(7)(D), by striking
25 “except where it proves” and all that follows

1 through “small business firms; and” and insert-
2 ing: “except where it is determined to be infea-
3 sible following a reasonable inquiry, a pref-
4 erence in the licensing of subject inventions
5 shall be given to small business firms; and”.

6 (3) Section 209(d)(1) of title 35, United States
7 Code, is amended by striking “nontransferrable”
8 and inserting “nontransferable”.

9 (4) Section 287(c)(2)(G) of title 35, United
10 States Code, is amended by striking “any state” and
11 inserting “any State”.

12 (5) Section 371(b) of title 35, United States
13 Code, is amended by striking “of the treaty” and in-
14 serting “of the treaty.”.

15 (j) UNNECESSARY REFERENCES.—

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

19 (2) EXCEPTION.—The amendment made by
20 paragraph (1) shall not apply to the use of such
21 term in the following sections of title 35, United
22 States Code:

23 (A) Section 1(c).

24 (B) Section 101.

25 (C) Subsections (a) and (b) of section 105.

1 (D) The first instance of the use of such
2 term in section 111(b)(8).

3 (E) Section 161.

4 (F) Section 164.

5 (G) Section 171.

6 (H) Section 251(c), as so designated by
7 this section.

8 (I) Section 261.

9 (J) Subsections (g) and (h) of section 271.

10 (K) Section 287(b)(1).

11 (L) Section 289.

12 (M) The first instance of the use of such
13 term in section 375(a).

14 (k) ADDITIONAL TECHNICAL AMENDMENTS.—Sec-
15 tions 155 and 155A of title 35, United States Code, and
16 the items relating to those sections in the table of sections
17 for chapter 14 of such title, are repealed.

18 (l) EFFECTIVE DATE.—The amendments made by
19 this section shall take effect upon the expiration of the
20 1-year period beginning on the date of the enactment of
21 this Act and shall apply to proceedings commenced on or
22 after that effective date.

1 **SEC. 21. TRAVEL EXPENSES AND PAYMENT OF ADMINIS-**
2 **TRATIVE JUDGES.**

3 (a) **AUTHORITY TO COVER CERTAIN TRAVEL RE-**
4 **LATED EXPENSES.**—Section 2(b)(11) of title 35, United
5 States Code, is amended by inserting “, and the Office
6 is authorized to expend funds to cover the subsistence ex-
7 penses and travel-related expenses, including per diem,
8 lodging costs, and transportation costs, of persons attend-
9 ing such programs who are not Federal employees” after
10 “world”.

11 (b) **PAYMENT OF ADMINISTRATIVE JUDGES.**—Sec-
12 tion 3(b) of title 35, United States Code, is amended by
13 adding at the end the following:

14 “(6) **ADMINISTRATIVE PATENT JUDGES AND**
15 **ADMINISTRATIVE TRADEMARK JUDGES.**—The Direc-
16 tor may fix the rate of basic pay for the administra-
17 tive patent judges appointed pursuant to section 6
18 and the administrative trademark judges appointed
19 pursuant to section 17 of the Trademark Act of
20 1946 (15 U.S.C. 1067) at not greater than the rate
21 of basic pay payable for level III of the Executive
22 Schedule under section 5314 of title 5. The payment
23 of a rate of basic pay under this paragraph shall not
24 be subject to the pay limitation under section
25 5306(e) or 5373 of title 5.”

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

2 (a) IN GENERAL.—Section 42(c) of title 35, United
3 States Code, is amended—

4 (1) by striking “(c)” and inserting “(c)(1)”;

5 (2) in the first sentence, by striking “shall be
6 available” and inserting “shall, subject to paragraph
7 (3), be available”;

8 (3) by striking the second sentence; and

9 (4) by adding at the end the following:

10 “(2) There is established in the Treasury a Patent
11 and Trademark Fee Reserve Fund. If fee collections by
12 the Patent and Trademark Office for a fiscal year exceed
13 the amount appropriated to the Office for that fiscal year,
14 fees collected in excess of the appropriated amount shall
15 be deposited in the Patent and Trademark Fee Reserve
16 Fund. To the extent and in the amounts provided in ap-
17 propriations Acts, amounts in the Fund shall be made
18 available until expended only for obligation and expendi-
19 ture by the Office in accordance with paragraph (3).

20 “(3)(A) Any fees that are collected under sections 41,
21 42, and 376, and any surcharges on such fees, may only
22 be used for expenses of the Office relating to the proc-
23 essing of patent applications and for other activities, serv-
24 ices, and materials relating to patents and to cover a share
25 of the administrative costs of the Office relating to pat-
26 ents.

1 “(B) Any fees that are collected under section 31 of
2 the Trademark Act of 1946, and any surcharges on such
3 fees, may only be used for expenses of the Office relating
4 to the processing of trademark registrations and for other
5 activities, services, and materials relating to trademarks
6 and to cover a share of the administrative costs of the
7 Office relating to trademarks.”.

8 (b) **EFFECTIVE DATE.**—The amendments made by
9 this section shall take effect on October 1, 2011.

10 **SEC. 23. SATELLITE OFFICES.**

11 (a) **ESTABLISHMENT.**—Subject to available re-
12 sources, the Director shall, by not later than the date that
13 is 3 years after the date of the enactment of this Act,
14 establish 3 or more satellite offices in the United States
15 to carry out the responsibilities of the Office.

16 (b) **PURPOSES.**—The purposes of the satellite offices
17 established under subsection (a) are to—

18 (1) increase outreach activities to better connect
19 patent filers and innovators with the Office;

20 (2) enhance patent examiner retention;

21 (3) improve recruitment of patent examiners;

22 (4) decrease the number of patent applications
23 waiting for examination; and

24 (5) improve the quality of patent examination.

25 (c) **REQUIRED CONSIDERATIONS.**—

1 (1) IN GENERAL.—In selecting the location of
2 each satellite office to be established under sub-
3 section (a), the Director—

4 (A) shall ensure geographic diversity
5 among the offices, including by ensuring that
6 such offices are established in different States
7 and regions throughout the Nation;

8 (B) may rely upon any previous evalua-
9 tions by the Office of potential locales for sat-
10 ellite offices, including any evaluations prepared
11 as part of the Office’s Nationwide Workforce
12 Program that resulted in the 2010 selection of
13 Detroit, Michigan, as the first satellite office of
14 the Office;

15 (C) shall evaluate and consider the extent
16 to which the purposes of satellite offices listed
17 under subsection (b) will be achieved;

18 (D) shall consider the availability of sci-
19 entific and technically knowledgeable personnel
20 in the region from which to draw new patent
21 examiners at minimal recruitment cost; and

22 (E) shall consider the economic impact to
23 the region.

24 (2) OPEN SELECTION PROCESS.—Nothing in
25 paragraph (1) shall constrain the Office to only con-

1 sider its evaluations in selecting the Detroit, Michi-
2 gan, satellite office.

3 (d) REPORT TO CONGRESS.—Not later than the end
4 of the third fiscal year that begins after the date of the
5 enactment of this Act, the Director shall submit a report
6 to Congress on—

7 (1) the rationale of the Director in selecting the
8 location of any satellite office required under sub-
9 section (a), including an explanation of how the se-
10 lected location will achieve the purposes of satellite
11 offices listed under subsection (b) and how the re-
12 quired considerations listed under subsection (c)
13 were met;

14 (2) the progress of the Director in establishing
15 all such satellite offices; and

16 (3) whether the operation of existing satellite
17 offices is achieving the purposes under subsection
18 (b).

19 **SEC. 24. DESIGNATION OF DETROIT SATELLITE OFFICE.**

20 (a) DESIGNATION.—The satellite office of the United
21 States Patent and Trademark Office to be located in De-
22 troit, Michigan, shall be known and designated as the
23 “Elijah J. McCoy United States Patent and Trademark
24 Office”.

1 (b) REFERENCES.—Any reference in a law, map, reg-
2 ulation, document, paper, or other record of the United
3 States to the satellite office of the United States Patent
4 and Trademark Office to be located in Detroit, Michigan,
5 referred to in subsection (a) shall be deemed to be a ref-
6 erence to the “Elijah J. McCoy United States Patent and
7 Trademark Office”.

8 **SEC. 25. PRIORITY EXAMINATION FOR IMPORTANT TECH-**
9 **NOLOGIES.**

10 Section 2(b)(2) of title 35, United States Code, is
11 amended—

12 (1) in subparagraph (E), by striking “and”
13 after the semicolon;

14 (2) in subparagraph (F), by inserting “and”
15 after the semicolon; and

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

17 “(G) may, subject to any conditions pre-
18 scribed by the Director and at the request of
19 the patent applicant, provide for prioritization
20 of examination of applications for products,
21 processes, or technologies that are important to
22 the national economy or national competitive-
23 ness without recovering the aggregate extra cost
24 of providing such prioritization, notwith-

1 standing section 41 or any other provision of
2 law;”.

3 **SEC. 26. STUDY ON IMPLEMENTATION.**

4 (a) PTO STUDY.—The Director shall conduct a study
5 on the manner in which this Act and the amendments
6 made by this Act are being implemented by the Office,
7 and on such other aspects of the patent policies and prac-
8 tices of the Federal Government with respect to patent
9 rights, innovation in the United States, competitiveness of
10 United States markets, access by small businesses to cap-
11 ital for investment, and such other issues, as the Director
12 considers appropriate.

13 (b) REPORT TO CONGRESS.—The Director shall, not
14 later than the date that is 4 years after the date of the
15 enactment of this Act, submit to the Committees on the
16 Judiciary of the House of Representatives and the Senate
17 a report on the results of the study conducted under sub-
18 section (a), including recommendations for any changes to
19 laws and regulations that the Director considers appro-
20 priate.

21 **SEC. 27. STUDY ON GENETIC TESTING.**

22 (a) IN GENERAL.—The Director shall conduct a
23 study on effective ways to provide independent, confirming
24 genetic diagnostic test activity where gene patents and ex-
25 clusive licensing for primary genetic diagnostic tests exist.

1 (b) ITEMS INCLUDED IN STUDY.—The study shall in-
2 clude an examination of at least the following:

3 (1) The impact that the current lack of inde-
4 pendent second opinion testing has had on the abil-
5 ity to provide the highest level of medical care to pa-
6 tients and recipients of genetic diagnostic testing,
7 and on inhibiting innovation to existing testing and
8 diagnoses.

9 (2) The effect that providing independent sec-
10 ond opinion genetic diagnostic testing would have on
11 the existing patent and license holders of an exclu-
12 sive genetic test.

13 (3) The impact that current exclusive licensing
14 and patents on genetic testing activity has on the
15 practice of medicine, including but not limited to:
16 the interpretation of testing results and performance
17 of testing procedures.

18 (4) The role that cost and insurance coverage
19 have on access to and provision of genetic diagnostic
20 tests.

21 (c) CONFIRMING GENETIC DIAGNOSTIC TEST ACTIV-
22 ITY DEFINED.—For purposes of this section, the term
23 “confirming genetic diagnostic test activity” means the
24 performance of a genetic diagnostic test, by a genetic diag-
25 nostic test provider, on an individual solely for the purpose

1 of providing the individual with an independent confirma-
2 tion of results obtained from another test provider's prior
3 performance of the test on the individual.

4 (d) REPORT.—Not later than 9 months after the date
5 of enactment of this Act, the Director shall report to the
6 Committee on the Judiciary of the Senate and the Com-
7 mittee on the Judiciary of the House of Representatives
8 on the findings of the study and provide recommendations
9 for establishing the availability of such independent con-
10 firming genetic diagnostic test activity.

11 **SEC. 28. PATENT OMBUDSMAN PROGRAM FOR SMALL BUSI-**
12 **NESS CONCERNS.**

13 Using available resources, the Director shall establish
14 and maintain in the Office a Patent Ombudsman Pro-
15 gram. The duties of the Program's staff shall include pro-
16 viding support and services relating to patent filings to
17 small business concerns and independent inventors.

18 **SEC. 29. ESTABLISHMENT OF METHODS FOR STUDYING**
19 **THE DIVERSITY OF APPLICANTS.**

20 The Director shall, not later than the end of the 6-
21 month period beginning on the date of the enactment of
22 this Act, establish methods for studying the diversity of
23 patent applicants, including those applicants who are mi-
24 norities, women, or veterans. The Director shall not use

1 the results of such study to provide any preferential treat-
2 ment to patent applicants.

3 **SEC. 30. SENSE OF CONGRESS.**

4 It is the sense of Congress that the patent system
5 should promote industries to continue to develop new tech-
6 nologies that spur growth and create jobs across the coun-
7 try which includes protecting the rights of small busi-
8 nesses and inventors from predatory behavior that could
9 result in the cutting off of innovation.

10 **SEC. 31. USPTO STUDY ON INTERNATIONAL PATENT PRO-**
11 **TECTIONS FOR SMALL BUSINESSES.**

12 (a) STUDY REQUIRED.—The Director, in consulta-
13 tion with the Secretary of Commerce and the Adminis-
14 trator of the Small Business Administration, shall, using
15 the existing resources of the Office, carry out a study—

16 (1) to determine how the Office, in coordination
17 with other Federal departments and agencies, can
18 best help small businesses with international patent
19 protection; and

20 (2) whether, in order to help small businesses
21 pay for the costs of filing, maintaining, and enforc-
22 ing international patent applications, there should be
23 established either—

24 (A) a revolving fund loan program to make
25 loans to small businesses to defray the costs of

1 such applications, maintenance, and enforce-
2 ment and related technical assistance; or

3 (B) a grant program to defray the costs of
4 such applications, maintenance, and enforce-
5 ment and related technical assistance.

6 (b) REPORT.—Not later than 120 days after the date
7 of the enactment of this Act, the Director shall issue a
8 report to the Congress containing—

9 (1) all findings and determinations made in car-
10 rying out the study required under subsection (a);

11 (2) a statement of whether the determination
12 was made that—

13 (A) a revolving fund loan program de-
14 scribed under subsection (a)(2)(A) should be es-
15 tablished;

16 (B) a grant program described under sub-
17 section (a)(2)(B) should be established; or

18 (C) neither such program should be estab-
19 lished; and

20 (3) any legislative recommendations the Direc-
21 tor may have developed in carrying out such study.

22 **SEC. 32. PRO BONO PROGRAM.**

23 (a) IN GENERAL.—The Director shall work with and
24 support intellectual property law associations across the
25 country in the establishment of pro bono programs de-

1 signed to assist financially under-resourced independent
2 inventors and small businesses.

3 (b) EFFECTIVE DATE.—This section shall take effect
4 on the date of the enactment of this Act.

5 **SEC. 33. LIMITATION ON ISSUANCE OF PATENTS.**

6 (a) LIMITATION.—Notwithstanding any other provi-
7 sion of law, no patent may issue on a claim directed to
8 or encompassing a human organism.

9 (b) EFFECTIVE DATE.—

10 (1) IN GENERAL.—Subsection (a) shall apply to
11 any application for patent that is pending on, or
12 filed on or after, the date of the enactment of this
13 Act.

14 (2) PRIOR APPLICATIONS.—Subsection (a) shall
15 not affect the validity of any patent issued on an ap-
16 plication to which paragraph (1) does not apply.

17 **SEC. 34. STUDY OF PATENT LITIGATION.**

18 (a) GAO STUDY.—The Comptroller General of the
19 United States shall conduct a study of the consequences
20 of litigation by non-practicing entities, or by patent asser-
21 tion entities, related to patent claims made under title 35,
22 United States Code, and regulations authorized by that
23 title.

24 (b) CONTENTS OF STUDY.—The study conducted
25 under this section shall include the following:

1 (1) The annual volume of litigation described in
2 subsection (a) over the 20-year period ending on the
3 date of the enactment of this Act.

4 (2) The volume of cases comprising such litiga-
5 tion that are found to be without merit after judicial
6 review.

7 (3) The impacts of such litigation on the time
8 required to resolve patent claims.

9 (4) The estimated costs, including the esti-
10 mated cost of defense, associated with such litigation
11 for patent holders, patent licensors, patent licensees,
12 and inventors, and for users of alternate or com-
13 peting innovations.

14 (5) The economic impact of such litigation on
15 the economy of the United States, including the im-
16 pact on inventors, job creation, employers, employ-
17 ees, and consumers.

18 (6) The benefit to commerce, if any, supplied
19 by non-practicing entities or patent assertion entities
20 that prosecute such litigation.

21 (c) REPORT TO CONGRESS.—The Comptroller Gen-
22 eral shall, not later than the date that is 1 year after the
23 date of the enactment of this Act, submit to the Com-
24 mittee on the Judiciary of the House of Representatives
25 and the Committee on the Judiciary of the Senate a report

1 on the results of the study required under this section,
2 including recommendations for any changes to laws and
3 regulations that will minimize any negative impact of pat-
4 ent litigation that was the subject of such study.

5 **SEC. 35. EFFECTIVE DATE.**

6 Except as otherwise provided in this Act, the provi-
7 sions of this Act shall take effect upon the expiration of
8 the 1-year period beginning on the date of the enactment
9 of this Act and shall apply to any patent issued on or after
10 that effective date.

11 **SEC. 36. BUDGETARY EFFECTS.**

12 The budgetary effects of this Act, for the purpose of
13 complying with the Statutory Pay-As-You-Go Act of 2010,
14 shall be determined by reference to the latest statement
15 titled “Budgetary Effects of PAYGO Legislation” for this
16 Act, submitted for printing in the Congressional Record
17 by the Chairman of the House Budget Committee, pro-
18 vided that such statement has been submitted prior to the
19 vote on passage.

20 **SEC. 37. CALCULATION OF 60-DAY PERIOD FOR APPLICA-**
21 **TION OF PATENT TERM EXTENSION.**

22 (a) IN GENERAL.—Section 156(d)(1) of title 35,
23 United States Code, is amended by adding at the end the
24 following flush sentence:

1 “For purposes of determining the date on which a product
2 receives permission under the second sentence of this
3 paragraph, if such permission is transmitted after 4:30
4 P.M., Eastern Time, on a business day, or is transmitted
5 on a day that is not a business day, the product shall be
6 deemed to receive such permission on the next business
7 day. For purposes of the preceding sentence, the term
8 ‘business day’ means any Monday, Tuesday, Wednesday,
9 Thursday, or Friday, excluding any legal holiday under
10 section 6103 of title 5.”

11 (b) APPLICABILITY.—The amendment made by sub-
12 section (a) shall apply to any application for extension of
13 a patent term under section 156 of title 35, United States
14 Code, that is pending on, that is filed after, or as to which
15 a decision regarding the application is subject to judicial
16 review on, the date of the enactment of this Act.

Passed the House of Representatives June 23, 2011.

Attest:

KAREN L. HAAS,

Clerk.

Calendar No. 87

112TH CONGRESS
1ST Session

H. R. 1249

AN ACT

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

JUNE 28, 2011

Read the second time and placed on the calendar