

111<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. \_\_\_\_\_

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

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## IN THE HOUSE OF REPRESENTATIVES

Mr. CONYERS introduced the following bill; which was referred to the  
Committee on \_\_\_\_\_

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## A BILL

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

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

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

4       (a) **SHORT TITLE.**—This Act may be cited as the  
5       “Patent Reform Act of 2009”.

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. Definition.
- Sec. 3. Right of the first inventor to file.
- Sec. 4. Inventor’s oath or declaration.
- Sec. 5. Right of the inventor to obtain damages.
- Sec. 6. Post-grant procedures and other quality enhancements.
- Sec. 7. Definitions; patent trial and appeal board.
- Sec. 8. Study and report on reexamination proceedings.

- Sec. 9. Preissuance submissions by third parties.
- Sec. 10. Venue and jurisdiction.
- Sec. 11. Patent and trademark office regulatory authority.
- Sec. 12. Residency of Federal Circuit judges.
- Sec. 13. Micro-entity defined.
- Sec. 14. Technical amendments.
- Sec. 15. Effective date; rule of construction.
- Sec. 16. Study of special masters in patent cases.
- Sec. 17. Study on workplace conditions.
- Sec. 18. Study on patent damages.
- Sec. 19. Severability.

1 **SEC. 2. DEFINITION.**

2       In this Act, the term “Director” means the Under  
3 Secretary of Commerce for Intellectual Property and Di-  
4 rector of the United States Patent and Trademark Office.

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

6       (a) DEFINITIONS.—Section 100 of title 35, United  
7 States Code, is amended by adding at the end the fol-  
8 lowing:

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

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

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

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

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

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

12          “(j) The term ‘joint invention’ means an invention  
13          resulting from the collaboration of inventive endeavors of  
14          2 or more persons working toward the same end and pro-  
15          ducing an invention by their collective efforts.”.

16          (b) CONDITIONS FOR PATENTABILITY.—

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

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

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

22                         “(1) the claimed invention was patented, de-  
23                         scribed in a printed publication, or in public use, on  
24                         sale, or otherwise available to the public—

1           “(A) more than 1 year before the effective  
2           filing date of the claimed invention; or

3           “(B) 1 year or less before the effective fil-  
4           ing date of the claimed invention, other than  
5           through disclosures made by the inventor or a  
6           joint inventor or by others who obtained the  
7           subject matter disclosed directly or indirectly  
8           from the inventor or a joint inventor; or

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

16          “(b) EXCEPTIONS.—

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

1 directly or indirectly from the inventor or a joint in-  
2 ventor.

3 “(2) DERIVATION, PRIOR DISCLOSURE, AND  
4 COMMON ASSIGNMENT EXCEPTIONS.—Subject mat-  
5 ter that would otherwise qualify as prior art only  
6 under subsection (a)(2) shall not be prior art to a  
7 claimed invention if—

8 “(A) the subject matter was obtained di-  
9 rectly or indirectly from the inventor or a joint  
10 inventor;

11 “(B) the subject matter had been publicly  
12 disclosed by the inventor or a joint inventor or  
13 others who obtained the subject matter dis-  
14 closed, directly or indirectly, from the inventor  
15 or a joint inventor before the effective filing  
16 date of the application or patent set forth under  
17 subsection (a)(2); or

18 “(C) the subject matter and the claimed  
19 invention, not later than the effective filing date  
20 of the claimed invention, were owned by the  
21 same person or subject to an obligation of as-  
22 signment to the same person.

23 “(3) JOINT RESEARCH AGREEMENT EXCEP-  
24 TION.—

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

6                   “(i) the claimed invention was made  
7                   by or on behalf of parties to a joint re-  
8                   search agreement that was in effect on or  
9                   before the effective filing date of the  
10                  claimed invention;

11                   “(ii) the claimed invention was made  
12                   as a result of activities undertaken within  
13                   the scope of the joint research agreement;  
14                   and

15                   “(iii) the application for patent for  
16                   the claimed invention discloses or is  
17                   amended to disclose the names of the par-  
18                   ties to the joint research agreement.

19           “(B) For purposes of subparagraph (A),  
20           the term ‘joint research agreement’ means a  
21           written contract, grant, or cooperative agree-  
22           ment entered into by 2 or more persons or enti-  
23           ties for the performance of experimental, devel-  
24           opmental, or research work in the field of the  
25           claimed invention.

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

6                   “(A) as of the filing date of the patent or  
7                   the application for patent; or

8                   “(B) if the patent or application for patent  
9                   is entitled to claim a right of priority under sec-  
10                  tion 119, 365(a), or 365(b) or to claim the ben-  
11                  efit of an earlier filing date under section 120,  
12                  121, or 365(c), based upon 1 or more prior  
13                  filed applications for patent, as of the filing  
14                  date of the earliest such application that de-  
15                  scribes the subject matter.”.

16           (2) CONFORMING AMENDMENT.—The item re-  
17           lating to section 102 in the table of sections for  
18           chapter 10 of title 35, United States Code, is  
19           amended to read as follows:

“102. Conditions for patentability; novelty.”.

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

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

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

12 (d) REPEAL OF REQUIREMENTS FOR INVENTIONS  
13 MADE ABROAD.—Section 104 of title 35, United States  
14 Code, and the item relating to that section in the table  
15 of sections for chapter 10 of title 35, United States Code,  
16 are repealed.

17 (e) REPEAL OF STATUTORY INVENTION REGISTRA-  
18 TION.—

19 (1) IN GENERAL.—Section 157 of title 35,  
20 United States Code, and the item relating to that  
21 section in the table of sections for chapter 14 of title  
22 35, United States Code, are repealed.

23 (2) REMOVAL OF CROSS REFERENCES.—Section  
24 111(b)(8) of title 35, United States Code, is amend-  
25 ed by striking “sections 115, 131, 135, and 157”  
26 and inserting “sections 131 and 135”.



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

6 (g) CONFORMING AMENDMENTS.—

7 (1) RIGHT OF PRIORITY.—Section 172 of title  
8 35, United States Code, is amended by striking  
9 “and the time specified in section 102(d)”.

10 (2) LIMITATION ON REMEDIES.—Section  
11 287(c)(4) of title 35, United States Code, is amend-  
12 ed by striking “the earliest effective filing date of  
13 which is prior to” and inserting “which has an effec-  
14 tive filing date before”.

15 (3) INTERNATIONAL APPLICATION DESIG-  
16 NATING THE UNITED STATES: EFFECT.—Section  
17 363 of title 35, United States Code, is amended by  
18 striking “except as otherwise provided in section  
19 102(e) of this title”.

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

24 (5) PATENT ISSUED ON INTERNATIONAL APPLI-  
25 CATION: EFFECT.—The second sentence of section

1 375(a) of title 35, United States Code, is amended  
2 by striking “Subject to section 102(e) of this title,  
3 such” and inserting “Such”.

4 (6) LIMIT ON RIGHT OF PRIORITY.—Section  
5 119(a) of title 35, United States Code, is amended  
6 by striking “; but no patent shall be granted” and  
7 all that follows through “one year prior to such fil-  
8 ing”.

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

12 (A) in paragraph (2)—

13 (i) by striking “publication, on sale,  
14 or public use,” and all that follows through  
15 “obtained in the United States” and in-  
16 sserting “the 1-year period referred to in  
17 section 102(a) would end before the end of  
18 that 2-year period”; and

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

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

1 (h) REPEAL OF INTERFERING PATENT REMEDIES.—  
2 Section 291 of title 35, United States Code, and the item  
3 relating to that section in the table of sections for chapter  
4 29 of title 35, United States Code, are repealed.

5 (i) ACTION FOR CLAIM TO PATENT ON DERIVED IN-  
6 VENTION.—Section 135 of title 35, United States Code,  
7 is amended to read as follows:

8 **“§ 135. Derivation proceedings**

9 “(a) DISPUTE OVER RIGHT TO PATENT.—

10 “(1) INSTITUTION OF DERIVATION PRO-  
11 CEEDING.—An applicant may request initiation of a  
12 derivation proceeding to determine the right of the  
13 applicant to a patent by filing a request which sets  
14 forth with particularity the basis for finding that an  
15 earlier applicant derived the claimed invention from  
16 the applicant requesting the proceeding and, without  
17 authorization, filed an application claiming such in-  
18 vention. Any such request may only be made within  
19 12 months after the date of first publication of an  
20 application containing a claim that is the same or is  
21 substantially the same as the claimed invention,  
22 must be made under oath, and must be supported  
23 by substantial evidence. Whenever the Director de-  
24 termines that patents or applications for patent  
25 naming different individuals as the inventor interfere

1 with one another because of a dispute over the right  
2 to patent under section 101, the Director shall insti-  
3 tute a derivation proceeding for the purpose of de-  
4 termining which applicant is entitled to a patent.

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

8 “(A) shall determine the question of the  
9 right to patent;

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

13 “(C) shall issue a final decision on the  
14 right to patent.

15 “(3) DERIVATION PROCEEDING.—The Board  
16 may defer action on a request to initiate a derivation  
17 proceeding until 3 months after the date on which  
18 the Director issues a patent to the applicant that  
19 filed the earlier application.

20 “(4) EFFECT OF FINAL DECISION.—The final  
21 decision of the Patent Trial and Appeal Board, if  
22 adverse to the claim of an applicant, shall constitute  
23 the final refusal by the United States Patent and  
24 Trademark Office on the claims involved. The Direc-  
25 tor may issue a patent to an applicant who is deter-

1       mined by the Patent Trial and Appeal Board to have  
2       the right to patent. The final decision of the Board,  
3       if adverse to a patentee, shall, if no appeal or other  
4       review of the decision has been or can be taken or  
5       had, constitute cancellation of the claims involved in  
6       the patent, and notice of such cancellation shall be  
7       endorsed on copies of the patent distributed after  
8       such cancellation by the United States Patent and  
9       Trademark Office.

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

24       “(c) ARBITRATION.—Parties to a derivation pro-  
25       ceeding, within such time as may be specified by the Di-

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

12 (j) ELIMINATION OF REFERENCES TO INTER-  
13 FERENCES.—(1) Sections 6, 41, 134, 141, 145, 146, 154,  
14 305, and 314 of title 35, United States Code, are each  
15 amended by striking “Board of Patent Appeals and Inter-  
16 ferences” each place it appears and inserting “Patent  
17 Trial and Appeal Board”.

18 (2) Sections 141, 146, and 154 of title 35, United  
19 States Code, are each amended—

20 (A) by striking “an interference” each place it  
21 appears and inserting “a derivation proceeding”;  
22 and

23 (B) by striking “interference” each additional  
24 place it appears and inserting “derivation pro-  
25 ceeding”.

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

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

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

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

7 (5) Section 154(b)(1)(C) of title 35, United States  
8 Code, is amended by striking “INTERFERENCES” and in-  
9 serting “DERIVATION PROCEEDINGS”.

10 (6) The item relating to section 6 in the table of sec-  
11 tions for chapter 1 of title 35, United States Code, is  
12 amended to read as follows:

“6. Patent Trial and Appeal Board.”.

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

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

“135. Derivation proceedings.”.

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

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

19 (9) CERTAIN APPEALS.—Section 1295(a)(4)(A) of  
20 title 28, United States Code, is amended to read as fol-  
21 lows:

1           “(A) the Patent Trial and Appeal Board of  
2           the United States Patent and Trademark Office  
3           with respect to patent applications, interference  
4           proceedings (commenced before the date of en-  
5           actment of the Patent Reform Act of 2009),  
6           derivation proceedings, and post-grant review  
7           proceedings, at the instance of an applicant for  
8           a patent or any party to a patent interference  
9           (commenced before the effective date of the  
10          Patent Reform Act of 2009), derivation pro-  
11          ceeding, or post-grant review proceeding, and  
12          any such appeal shall waive any right of such  
13          applicant or party to proceed under section 145  
14          or 146 of title 35;”.

15          (k) EFFECTIVE DATE.—

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

18                         (A) shall take effect 90 days after the date  
19                         on which the President issues an Executive  
20                         order containing the President’s finding that  
21                         major patenting authorities have adopted a  
22                         grace period having substantially the same ef-  
23                         fect as that contained under the amendments  
24                         made by this section; and



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

4 (2) DEFINITIONS.—In this subsection:

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

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

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

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

10          (l) REVIEW EVERY 7 YEARS.—Not later than the end  
11          of the 7-year period beginning on the effective date under  
12          subsection (k), and the end of every 7-year period there-  
13          after, the Director shall—

14                (1) conduct a study on the effectiveness and ef-  
15                ficiency of the amendments made by this section;  
16                and

17                (2) submit to the Committees on the Judiciary  
18                of the House of Representatives and the Senate a  
19                report on the results of the study, including any rec-  
20                ommendations the Director has on amendments to  
21                the law and other recommendations of the Director  
22                with respect to the first-to-file system implemented  
23                under the amendments made by this section.

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

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

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

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

4           “(a) NAMING THE INVENTOR; INVENTOR’S OATH OR  
5   DECLARATION.—An application for patent that is filed  
6   under section 111(a), that commences the national stage  
7   under section 363, or that is filed by an inventor for an  
8   invention for which an application has previously been  
9   filed under this title by that inventor shall include, or be  
10   amended to include, the name of the inventor of any  
11   claimed invention in the application. Except as otherwise  
12   provided in this section, an individual who is the inventor  
13   or a joint inventor of a claimed invention in an application  
14   for patent shall execute an oath or declaration in connec-  
15   tion with the application.

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

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

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

23          “(c) ADDITIONAL REQUIREMENTS.—The Director  
24   may specify additional information relating to the inventor

1 and the invention that is required to be included in an  
2 oath or declaration under subsection (a).

3 “(d) SUBSTITUTE STATEMENT.—

4 “(1) IN GENERAL.—In lieu of executing an oath  
5 or declaration under subsection (a), the applicant for  
6 patent may provide a substitute statement under the  
7 circumstances described in paragraph (2) and such  
8 additional circumstances that the Director may  
9 specify by regulation.

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

13 “(A) is unable to file the oath or declara-  
14 tion under subsection (a) because the indi-  
15 vidual—

16 “(i) is deceased;

17 “(ii) is under legal incapacity; or

18 “(iii) cannot be found or reached after  
19 diligent effort; or

20 “(B) is under an obligation to assign the  
21 invention but has refused to make the oath or  
22 declaration required under subsection (a).

23 “(3) CONTENTS.—A substitute statement under  
24 this subsection shall—

1           “(A) identify the individual with respect to  
2           whom the statement applies;

3           “(B) set forth the circumstances rep-  
4           resenting the permitted basis for the filing of  
5           the substitute statement in lieu of the oath or  
6           declaration under subsection (a); and

7           “(C) contain any additional information,  
8           including any showing, required by the Direc-  
9           tor.

10       “(e) MAKING REQUIRED STATEMENTS IN ASSIGN-  
11       MENT OF RECORD.—An individual who has assigned  
12       rights in an application for patent may include the re-  
13       quired statements under subsections (b) and (c) in the as-  
14       signment executed by the individual, in lieu of filing such  
15       statements separately.

16       “(f) TIME FOR FILING.—A notice of allowance under  
17       section 151 may be provided to an applicant for patent  
18       only if the applicant for patent has filed each required  
19       oath or declaration under subsection (a) or has filed a sub-  
20       stitute statement under subsection (d) or recorded an as-  
21       signment meeting the requirements of subsection (e).

22       “(g) EARLIER-FILED APPLICATION CONTAINING RE-  
23       QUIRED STATEMENTS OR SUBSTITUTE STATEMENT.—  
24       The requirements under this section shall not apply to an  
25       individual with respect to an application for patent in

1 which the individual is named as the inventor or a joint  
2 inventor and that claims the benefit under section 120 or  
3 365(e) of the filing of an earlier-filed application, if—

4 “(1) an oath or declaration meeting the require-  
5 ments of subsection (a) was executed by the indi-  
6 vidual and was filed in connection with the earlier-  
7 filed application;

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

11 “(3) an assignment meeting the requirements  
12 of subsection (e) was executed with respect to the  
13 earlier-filed application by the individual and was re-  
14 corded in connection with the earlier-filed applica-  
15 tion.

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

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

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

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

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

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

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

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

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

8                   (C) by striking “and oath” each place it  
9           appears.

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

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

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

16                   (1) in the first paragraph—

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

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

23                   (2) in the second paragraph—



1 (A) by striking “The specifications” and  
2 inserting “(b) CONCLUSION.—The specifica-  
3 tions”; and

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

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

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

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

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

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

20 (a) DAMAGES.—Section 284 of title 35, United  
21 States Code, is amended to read as follows:

22 **“§ 284. Damages**

23 “(a) IN GENERAL.—Upon finding for the claimant  
24 the court shall award the claimant damages adequate to  
25 compensate for the infringement but in no event less than

1 a reasonable royalty for the use made of the invention by  
2 the infringer, together with interest and costs as fixed by  
3 the court, subject to the provisions of this section.

4 “(b) DETERMINATION OF DAMAGES; EVIDENCE CON-  
5 sidered; PROCEDURE.—The court may receive expert  
6 testimony as an aid to the determination of damages or  
7 of what royalty would be reasonable under the cir-  
8 cumstances. The admissibility of such testimony shall be  
9 governed by the rules of evidence governing expert testi-  
10 mony. When the damages are not found by a jury, the  
11 court shall assess them.

12 “(c) STANDARD FOR CALCULATING REASONABLE  
13 ROYALTY.—

14 “(1) IN GENERAL.—The court shall determine,  
15 based on the facts of the case and after adducing  
16 any further evidence the court deems necessary,  
17 which of the following methods shall be used by the  
18 court or the jury in calculating a reasonable royalty  
19 pursuant to subsection (a). The court shall also  
20 identify the factors that are relevant to the deter-  
21 mination of a reasonable royalty, and the court or  
22 jury, as the case may be, shall consider only those  
23 factors in making such determination.

24 “(A) ENTIRE MARKET VALUE.—Upon a  
25 showing to the satisfaction of the court that the

1           claimed invention's specific contribution over  
2           the prior art is the predominant basis for mar-  
3           ket demand for an infringing product or proc-  
4           ess, damages may be based upon the entire  
5           market value of that infringing product or proc-  
6           ess.

7           “(B) ESTABLISHED ROYALTY BASED ON  
8           MARKETPLACE LICENSING.—Upon a showing to  
9           the satisfaction of the court that the claimed in-  
10          vention has been the subject of a nonexclusive  
11          license for the use made of the invention by the  
12          infringer, to a number of persons sufficient to  
13          indicate a general marketplace recognition of  
14          the reasonableness of the licensing terms, if the  
15          license was secured prior to the filing of the  
16          case before the court, and the court determines  
17          that the infringer's use is of substantially the  
18          same scope, volume, and benefit of the rights  
19          granted under such license, damages may be  
20          determined on the basis of the terms of such li-  
21          cense. Upon a showing to the satisfaction of the  
22          court that the claimed invention has sufficiently  
23          similar noninfringing substitutes in the relevant  
24          market, which have themselves been the subject  
25          of such nonexclusive licenses, and the court de-

1           termines that the infringer’s use is of substan-  
2           tially the same scope, volume, and benefit of the  
3           rights granted under such licenses, damages  
4           may be determined on the basis of the terms of  
5           such licenses.

6           “(C) VALUATION CALCULATION.—Upon a  
7           determination by the court that the showings  
8           required under subparagraphs (A) and (B) have  
9           not been made, the court shall conduct an anal-  
10          ysis to ensure that a reasonable royalty is ap-  
11          plied only to the portion of the economic value  
12          of the infringing product or process properly at-  
13          tributable to the claimed invention’s specific  
14          contribution over the prior art. In the case of  
15          a combination invention whose elements are  
16          present individually in the prior art, the con-  
17          tribution over the prior art may include the  
18          value of the additional function resulting from  
19          the combination, as well as the enhanced value,  
20          if any, of some or all of the prior art elements  
21          as part of the combination, if the patentee dem-  
22          onstrates that value.

23          “(2) ADDITIONAL FACTORS.—Where the court  
24          determines it to be appropriate in determining a rea-  
25          sonable royalty under paragraph (1), the court may

1       also consider, or direct the jury to consider, any  
2       other relevant factors under applicable law.

3       “(d) INAPPLICABILITY TO OTHER DAMAGES ANAL-  
4       YSIS.—The methods for calculating a reasonable royalty  
5       described in subsection (c) shall have no application to the  
6       calculation of an award of damages that does not neces-  
7       sitate the determination of a reasonable royalty as a basis  
8       for monetary relief sought by the claimant

9       “(e) WILLFUL INFRINGEMENT.—

10       “(1) INCREASED DAMAGES.—A court that has  
11       determined that an infringer has willfully infringed  
12       a patent or patents may increase damages up to 3  
13       times the amount of the damages found or assessed  
14       under subsection (a), except that increased damages  
15       under this paragraph shall not apply to provisional  
16       rights under section 154(d).

17       “(2) PERMITTED GROUNDS FOR WILLFUL-  
18       NESS.—A court may find that an infringer has will-  
19       fully infringed a patent only if the patent owner pre-  
20       sents clear and convincing evidence that acting with  
21       objective recklessness—

22               “(A) after receiving written notice from  
23       the patentee—

24               “(i) alleging acts of infringement in a  
25       manner sufficient to give the infringer an

1 objectively reasonable apprehension of suit  
2 on such patent, and

3 “(ii) identifying with particularity  
4 each claim of the patent, each product or  
5 process that the patent owner alleges in-  
6 fringes the patent, and the relationship of  
7 such product or process to such claim,  
8 the infringer, after a reasonable opportunity to  
9 investigate, thereafter performed 1 or more of  
10 the alleged acts of infringement;

11 “(B) the infringer intentionally copied the  
12 patented invention with knowledge that it was  
13 patented; or

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

21 “(3) LIMITATIONS ON WILLFULNESS.—

22 “(A) IN GENERAL.—A court may not find  
23 that an infringer has willfully infringed a patent  
24 under paragraph (2) for any period of time dur-  
25 ing which the infringer had an informed good

1 faith belief that the patent was invalid or unen-  
2 forceable, or would not be infringed by the con-  
3 duct later shown to constitute infringement of  
4 the patent.

5 “(B) GOOD FAITH ESTABLISHED.—An in-  
6 formed good faith belief within the meaning of  
7 subparagraph (A) may be established by—

8 “(i) reasonable reliance on advice of  
9 counsel;

10 “(ii) evidence that the infringer  
11 sought to modify its conduct to avoid in-  
12 fringement once it had discovered the pat-  
13 ent; or

14 “(iii) other evidence a court may find  
15 sufficient to establish such good faith be-  
16 lief.

17 “(C) RELEVANCE OF NOT PRESENTING  
18 CERTAIN EVIDENCE.—The decision of the in-  
19 fringer not to present evidence of advice of  
20 counsel is not relevant to a determination of  
21 willful infringement under paragraph (2).

22 “(4) LIMITATION ON PLEADING.—Before the  
23 date on which a court determines that the patent in  
24 suit is not invalid, is enforceable, and has been in-  
25 fringed by the infringer, a patentee may not plead

1 and a court may not determine that an infringer has  
2 willfully infringed a patent.”.

3 (b) REPORT TO CONGRESSIONAL COMMITTEES.—

4 (1) IN GENERAL.—Not later than 2 years after  
5 the date of enactment of this Act, the Director shall  
6 report to the Committee on the Judiciary of the  
7 House of Representatives and the Committee on the  
8 Judiciary of the Senate, the findings and rec-  
9 ommendations of the Director on the operation of  
10 prior user rights in selected countries in the indus-  
11 trialized world. The report shall include the fol-  
12 lowing:

13 (A) A comparison between patent laws of  
14 the United States and the laws of other indus-  
15 trialized countries, including the European  
16 Union, Japan, Canada, and Australia.

17 (B) An analysis of the effect of prior user  
18 rights on innovation rates in the selected coun-  
19 tries.

20 (C) An analysis of the correlation, if any,  
21 between prior user rights and start-up enter-  
22 prises and the ability to attract venture capital  
23 to start new companies.



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

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

7           (2) CONSULTATION WITH OTHER AGENCIES.—  
8           In preparing the report required under paragraph  
9           (1), the Director shall consult with the Secretary of  
10          State and the Attorney General.

11          (c) DEFENSE TO INFRINGEMENT BASED ON EAR-  
12          LIER INVENTOR.—Section 273(b)(6) of title 35, United  
13          States Code, is amended to read as follows:

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

1       withstanding the preceding sentence, any person  
2       may, on its own behalf, assert a defense based on  
3       the exhaustion of rights provided under paragraph  
4       (3), including any necessary elements thereof.”.

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

8       (e) **REVIEW EVERY 7 YEARS.**—Not later than the  
9 end of the 7-year period beginning on the date of the en-  
10 actment of this Act, and the end of every 7-year period  
11 thereafter, the Director shall—

12               (1) conduct a study on the effectiveness and ef-  
13       ficiency of the amendments made by this section;  
14       and

15               (2) submit to the Committee on the Judiciary  
16       of the House of Representatives and the Committee  
17       on the Judiciary of the Senate a report on the re-  
18       sults of the study, including any recommendations  
19       the Director has on amendments to the law and  
20       other recommendations of the Director with respect  
21       to the right of the inventor to obtain damages for  
22       patent infringement.

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

3 (a) CITATION OF PRIOR ART.—Section 301 of title  
4 35, United States Code, is amended to read as follows:

5 **“§ 301. Citation of prior art**

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

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

12 “(2) written statements of the patent owner  
13 filed in a proceeding before a Federal court, the Pat-  
14 ent and Trademark Office, or the United States  
15 International Trade Commission under section 337  
16 of the Tariff Act of 1930 (19 U.S.C. 1337), in  
17 which the patent owner takes a position on the scope  
18 of one or more patent claims; or

19 “(3) documentary evidence that the claimed in-  
20 vention was in substantial public use or on sale in  
21 the United States more than 1 year prior to the date  
22 of the application for patent in the United States.

23 “(b) SUBMISSIONS PART OF OFFICIAL FILE.—If the  
24 person citing prior art, written submissions, or documen-  
25 tary evidence under subsection (a) explains in writing the  
26 pertinence and manner of applying the prior art or docu-

1 mentary evidence to at least one claim of the patent, the  
2 citation of the prior art or documentary evidence (as the  
3 case may be) and the explanation thereof shall become a  
4 part of the official file of the patent.

5 “(c) PROCEDURES FOR WRITTEN STATEMENTS.—

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

13 “(2) LIMITATION ON USE OF STATEMENTS.—

14 Written statements submitted under subsection  
15 (a)(2) shall not be considered for any purpose other  
16 than to determine the proper meaning of the claims  
17 that are the subject of the request in a proceeding  
18 ordered pursuant to section 304 or 313. Any such  
19 written statements, and any materials submitted  
20 under paragraph (1), that are subject to an applica-  
21 ble protective order shall be redacted to exclude in-  
22 formation subject to the order.

23 “(d) IDENTITY WITHHELD.—Upon the written re-  
24 quest of the person making the citation under subsection

1 (a), the person's identity shall be excluded from the patent  
2 file and kept confidential.”.

3 (b) REQUEST FOR REEXAMINATION.—The first sen-  
4 tence of section 302 of title 35, United States Code, is  
5 amended to read as follows: “Any person at any time may  
6 file a request for reexamination by the Office of any claim  
7 on a patent on the basis of any prior art or documentary  
8 evidence cited under paragraph (1) or (3) of subsection  
9 (a) of section 301 of this title.”.

10 (c) REEXAMINATION.—Section 303(a) of title 35,  
11 United States Code, is amended to read as follows:

12 “(a) Within three months following the filing of a re-  
13 quest for reexamination under section 302, the Director  
14 shall determine whether a substantial new question of pat-  
15 entability affecting any claim of the patent concerned is  
16 raised by the request, with or without consideration of  
17 other patents or printed publications. On the Director's  
18 own initiative, and at any time, the Director may deter-  
19 mine whether a substantial new question of patentability  
20 is raised by patents and publications discovered by the Di-  
21 rector, is cited under section 301, or is cited by any person  
22 other than the owner of the patent under section 302 or  
23 section 311. The existence of a substantial new question  
24 of patentability is not precluded by the fact that a patent

1 or printed publication was previously considered by the Of-  
2 fice.”.

3 (d) REQUEST FOR INTER PARTES REEXAMINA-  
4 TION.—Section 311(a) of title 35, United States Code, is  
5 amended to read as follows:

6 “(a) IN GENERAL.—Any third-party requester at any  
7 time may file a request for inter partes reexamination by  
8 the Office of a patent on the basis of any prior art or  
9 documentary evidence cited under paragraph (1) or (3)  
10 of subsection (a) of section 301 of this title.”.

11 (e) CONDUCT OF INTER PARTES PROCEEDINGS.—  
12 Section 314 of title 35, United States Code, is amended—

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

19 (2) in subsection (b), by striking paragraph (2)  
20 and inserting the following:

21 “(2) The third-party requester shall have the oppor-  
22 tunity to file written comments on any action on the mer-  
23 its by the Office in the inter partes reexamination pro-  
24 ceeding, and on any response that the patent owner files  
25 to such an action, if those written comments are received

1 by the Office within 60 days after the date of service on  
2 the third-party requester of the Office action or patent  
3 owner response, as the case may be.”; and

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

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

9 (f) ESTOPPEL.—Section 315(c) of title 35, United  
10 States Code, is amended by striking “or could have  
11 raised”.

12 (g) REEXAMINATION PROHIBITED AFTER DISTRICT  
13 COURT DECISION.—Section 317(b) of title 35, United  
14 States Code, is amended—

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

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

21 (h) POST-GRANT OPPOSITION PROCEDURES.—

22 (1) IN GENERAL.—Part III of title 35, United  
23 States Code, is amended by adding at the end the  
24 following new chapter:





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

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

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

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

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

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

14          “(3) for each claim sought to be canceled, the  
15          petition sets forth in writing the basis for cancella-  
16          tion and provides the evidence in support thereof, in-  
17          cluding copies of patents and printed publications,  
18          or written testimony of a witness attested to under  
19          oath or declaration by the witness, or any other in-  
20          formation that the Director may require by regula-  
21          tion; and

22          “(4) the petitioner provides copies of the peti-  
23          tion, including any evidence submitted with the peti-  
24          tion and any other information submitted under

1 paragraph (3), to the patent owner or, if applicable,  
2 the designated representative of the patent owner.

3 **“§ 324. Prohibited filings**

4 “A post-grant review proceeding may not be insti-  
5 tuted under section 322 if the petition for cancellation re-  
6 questing the proceeding—

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

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

12 **“§ 325. Submission of additional information; show-  
13 ing of sufficient grounds**

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

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

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

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

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

17               “(2) establishing procedures for the submission  
18 of supplemental information after the petition for  
19 cancellation is filed; and

20               “(3) setting forth procedures for discovery of  
21 relevant evidence, including that such discovery shall  
22 be limited to evidence directly related to factual as-  
23 sertions advanced by either party in the proceeding,  
24 and the procedures for obtaining such evidence shall

1 be consistent with the purpose and nature of the  
2 proceeding.

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

5 “(b) POST-GRANT REGULATIONS.—Regulations  
6 under subsection (a)(1)—

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

13 “(2) shall provide for discovery upon order of  
14 the Director;

15 “(3) shall provide for publication of notice in  
16 the Federal Register of the filing of a petition for  
17 post-grant review under this chapter, for publication  
18 of the petition, and documents, orders, and decisions  
19 relating to the petition, on the website of the Patent  
20 and Trademark Office, and for filings under seal ex-  
21 empt from publication requirements;

22 “(4) shall prescribe sanctions for abuse of dis-  
23 covery, abuse of process, or any other improper use  
24 of the proceeding, such as to harass or to cause un-

1 necessary delay or unnecessary increase in the cost  
2 of the proceeding;

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

6 “(6) shall ensure that any information sub-  
7 mitted by the patent owner in support of any  
8 amendment entered under section 329 is made avail-  
9 able to the public as part of the prosecution history  
10 of the patent.

11 “(c) CONSIDERATIONS.—In prescribing regulations  
12 under this section, the Director shall consider the effect  
13 on the economy, the integrity of the patent system, and  
14 the efficient administration of the Office.

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

19 **“§ 327. Patent owner response**

20 “After a post-grant proceeding under this chapter  
21 has been instituted with respect to a patent, the patent  
22 owner shall have the right to file, within a time period  
23 set by the Director, a response to the cancellation petition.  
24 The patent owner shall file with the response, through af-  
25 fidavits or declarations, any additional factual evidence

1 and expert opinions on which the patent owner relies in  
2 support of the response.

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

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

7 “(b) BURDEN OF PROOF.—The party advancing a  
8 proposition under this chapter shall have the burden of  
9 proving that proposition by a preponderance of the evi-  
10 dence.

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

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

16 “(1) Cancel any challenged patent claim.

17 “(2) For each challenged claim, propose a sub-  
18 stitute claim.

19 “(3) Amend the patent drawings or otherwise  
20 amend the patent other than the claims.

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

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

1 **“§ 330. Decision of the Board**

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

7 **“§ 331. Effect of decision**

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

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

1 **“§ 332. Settlement**

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

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



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

2       “(a) IN GENERAL.—Notwithstanding subsection  
3 135(a), sections 251 and 252, and chapter 30, the Direc-  
4 tor may determine the manner in which any reexamination  
5 proceeding, reissue proceeding, interference proceeding  
6 (commenced with respect to an application for patent filed  
7 before the effective date provided in section 3(k) of the  
8 Patent Reform Act of 2009), derivation proceeding, or  
9 post-grant review proceeding, that is pending during a  
10 post-grant review proceeding, may proceed, including pro-  
11 viding for stay, transfer, consolidation, or termination of  
12 any such proceeding.

13       “(b) STAYS.—The Director may stay a post-grant re-  
14 view proceeding if a pending civil action for infringement  
15 of a patent, or a pending proceeding before the United  
16 States International Trade Commission under section 337  
17 of the Tariff Act of 1930 (19 U.S.C. 1337), addresses the  
18 same or substantially the same questions of patentability  
19 raised against the patent in a petition for the post-grant  
20 review proceeding.

21       “(c) EFFECT OF COMMENCEMENT OF PRO-  
22 CEEDING.—The commencement of a post-grant review  
23 proceeding—

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

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

5   **“§ 334. Effect of decisions rendered in civil action or**  
6                   **ITC proceeding on post-grant review pro-**  
7                   **ceedings**

8           “If a final decision is entered against a party in a  
9           civil action arising in whole or in part under section 1338  
10          of title 28, or a determination made by the United States  
11          International Trade Commission against a party in a pro-  
12          ceeding under section 337 of the Tariff Act of 1930 (19  
13          U.S.C. 1337) has become final, establishing that the party  
14          has not sustained its burden of proving the invalidity of  
15          any patent claim—

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

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

1 termination was so made (as the case may be), by  
2 that party or the privies of that party on the basis  
3 of such grounds.

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

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

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

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

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

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

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

1 **“§ 336. Appeal**

2 “A party dissatisfied with the final determination of  
3 the Patent Trial and Appeal Board in a post-grant pro-  
4 ceeding under this chapter may appeal the determination  
5 under sections 141 through 144. Any party to the post-  
6 grant proceeding shall have the right to be a party to the  
7 appeal.”.

8 (i) CONFORMING AMENDMENT.—The table of chap-  
9 ters for part III of title 35, United States Code, is amend-  
10 ed by adding at the end the following:

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

11 (j) REPEAL.—Section 4607 of the Intellectual Prop-  
12 erty and Communications Omnibus Reform Act of 1999,  
13 as enacted by section 1000(a)(9) of Public Law 106–113,  
14 is repealed.

15 (k) EFFECTIVE DATES.—

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

20 (2) APPLICABILITY TO EX PARTE AND INTER  
21 PARTES PROCEEDINGS.—Notwithstanding any other  
22 provision of law, sections 301 and 311 through 318  
23 of title 35, United States Code, as amended by this  
24 section, shall apply to any patent that issues before,

1 on, or after the effective date under paragraph (1)  
2 from an original application filed on any date.

3 (3) APPLICABILITY TO POST-GRANT PRO-  
4 CEEDINGS.—The amendments made by subsections  
5 (h) and (i) shall apply to patents issued on or after  
6 the effective date under paragraph (1).

7 (l) REGULATIONS.—The Under Secretary of Com-  
8 merce for Intellectual Property and Director of the United  
9 States Patent and Trademark Office (in this subsection  
10 referred to as the “Director”) shall, not later than the  
11 date that is 1 year after the date of the enactment of this  
12 Act, issue regulations to carry out chapter 32 of title 35,  
13 United States Code, as added by subsection (h) of this  
14 section.

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

16 (a) DEFINITIONS.—Section 100 of title 35, United  
17 States Code, (as amended by section 3 of this Act) is fur-  
18 ther 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 “(k) The term ‘cancellation petitioner’ means the real  
23 party in interest requesting cancellation of any claim of  
24 a patent under chapter 31 of this title and the privies of  
25 the real party in interest.”.

1 (b) PATENT TRIAL AND APPEAL BOARD.—Section 6  
2 of title 35, United States Code, is amended to read as  
3 follows:

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

5 “(a) ESTABLISHMENT AND COMPOSITION.—There  
6 shall be in the Office a Patent Trial and Appeal Board.  
7 The Director, the Deputy Director, the Commissioner for  
8 Patents, the Commissioner for Trademarks, and the ad-  
9 ministrative patent judges shall constitute the Patent  
10 Trial and Appeal Board. The administrative patent judges  
11 shall be persons of competent legal knowledge and sci-  
12 entific ability who are appointed by the Secretary of Com-  
13 merce. Any reference in any Federal law, Executive order,  
14 rule, regulation, or delegation of authority, or any docu-  
15 ment of or pertaining to the Board of Patent Appeals and  
16 Interferences is deemed to refer to the Patent Trial and  
17 Appeal Board.

18 “(b) DUTIES.—The Patent Trial and Appeal Board  
19 shall—

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

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

1           “(3) conduct derivation proceedings under sub-  
2           section 135(a); and

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

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

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

16           The Director shall, not later than 2 years after the  
17 date of the enactment of this Act—

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

22           (2) submit to the Committee on the Judiciary  
23           of the House of Representatives and the Committee  
24           on the Judiciary of the Senate a report on the re-  
25           sults of the study, including any of the Director’s

1 suggestions for amending the law, and any other  
2 recommendations the Director has with respect to  
3 patent reexamination proceedings.

4 **SEC. 9. PREISSUANCE SUBMISSIONS BY THIRD PARTIES.**

5 Section 122 of title 35, United States Code, is  
6 amended by adding at the end the following:

7 “(e) PREISSUANCE SUBMISSIONS BY THIRD PAR-  
8 TIES.—

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

15 “(A) the date a notice of allowance under  
16 section 151 is mailed in the application for pat-  
17 ent; or

18 “(B) either—

19 “(i) 6 months after the date on which  
20 the application for patent is published  
21 under section 122, or

22 “(ii) the date of the first rejection  
23 under section 132 of any claim by the ex-  
24 aminer during the examination of the ap-  
25 plication for patent,



1           whichever occurs later.

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

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

6                   “(B) be accompanied by such fee as the  
7                   Director may prescribe;

8                   “(C) include a statement by the person  
9                   making such submission affirming that the sub-  
10                  mission was made in compliance with this sec-  
11                  tion; and

12                  “(D) identify the real party-in-interest  
13                  making the submission.”.

14   **SEC. 10. VENUE AND JURISDICTION.**

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

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

23                   “(c) Notwithstanding section 1391 of this title, any  
24                   civil action for patent infringement or any action for de-

1 claratory judgment may be brought only in a judicial dis-  
2 trict—

3 “(1) where the defendant has its principal place  
4 of business or in the location or place in which the  
5 defendant is incorporated or formed, or, for foreign  
6 corporations with a United States subsidiary, where  
7 the defendant’s primary United States subsidiary  
8 has its principal place of business or is incorporated  
9 or formed;

10 “(2) where the defendant has committed sub-  
11 stantial acts of infringement and has a regular and  
12 established physical facility that the defendant con-  
13 trols and that constitutes a substantial portion of  
14 the operations of the defendant;

15 “(3) where the primary plaintiff resides, if the  
16 primary plaintiff in the action is—

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

20 “(B) a nonprofit organization that—

21 “(i) qualifies for treatment under sec-  
22 tion 501(c)(3) of the Internal Revenue  
23 Code (26 U.S.C. 501(c)(3));

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

1                   “(iii) serves as the patent and licens-  
2                   ing organization for an institution of high-  
3                   er education as defined under section  
4                   101(a) of the Higher Education Act of  
5                   1965 (20 U.S.C. 1001(a)); or

6                   “(4) where the plaintiff resides, if the sole  
7                   plaintiff in the action is an individual inventor who  
8                   is a natural person and who qualifies at the time  
9                   such action is filed as a micro-entity pursuant to  
10                  section 123 of title 35.

11                  “(d) If a plaintiff brings a civil action for patent in-  
12                  fringement or declaratory judgment relief under sub-  
13                  section (c), then the defendant may request the district  
14                  court to transfer that action to another district or division  
15                  where, in the court’s determination—

16                  “(1) any of the parties has substantial evidence  
17                  or witnesses that otherwise would present consider-  
18                  able evidentiary burdens to the defendant if such  
19                  transfer were not granted;

20                  “(2) such transfer would not cause undue hard-  
21                  ship to the plaintiff; and

22                  “(3) venue would be otherwise appropriate  
23                  under section 1391 of this title.”.

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

1           (1) by striking “and” at the end of paragraph  
2           (1);

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

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

6           “(3) of an appeal from an interlocutory order  
7           or decree determining construction of claims in a  
8           civil action for patent infringement under section  
9           271 of title 35.

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

16          (c) TECHNICAL AMENDMENTS RELATING TO  
17          VENUE.—Sections 32, 145, 146, 154(b)(4)(A), and 293  
18          of title 35, United States Code, and section 21(b)(4) of  
19          the Act entitled “An Act to provide for the registration  
20          and protection of trademarks used in commerce, to carry  
21          out the provisions of certain international conventions,  
22          and for other purposes”, approved July 5, 1946 (com-  
23          monly referred to as the “Trademark Act of 1946” or the  
24          “Lanham Act”; (15 U.S.C. 1071(b)(4)), are each amend-  
25          ed by striking “United States District Court for the Dis-

1 triet of Columbia” each place that term appears and in-  
2 serting “United States District Court for the Eastern Dis-  
3 triet of Virginia”.

4 **SEC. 11. PATENT AND TRADEMARK OFFICE REGULATORY**  
5 **AUTHORITY.**

6 (a) FEE SETTING.—

7 (1) IN GENERAL.—The Director shall have au-  
8 thority to set or adjust by rule any fee established  
9 or charged by the Office under sections 41 and 376  
10 of title 35, United States Code or under section 31  
11 of the Trademark Act of 1946 (15 U.S.C. 1113) for  
12 the filing or processing of any submission to, and for  
13 all other services performed by or materials fur-  
14 nished by, the Office, provided that such fee  
15 amounts are set to reasonably compensate the Office  
16 for the services performed.

17 (2) REDUCTION OF FEES IN CERTAIN FISCAL  
18 YEARS.—In any fiscal year, the Director—

19 (A) shall consult with the Patent Public  
20 Advisory Committee and the Trademark Public  
21 Advisory Committee on the advisability of re-  
22 ducing any fees described in paragraph (1); and

23 (B) after that consultation may reduce  
24 such fees.

1           (3) ROLE OF THE PUBLIC ADVISORY COM-  
2           MITTEE.—The Director shall—

3                   (A) submit to the Patent or Trademark  
4           Public Advisory Committee, or both, as appro-  
5           prium, any proposed fee under paragraph (1)  
6           not less than 45 days before publishing any  
7           proposed fee in the Federal Register;

8                   (B) provide the relevant advisory com-  
9           mittee described in subparagraph (A) a 30-day  
10          period following the submission of any proposed  
11          fee, on which to deliberate, consider, and com-  
12          ment on such proposal, and require that—

13                   (i) during such 30-day period, the rel-  
14          evant advisory committee hold a public  
15          hearing related to such proposal; and

16                   (ii) the Director shall assist the rel-  
17          evant advisory committee in carrying out  
18          such public hearing, including by offering  
19          the use of Office resources to notify and  
20          promote the hearing to the public and in-  
21          terested stakeholders;

22                   (C) require the relevant advisory com-  
23          mittee to make available to the public a written  
24          report detailing the comments, advice, and rec-

1           ommendations of the committee regarding any  
2           proposed fee;

3           (D) consider and analyze any comments,  
4           advice, or recommendations received from the  
5           relevant advisory committee before setting or  
6           adjusting any fee; and

7           (E) notify, through the Chair and Ranking  
8           Member of the Committee on the Judiciary of  
9           the House of Representatives and the Com-  
10          mittee on the Judiciary of the Senate, the Con-  
11          gress of any final decision regarding proposed  
12          fees.

13          (4) PUBLICATION IN THE FEDERAL REG-  
14          ISTER.—

15           (A) IN GENERAL.—Any rules prescribed  
16           under this subsection shall be published in the  
17           Federal Register.

18           (B) RATIONALE.—Any proposal for a  
19           change in fees under this section shall—

20           (i) be published in the Federal Reg-  
21           ister; and

22           (ii) include, in such publication, the  
23           specific rationale and purpose for the pro-  
24           posal, including the possible expectations

1           or benefits resulting from the proposed  
2           change.

3           (C) PUBLIC COMMENT PERIOD.—Following  
4           the publication of any proposed fee in the Fed-  
5           eral Register pursuant to subparagraph (A), the  
6           Director shall seek public comment for a period  
7           of not less than 45 days.

8           (5) CONGRESSIONAL COMMENT PERIOD.—Fol-  
9           lowing the notification described in paragraph  
10          (3)(E), Congress shall have not more than 45 days  
11          to consider and comment on any proposed fee under  
12          paragraph (1). No proposed fee shall be effective  
13          prior to the end of such 45-day comment period.

14          (6) RULE OF CONSTRUCTION.—No rules pre-  
15          scribed under this subsection may diminish—

16                 (A) an applicant’s rights under this title or  
17                 the Trademark Act of 1946; or

18                 (B) any rights under a ratified treaty.

19          (b) FEES FOR PATENT SERVICES.—Division B of  
20          Public Law 108–447 is amended in title VIII of the De-  
21          partments of Commerce, Justice and State, the Judiciary,  
22          and Related Agencies Appropriations Act, 2005, in section  
23          801(a) by striking “During fiscal years 2005, 2006 and  
24          2007”, and inserting “Until such time as the Director sets  
25          or adjusts the fees otherwise,”.



1           (c) ADJUSTMENT OF TRADEMARK FEES.—Division  
2 B of Public Law 108–447 is amended in title VIII of the  
3 Departments of Commerce, Justice and State, the Judici-  
4 ary and Related Agencies Appropriations Act, 2005, in  
5 section 802(a) by striking “During fiscal years 2005,  
6 2006 and 2007”, and inserting “Until such time as the  
7 Director sets or adjusts the fees otherwise,”.

8           (d) EFFECTIVE DATE, APPLICABILITY, AND TRANSI-  
9 TIONAL PROVISION.—Division B of Public Law 108–447  
10 is amended in title VIII of the Departments of Commerce,  
11 Justice and State, the Judiciary and Related Agencies Ap-  
12 propriations Act, 2005, in section 803(a) by striking “and  
13 shall apply only with respect to the remaining portion of  
14 fiscal year 2005, 2006 and 2007.”.

15           (e) RULE OF CONSTRUCTION.—Nothing in this sec-  
16 tion shall be construed to affect any other provision of Di-  
17 vision B of Public Law 108–447, including section 801(c)  
18 of title VII of the Departments of Commerce, Justice and  
19 State, the Judiciary and Related Agencies Appropriations  
20 Act, 2005.

21           (f) DEFINITIONS.—In this section:

22               (1) DIRECTOR.—The term “Director” means  
23 the Director of the United States Patent and Trade-  
24 mark Office.

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

3           (3) TRADEMARK ACT OF 1946.—The term  
4           “Trademark Act of 1946” means an Act entitled  
5           “Act to provide for the registration and protection  
6           of trademarks used in commerce, to carry out the  
7           provisions of certain international conventions, and  
8           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 **SEC. 12. RESIDENCY OF FEDERAL CIRCUIT JUDGES.**

12          Section 44(c) of title 28, United States Code, is  
13          amended by striking the second sentence.

14 **SEC. 13. MICRO-ENTITY DEFINED.**

15          Chapter 11 of title 35, United States Code, is amend-  
16          ed by adding at the end the following new section:

17 **“§ 123. Micro-entity defined**

18          “(a) IN GENERAL.—For purposes of this title, the  
19          term ‘micro-entity’ means an applicant who makes a cer-  
20          tification under either subsections (b) or (c).

21          “(b) UNASSIGNED APPLICATION.—For an unas-  
22          signed application, each applicant shall certify that the ap-  
23          plicant—

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

1           “(2) has not been named on 5 or more pre-  
2           viously filed patent applications;

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

7           “(4) does not have a gross income, as defined  
8           in section 61(a) of the Internal Revenue Code, ex-  
9           ceeding 2.5 times the median household income, as  
10          reported by the Bureau of the Census, in the cal-  
11          endar year immediately preceding the calendar year  
12          in which the examination fee is being paid.

13          “(c) ASSIGNED APPLICATION.—For an assigned ap-  
14          plication, each applicant shall certify that the applicant—

15                 “(1) qualifies as a small entity, as defined in  
16                 regulations issued by the Director, and meets the re-  
17                 quirements of subsection (b)(4);

18                 “(2) has not been named on 5 or more pre-  
19                 viously filed patent applications; and

20                 “(3) has assigned, granted, conveyed, or is  
21                 under an obligation by contract or law to assign,  
22                 grant, or convey, a license or other ownership inter-  
23                 est in the particular application to an entity that has  
24                 5 or fewer employees and that such entity has a  
25                 gross income, as defined in section 61(a) of the In-

1        ternal Revenue Code, that does not exceed 2.5 times  
2        the median household income, as reported by the  
3        Bureau of the Census, in the calendar year imme-  
4        diately preceding the calendar year in which the ex-  
5        amination fee is being paid.

6        “(d) INCOME LEVEL ADJUSTMENT.—The gross in-  
7        come levels established under subsections (b) and (c) shall  
8        be adjusted by the Director on October 1, 2009, and every  
9        year thereafter, to reflect any fluctuations occurring dur-  
10       ing the previous 12 months in the Consumer Price Index,  
11       as determined by the Secretary of Labor.”.

12       **SEC. 14. TECHNICAL AMENDMENTS.**

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

15                (1) in the first paragraph, by striking  
16                “When” and inserting “(a) JOINT INVEN-  
17                TIONS.—When”;

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

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

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

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

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

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

14 (c) REISSUE OF DEFECTIVE PATENTS.—Section 251  
15 of title 35, United States Code, is amended—

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

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

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

24 (4) in the last paragraph, by striking “No re-  
25 issued patent” and inserting “(d) REISSUE PATENT

1 ENLARGING SCOPE OF CLAIMS.—No reissued pat-  
2 ent”.

3 (d) EFFECT OF REISSUE.—Section 253 of title 35,  
4 United States Code, is amended—

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

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

12 (e) CORRECTION OF NAMED INVENTOR.—Section  
13 256 of title 35, United States Code, is amended—

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

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

20 (f) PRESUMPTION OF VALIDITY.—Section 282 of title  
21 35, United States Code, is amended—

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

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

4           (3) in the third undesignated paragraph, by  
5           striking “In actions” and inserting “(c) NOTICE OF  
6           ACTIONS; ACTIONS DURING EXTENSION OF PATENT  
7           TERM.—In actions”.

8   **SEC. 15. EFFECTIVE DATE; RULE OF CONSTRUCTION.**

9           (a) **EFFECTIVE DATE.**—Except as otherwise provided  
10          in this Act, this Act and the amendments made by this  
11          Act shall take effect upon the expiration of the 12 month  
12          period beginning on the date of the enactment of this Act  
13          and shall apply to any patent issued on or after that effec-  
14          tive date.

15          (b) **CONTINUITY OF INTENT UNDER THE CREATE**  
16          **ACT.**—The enactment of section 102(b)(3) of title 35,  
17          United States Code, under section 3(b) of this Act is done  
18          with the same intent to promote joint research activities  
19          that was expressed, including in the legislative history,  
20          through the enactment of the Cooperative Research and  
21          Technology Enhancement Act of 2004 (Public Law 108–  
22          453; the “CREATE Act”), the amendments of which are  
23          stricken by section 3(c) of this Act. The United States  
24          Patent and Trademark Office shall administer section  
25          102(b)(3) of title 35, United States Code, in a manner

1 consistent with the legislative history of the CREATE Act  
2 that was relevant to its administration by the United  
3 States Patent and Trademark Office.

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

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

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

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



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

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

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

8           (4) the subject matter at issue in cases that use  
9 special masters;

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

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

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

18          (8) any other factors that the Director believes  
19 would assist in gauging the effectiveness of special  
20 masters in patent litigation.

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

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

24           (1) conduct a study of workplace conditions for  
25 the examiner corps of the United States Patent and

1 Trademark Office, including the effect, if any, of  
2 this Act and the amendments made by this Act on—

3 (A) recruitment, retention, and promotion  
4 of employees; and

5 (B) workload, quality assurance, and em-  
6 ployee grievances; and

7 (2) submit to the Committee on the Judiciary  
8 of the House of Representatives and the Committee  
9 on the Judiciary of the Senate a report on the re-  
10 sults of the study, including any suggestions for im-  
11 proving workplace conditions, together with any  
12 other recommendations that the Comptroller General  
13 has with respect to patent reexamination pro-  
14 ceedings.

15 **SEC. 18. STUDY ON PATENT DAMAGES.**

16 (a) IN GENERAL.—The Director shall conduct a  
17 study of patent damage awards in cases where such  
18 awards have been based on a reasonable royalty under sec-  
19 tion 284 of title 35, United States Code. The study should,  
20 at a minimum, consider cases from 1990 to the present.

21 (b) CONDUCT.—In conducting the study under sub-  
22 section (a), the Director shall investigate, at a minimum,  
23 the following:

24 (1) Whether the mean or median dollar amount  
25 of reasonable-royalty-based patent damages awarded

1 by courts or juries, as the case may be, has signifi-  
2 cantly increased on a per case basis during the pe-  
3 riod covered by the study, taking into consideration  
4 adjustments for inflation and other relevant eco-  
5 nomic factors.

6 (2) Whether there has been a pattern of exces-  
7 sive and inequitable reasonable-royalty-based dam-  
8 ages during the period covered by the study and, if  
9 so, any contributing factors, including, for example,  
10 evidence that Federal courts have routinely and in-  
11 appropriately broadened the scope of the “entire  
12 market value rule”, or that juries have routinely  
13 misapplied the entire market value rule to the facts  
14 at issue.

15 (3) To the extent that a pattern of excessive  
16 and inequitable damage awards exists, measures  
17 that could guard against such inappropriate awards  
18 without unduly prejudicing the rights and remedies  
19 of patent holders or significantly increasing litigation  
20 costs, including legislative reforms or improved  
21 model jury instructions.

22 (4) To the extent that a pattern of excessive  
23 and inequitable damage awards exists, whether legis-  
24 lative proposals that would mandate, or create a pre-  
25 sumption in favor of, apportionment of reasonable-

1 royalty-based patent damages would effectively  
2 guard against such inappropriate awards without  
3 unduly prejudicing the rights and remedies of patent  
4 holders or significantly increasing litigation costs.

5 (c) REPORT.—Not later than 1 year after the date  
6 of the enactment of this Act, the Director shall submit  
7 to the Congress a report on the study conducted under  
8 this section.

9 **SEC. 19. SEVERABILITY.**

10 If any provision of this Act or of any amendment or  
11 repeals made by this Act, or the application of such a pro-  
12 vision to any person or circumstance, is held to be invalid  
13 or unenforceable, the remainder of this Act and the  
14 amendments and repeals made by this Act, and the appli-  
15 cation of this Act and such amendments and repeals to  
16 any other person or circumstance, shall not be affected  
17 by such holding.