

AMENDMENT NO. _____ Calendar No. _____

Purpose: To provide a complete substitute.

IN THE SENATE OF THE UNITED STATES—110th Cong., 1st Sess.

S. 1145

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

Referred to the Committee on _____ and
ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT IN THE NATURE OF A SUBSTITUTE intended
to be proposed by Mr. LEAHY

Viz:

1 Strike all after the enacting clause and insert the fol-
2 lowing:

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

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

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

- Sec. 1. Short title; table of contents.
- Sec. 2. Reference to title 35, United States Code.
- Sec. 3. Right of the first inventor to file.
- Sec. 4. Inventor's oath or declaration.
- Sec. 5. Right of the inventor to obtain damages.
- Sec. 6. Post-grant procedures and other quality enhancements.

- Sec. 7. Definitions; patent trial and appeal board.
- Sec. 8. Study and report on reexamination proceedings.
- Sec. 9. Submissions by third parties and other quality enhancements.
- Sec. 10. Venue and jurisdiction.
- Sec. 11. Regulatory authority.
- Sec. 12. Residency of Federal Circuit judges.
- Sec. 13. Micro-entities.
- Sec. 14. Technical amendments.
- Sec. 15. Effective date; rule of construction.

1 SEC. 2. REFERENCE TO TITLE 35, UNITED STATES CODE.

2 Whenever in this Act a section or other provision is
3 amended or repealed, that amendment or repeal shall be
4 considered to be made to that section or other provision
5 of title 35, United States Code.

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

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

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 patent containing the claim to the invention;
19 or

20 “(2) if the patent or application for patent is
21 entitled to a right of priority of any other applica-

1 tion under section 119, 365(a), or 365(b) or to the
2 benefit of an earlier filing date in the United States
3 under section 120, 121, or 365(c), the filing date of
4 the earliest such application in which the claimed in-
5 vention is disclosed in the manner provided by the
6 first paragraph of section 112.

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

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

14 (b) CONDITIONS FOR PATENTABILITY.—

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

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

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

20 “(1) the claimed invention was patented, de-
21 scribed in a printed publication, or in public use or
22 on sale—

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

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

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

14 “(b) EXCEPTIONS.—

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

1 “(2) DERIVATION, PRIOR DISCLOSURE, AND
2 COMMON ASSIGNMENT EXCEPTIONS.—Subject mat-
3 ter that would otherwise qualify as prior art only
4 under subsection (a)(2), after taking into account
5 the exception under paragraph (1), shall not be prior
6 art to a claimed invention if—

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

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

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

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

24 “(A) IN GENERAL.—Subject matter and a
25 claimed invention shall be deemed to have been

1 owned by the same person or subject to an obli-
2 gation of assignment to the same person in ap-
3 plying the provisions of paragraph (2) if—

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

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

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

17 “(B) For purposes of subparagraph (A),
18 the term ‘joint research agreement’ means a
19 written contract, grant, or cooperative agree-
20 ment entered into by two or more persons or
21 entities for the performance of experimental,
22 developmental, or research work in the field of
23 the claimed invention.

24 “(4) PATENTS AND PUBLISHED APPLICATIONS
25 EFFECTIVELY FILED.—A patent or application for

1 patent is effectively filed under subsection (a)(2)
2 with respect to any subject matter described in the
3 patent or application—

4 “(A) as of the filing date of the patent or
5 the application for patent; or

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

14 (2) CONFORMING AMENDMENT.—The item re-
15 lating to section 102 in the table of sections for
16 chapter 10 is amended to read as follows:

“102. Conditions for patentability; novelty.”.

17 (c) CONDITIONS FOR PATENTABILITY; NON-OBVIOUS
18 SUBJECT MATTER.—Section 103 is amended to read as
19 follows:

20 **“§ 103. Conditions for patentability; nonobvious sub-**
21 **ject matter**

22 “A patent for a claimed invention may not be ob-
23 tained though the claimed invention is not identically dis-
24 closed as set forth in section 102, if the differences be-
25 tween the claimed invention and the prior art are such

1 that the claimed invention as a whole would have been ob-
2 vious before the effective filing date of the claimed inven-
3 tion to a person having ordinary skill in the art to which
4 the claimed invention pertains. Patentability shall not be
5 negated by the manner in which the invention was made.”.

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

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

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

15 (2) REMOVAL OF CROSS REFERENCES.—Section
16 111(b)(8) is amended by striking “sections 115,
17 131, 135, and 157” and inserting “sections 131 and
18 135”.

19 (f) EARLIER FILING DATE FOR INVENTOR AND
20 JOINT INVENTOR.—Section 120 is amended by striking
21 “which is filed by an inventor or inventors named” and
22 inserting “which names an inventor or joint inventor”.

23 (g) CONFORMING AMENDMENTS.—

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

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

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

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

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

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

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

1 (A) in paragraph (2)—

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

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

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

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

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

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

21 “(1) INSTITUTION OF DERIVATION PRO-
22 CEEDING.—An applicant may request initiation of a
23 derivation proceeding to determine the right of the
24 applicant to a patent by filing a request which sets
25 forth with particularity the basis for finding that an

1 earlier applicant derived the claimed invention from
2 the applicant requesting the proceeding and, without
3 authorization, filed an application claiming such in-
4 vention. Any such request may only be made within
5 12 months after the date of first publication of an
6 application containing a claim that is the same or is
7 substantially the same as the claimed invention,
8 must be made under oath, and must be supported
9 by substantial evidence. Whenever the Director de-
10 termines that patents or applications for patent
11 naming different individuals as the inventor interfere
12 with one another because of a dispute over the right
13 to patent under section 101, the Director shall insti-
14 tute a derivation proceeding for the purpose of de-
15 termining which applicant is entitled to a patent.

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

19 “(A) shall determine the question of the
20 right to patent;

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

24 “(C) shall issue a final decision on the
25 right to patent.

1 “(3) DERIVATION PROCEEDING.—The Board
2 may defer action on a request to initiate a derivation
3 proceeding until 3 months after the date on which
4 the Director issues a patent to the applicant that
5 filed the earlier application.

6 “(4) EFFECT OF FINAL DECISION.—The final
7 decision of the Patent Trial and Appeal Board, if
8 adverse to the claim of an applicant, shall constitute
9 the final refusal by the Patent and Trademark Of-
10 fice on the claims involved. The Director may issue
11 a patent to an applicant who is determined by the
12 Patent Trial and Appeal Board to have the right to
13 patent. The final decision of the Board, if adverse
14 to a patentee, shall, if no appeal or other review of
15 the decision has been or can be taken or had, con-
16 stitute cancellation of the claims involved in the pat-
17 ent, and notice of such cancellation shall be endorsed
18 on copies of the patent distributed after such can-
19 cellation by the Patent and Trademark Office.”.

20 (j) ELIMINATION OF REFERENCES TO INTER-
21 FERENCES.—(1) Sections 6, 41, 134, 141, 145, 146, 154,
22 305, and 314 are each amended by striking “Board of
23 Patent Appeals and Interferences” each place it appears
24 and inserting “Patent Trial and Appeal Board”.

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

1 (A) by striking “an interference” each place it
2 appears and inserting “a derivation proceeding”;
3 and

4 (B) by striking “interference” each additional
5 place it appears and inserting “derivation pro-
6 ceeding”.

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

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

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

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

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

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

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

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

“6. Patent Trial and Appeal Board.”.

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

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

“135. Derivation proceedings.”.

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

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

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

6 “(A) the Patent Trial and Appeal Board of
7 the United States Patent and Trademark Office
8 with respect to patent applications, derivation
9 proceedings, and post-grant review proceedings,
10 at the instance of an applicant for a patent or
11 any party to a patent interference (commenced
12 before the effective date of the Patent Reform
13 Act of 2007), derivation proceeding, or post-
14 grant review proceeding, and any such appeal
15 shall waive any right of such applicant or party
16 to proceed under section 145 or 146 of title
17 35;”.

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

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

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

22 **“§ 115. Inventor's oath or declaration**

23 “(a) NAMING THE INVENTOR; INVENTOR'S OATH OR
24 DECLARATION.—An application for patent that is filed
25 under section 111(a), that commences the national stage

1 under section 363, or that is filed by an inventor for an
2 invention for which an application has previously been
3 filed under this title by that inventor shall include, or be
4 amended to include, the name of the inventor of any
5 claimed invention in the application. Except as otherwise
6 provided in this section, an individual who is the inventor
7 or a joint inventor of a claimed invention in an application
8 for patent shall execute an oath or declaration in connec-
9 tion with the application.

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

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

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

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

21 “(d) SUBSTITUTE STATEMENT.—

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

1 additional circumstances that the Director may
2 specify by regulation.

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

6 “(A) is unable to file the oath or declara-
7 tion under subsection (a) because the indi-
8 vidual—

9 “(i) is deceased;

10 “(ii) is under legal incapacity; or

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

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

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

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

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

1 “(C) contain any additional information,
2 including any showing, required by the Direc-
3 tor.

4 “(e) MAKING REQUIRED STATEMENTS IN ASSIGN-
5 MENT OF RECORD.—An individual who is under an obliga-
6 tion of assignment of an application for patent may in-
7 clude the required statements under subsections (b) and
8 (c) in the assignment executed by the individual, in lieu
9 of filing such statements separately.

10 “(f) TIME FOR FILING.—A notice of allowance under
11 section 151 may be provided to an applicant for patent
12 only if the applicant for patent has filed each required
13 oath or declaration under subsection (a) or has filed a sub-
14 stitute statement under subsection (d) or recorded an as-
15 signment meeting the requirements of subsection (e).

16 “(g) EARLIER-FILED APPLICATION CONTAINING RE-
17 QUIRED STATEMENTS OR SUBSTITUTE STATEMENT.—
18 The requirements under this section shall not apply to an
19 individual with respect to an application for patent in
20 which the individual is named as the inventor or a joint
21 inventor and that claims the benefit under section 120 or
22 365(c) of the filing of an earlier-filed application, if—

23 “(1) an oath or declaration meeting the require-
24 ments of subsection (a) was executed by the indi-

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

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

6 “(3) an assignment meeting the requirements
7 of subsection (e) was executed with respect to the
8 earlier-filed application by the individual and was re-
9 corded in connection with the earlier-filed applica-
10 tion.

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

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

21 “(2) SUPPLEMENTAL STATEMENTS NOT RE-
22 QUIRED.—If an individual has executed an oath or
23 declaration under subsection (a) or an assignment
24 meeting the requirements of subsection (e) with re-
25 spect to an application for patent, the Director may

1 not thereafter require that individual to make any
2 additional oath, declaration, or other statement
3 equivalent to those required by this section in con-
4 nection with the application for patent or any patent
5 issuing thereon.

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

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

16 (2) RELATIONSHIP TO DIVISIONAL APPLICA-
17 TIONS.—Section 121 is amended by striking “If a
18 divisional application” and all that follows through
19 “inventor.”.

20 (3) REQUIREMENTS FOR NONPROVISIONAL AP-
21 PPLICATIONS.—Section 111(a) is amended—

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

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

1 (C) by striking “and oath” each place it
2 appears.

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

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

6 (b) FILING BY OTHER THAN INVENTOR.—Section
7 118 is amended to read as follows:

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

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

21 (c) SPECIFICATION.—Section 112 is amended—

22 (1) in the first paragraph—

23 (A) by striking “The specification” and in-
24 serting “(a) IN GENERAL.—The specification”;
25 and

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

4 (2) in the second paragraph—

5 (A) by striking “The specifications” and
6 inserting “(b) CONCLUSION.—The specifica-
7 tions”; and

8 (B) by striking “applicant regards as his
9 invention” and inserting “inventor or a joint in-
10 ventor regards as the invention”;

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

13 (4) in the fourth paragraph, by striking “Sub-
14 ject to the following paragraph,” and inserting “(d)
15 REFERENCE IN DEPENDENT FORMS.—Subject to
16 subsection (e),”;

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

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

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

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

25 (1) in the first paragraph—

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

2 AWARD OF DAMAGES.—

3 “(1) IN GENERAL.—Upon”;

4 (B) by aligning the remaining text accord-
5 ingly; and

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

7 “(2) RELATIONSHIP OF DAMAGES TO CON-
8 TRIBUTIONS OVER PRIOR ART.—The court shall con-
9 duct an analysis to ensure that a reasonable royalty
10 under paragraph (1) is applied only to that economic
11 value properly attributable to the patent’s specific
12 contribution over the prior art. In a reasonable roy-
13 alty analysis, the court shall identify all factors rel-
14 evant to the determination of a reasonable royalty
15 under this subsection, and the court or the jury, as
16 the case may be, shall consider only those factors in
17 making the determination. The court shall exclude
18 from the analysis the economic value properly attrib-
19 utable to the prior art, and other features or im-
20 provements, whether or not themselves patented,
21 that contribute economic value to the infringing
22 product or process.

23 “(3) ENTIRE MARKET VALUE.—Unless the
24 claimant shows that the patent’s specific contribu-
25 tion over the prior art is the predominant basis for

1 market demand for an infringing product or process,
2 a reasonable royalty may not be based upon the en-
3 tire market value of that infringing product or proc-
4 ess.

5 “(4) OTHER FACTORS.—In determining the
6 reasonable royalty, the court may also consider, or
7 direct the jury to consider, the terms of any non-
8 exclusive marketplace licensing of the invention,
9 where appropriate, as well as any other relevant fac-
10 tors under applicable law.”;

11 (2) by amending the second undesignated para-
12 graph to read as follows:

13 “(b) WILLFUL INFRINGEMENT .—

14 “(1) INCREASED DAMAGES.—A court that has
15 determined that the infringer has willfully infringed
16 a patent or patents may increase the damages up to
17 three times the amount of damages found or as-
18 sessed under subsection (a), except that increased
19 damages under this paragraph shall not apply to
20 provisional rights under section 154(d).

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

1 “(A) after receiving written notice from
2 the patentee—

3 “(i) alleging acts of infringement in a
4 manner sufficient to give the infringer an
5 objectively reasonable apprehension of suit
6 on such patent, and

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

15 “(B) the infringer intentionally copied the
16 patented invention with knowledge that it was
17 patented; or

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

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

8 “(B) An informed good faith belief within the
9 meaning of subparagraph (A) may be established
10 by—

11 “(i) reasonable reliance on advice of coun-
12 sel;

13 “(ii) evidence that the infringer sought to
14 modify its conduct to avoid infringement once it
15 had discovered the patent; or

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

18 “(C) The decision of the infringer not to
19 present evidence of advice of counsel is not relevant
20 to a determination of willful infringement under
21 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. The court's determina-
3 tion of an infringer's willfulness shall be made with-
4 out a jury."'; and

5 (3) in the third undesignated paragraph, by
6 striking "The court" and inserting "(c) EXPERT
7 TESTIMONY.—The court".

8 (b) REPORT TO CONGRESSIONAL COMMITTEES.—

9 (1) IN GENERAL.—Not later than June 30,
10 2009, the Assistant Secretary of Commerce for Pat-
11 ents and Trademarks shall report to the Committee
12 on the Judiciary of the Senate and the Committee
13 on the Judiciary of the House of Representatives,
14 the findings and recommendations of the Assistant
15 Secretary on the operation of prior user rights in se-
16 lected countries in the industrialized world. The re-
17 port shall include the following:

18 (A) A comparison between United States
19 patent laws and the laws of other industrialized
20 countries, including the European Union,
21 Japan, Canada, and Australia.

22 (B) An analysis of the effect of prior user
23 rights on innovation rates in the selected coun-
24 tries.

1 (C) An analysis of the correlation, if any,
2 between prior user rights and start-up enter-
3 prises and the ability to attract venture capital
4 to start new companies.

5 (D) An analysis of the effect of prior user
6 rights, if any, on small businesses, universities,
7 and individual inventors.

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

11 (2) CONSULTATION WITH OTHER AGENCIES.—

12 In preparing the report required under paragraph
13 (1), the Assistant Secretary shall consult with the
14 Secretary of State and the Attorney General.

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

18 **SEC. 6. POST-GRANT PROCEDURES AND OTHER QUALITY**

19 **ENHANCEMENTS.**

20 (a) REEXAMINATION.—Section 303(a) is amended to
21 read as follows:

22 “(a) Within 3 months after the owner of a patent
23 files a request for reexamination under section 302, the
24 Director shall determine whether a substantial new ques-
25 tion of patentability affecting any claim of the patent con-

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

12 (b) REPEAL OF OPTIONAL INTER PARTES REEXAM-
13 INATION PROCEDURES.—

14 (1) IN GENERAL.—Sections 311, 312, 313, 314,
15 315, 316, 317, and 318, and the items relating to
16 those sections in the table of sections, are repealed.

17 (2) EFFECTIVE DATE.—Notwithstanding para-
18 graph (1), the provisions of sections 311, 312, 313,
19 314, 315, 316, 317, and 318, shall continue to apply
20 to any inter partes reexamination determination re-
21 quest filed on or before the date of enactment of this
22 Act.

23 (c) POST-GRANT OPPOSITION PROCEDURES.—

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

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

“Sec.

“321. Petition for post-grant review.

“322. Timing and bases of petition.

“323. Requirements of petition.

“324. Prohibited filings.

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

“326. Conduct of post-grant review proceedings.

“327. Patent owner response.

“328. Proof and evidentiary standards.

“329. Amendment of the patent.

“330. Decision of the Board.

“331. Effect of decision.

“332. Relationship to other pending proceedings.

“333. Effect of decisions rendered in civil action on future post-grant review proceedings.

“334. Effect of final decision on future proceedings.

“335. Appeal.

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

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

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

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

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

4 “(2)(A) the petitioner establishes a substantial
5 reason to believe that the continued existence of the
6 challenged claim in the petition causes or is likely to
7 cause the petitioner significant economic harm; and

8 “(B) the petitioner has received notice from the
9 patent holder alleging infringement by the petitioner
10 of the patent; or

11 “(3) the patent owner consents in writing to the
12 proceeding.

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

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

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

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

21 “(3) the petition sets forth in writing the basis
22 for the cancellation, identifying each claim chal-
23 lenged and providing such information as the Direc-
24 tor may require by regulation, and includes copies of
25 patents and printed publications that the cancella-

1 tion petitioner relies upon in support of the petition;
2 and

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

6 **“§ 324. Prohibited filings**

7 “A post-grant review proceeding may not be insti-
8 tuted under paragraph (1), (2), or (3) of section 322 if
9 the petition for cancellation requesting the proceeding
10 identifies the same cancellation petitioner and the same
11 patent as a previous petition for cancellation filed under
12 any paragraph of section 322.

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

15 “The cancellation petitioner shall file such additional
16 information with respect to the petition as the Director
17 may require. The Director may not authorize a post-grant
18 review proceeding to commence unless the Director deter-
19 mines that the information presented provides sufficient
20 grounds to proceed. A decision by the Director not to au-
21 thorize a post-grant review proceeding shall not be appeal-
22 able.

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

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

1 “(1) prescribe regulations, in accordance with
2 section 2(b)(2), establishing and governing post-
3 grant review proceedings under this chapter and
4 their relationship to other proceedings under this
5 title;

6 “(2) prescribe regulations setting forth the
7 standards for showings of substantial reason to be-
8 lieve and significant economic harm under section
9 322(2) and sufficient grounds under section 325;

10 “(3) prescribe regulations establishing proce-
11 dures for the submission of supplemental informa-
12 tion after the petition for cancellation is filed; and

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

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

22 “(1) shall require that the final determination
23 in a post-grant proceeding issue not later than one
24 year after the date on which the post-grant review
25 proceeding is instituted under this chapter, except

1 that, for good cause shown, the Director may extend
2 the 1-year period by not more than six months;

3 “(2) shall provide for discovery upon order of
4 the Director;

5 “(3) shall prescribe sanctions for abuse of dis-
6 covery, abuse of process, or any other improper use
7 of the proceeding, such as to harass or to cause un-
8 necessary delay or unnecessary increase in the cost
9 of the proceeding;

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

13 “(5) shall ensure that any information sub-
14 mitted by the patent owner in support of any
15 amendment entered under section 328 is made avail-
16 able to the public as part of the prosecution history
17 of the patent.

18 “(c) CONSIDERATIONS.—In prescribing regulations
19 under this section, the Director shall consider the effect
20 on the economy, the integrity of the patent system, and
21 the efficient administration of the Office.

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

1 **“§ 327. Patent owner response**

2 “After a post-grant proceeding under this chapter
3 has been instituted with respect to a patent, the patent
4 owner shall have the right to file, within a time period
5 set by the Director, a response to the cancellation petition.
6 The patent owner shall file with the response, through af-
7 fidavits or declarations, any additional factual evidence
8 and expert opinions on which the patent owner relies in
9 support of the response.

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

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

14 “(b) BURDEN OF PROOF.—The party advancing a
15 proposition under this chapter shall have the burden of
16 proving that proposition by a preponderance of the evi-
17 dence.

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

19 “(a) IN GENERAL.—In response to a challenge in a
20 petition for cancellation, the patent owner may file 1 mo-
21 tion to amend the patent in 1 or more of the following
22 ways:

23 “(1) Cancel any challenged patent claim.

24 “(2) For each challenged claim, propose a sub-
25 stitute claim.

1 “(3) Amend the patent drawings or otherwise
2 amend the patent other than the claims.

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

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

8 **“§ 330. Decision of the Board**

9 “If the post-grant review proceeding is instituted and
10 not dismissed under this chapter, the Patent Trial and
11 Appeal Board shall issue a final written decision with re-
12 spect to the patentability of any patent claim challenged
13 and any new claim added under section 329.

14 **“§ 331. Effect of decision**

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

23 “(b) NEW CLAIMS.—Any new claim held to be pat-
24 entable and incorporated into a patent in a post-grant re-
25 view proceeding shall have the same effect as that speci-

1 filed in section 252 for reissued patents on the right of
2 any person who made, purchased, offered to sell, or used
3 within the United States, or imported into the United
4 States, anything patented by such new claim, or who made
5 substantial preparations therefore, prior to issuance of a
6 certificate under subsection (a) of this section.

7 **“§ 332. Relationship to other pending proceedings**

8 “Notwithstanding subsection 135(a), sections 251
9 and 252, and chapter 30, the Director may determine the
10 manner in which any reexamination proceeding, reissue
11 proceeding, interference proceeding (commenced before
12 the effective date of the Patent Reform Act of 2007), deri-
13 vation proceeding, or post-grant review proceeding, that
14 is pending during a post-grant review proceeding, may
15 proceed, including providing for stay, transfer, consolida-
16 tion, or termination of any such proceeding.

17 **“§ 333. Effect of decisions rendered in civil action on**
18 **future post-grant review proceedings**

19 “If a final decision has been entered against a party
20 in a civil action arising in whole or in part under section
21 1338 of title 28 establishing that the party has not sus-
22 tained its burden of proving the invalidity of any patent
23 claim—

24 “(1) that party to the civil action and the
25 privies of that party may not thereafter request a

1 post-grant review proceeding on that patent claim on
2 the basis of any grounds, under the provisions of
3 section 311, which that party or the privies of that
4 party raised or had actual knowledge of; and

5 “(2) the Director may not thereafter maintain
6 a post-grant review proceeding previously requested
7 by that party or the privies of that party on the
8 basis of such grounds.

9 **“§ 334. Effect of final decision on future proceedings**

10 “(a) IN GENERAL.—If a final decision under section
11 330 is favorable to the patentability of any original or new
12 claim of the patent challenged by the cancellation peti-
13 tioner, the cancellation petitioner may not thereafter,
14 based on any ground which the cancellation petitioner
15 raised during the post-grant review proceeding—

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

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

20 “(3) request or pursue a post-grant review pro-
21 ceeding under this chapter with respect to such
22 claim; or

23 “(4) assert the invalidity of any such claim, in
24 any civil action arising in whole or in part under sec-
25 tion 1338 of title 28.

1 “(b) EXTENSION OF PROHIBITION.—If the final deci-
 2 sion is the result of a petition for cancellation filed on the
 3 basis of paragraph (2) of section 322, the prohibition
 4 under this section shall extend to any ground which the
 5 cancellation petitioner raised during the post-grant review
 6 proceeding.

7 **“§ 335. Appeal**

8 “A party dissatisfied with the final determination of
 9 the Patent Trial and Appeal Board in a post-grant pro-
 10 ceeding under this chapter may appeal the determination
 11 under sections 141 through 144. Any party to the post-
 12 grant proceeding shall have the right to be a party to the
 13 appeal.”.

14 (d) CONFORMING AMENDMENT.—The table of chap-
 15 ters for part III is amended by adding at the end the fol-
 16 lowing:

“32. Post-Grant Review Proceedings 321”.

17 (e) REGULATIONS AND EFFECTIVE DATE.—

18 (1) REGULATIONS.—The Under Secretary of
 19 Commerce for Intellectual Property and Director of
 20 the United States Patent and Trademark Office (in
 21 this subsection referred to as the “Director”) shall,
 22 not later than the date that is 1 year after the date
 23 of the enactment of this Act, issue regulations to
 24 carry out chapter 32 of title 35, United States Code,
 25 as added by subsection (e) of this section

1 (2) APPLICABILITY.—The amendments made
2 by subsection (e) shall take effect on the date that
3 is 1 year after the date of the enactment of this Act
4 and shall apply to patents issued before, on, or after
5 that date, except that, in the case of a patent issued
6 before that date, a petition for cancellation under
7 section 321 of title 35, United States Code, may be
8 filed only if a circumstance described in paragraph
9 (2), (3), or (4) of section 322 of title 35, United
10 States Code, applies to the petition.

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

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

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

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

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

4 “(k) The term ‘cancellation petitioner’ means the real
5 party in interest requesting cancellation of any claim of
6 a patent under chapter 31 of this title and the privies of
7 the real party in interest.”.

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

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

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

24 “(b) DUTIES.—The Patent Trial and Appeal Board
25 shall—

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

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

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

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

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

21 **SEC. 8. STUDY AND REPORT ON REEXAMINATION PRO-**
22 **CEEDINGS.**

23 The Under Secretary of Commerce for Intellectual
24 Property and Director of the Patent and Trademark Of-

1 fice shall, not later than 3 years after the date of the en-
2 actment of this Act—

3 (1) conduct a study of the effectiveness and ef-
4 ficiency of the different forms of proceedings avail-
5 able under title 35, United States Code, for the re-
6 examination of patents; and

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

13 **SEC. 9. SUBMISSIONS BY THIRD PARTIES AND OTHER**
14 **QUALITY ENHANCEMENTS.**

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

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

17 (2) in subparagraph (A)—

18 (A) by striking “(A) An application” and
19 inserting “An application”; and

20 (B) by redesignating clauses (i) through
21 (iv) as subparagraphs (A) through (D), respec-
22 tively.

23 (b) PREISSUANCE SUBMISSIONS BY THIRD PAR-
24 TIES.—Section 122 is amended by adding at the end the
25 following:

1 “(e) PREISSUANCE SUBMISSIONS BY THIRD PAR-
2 TIES.—

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

9 “(A) the date a notice of allowance under
10 section 151 is mailed in the application for pat-
11 ent; or

12 “(B) either—

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

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

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

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

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

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

6 **SEC. 10. VENUE AND JURISDICTION.**

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

10 “(b) Any civil action arising under any Act of Con-
11 gress relating to patents, other than an action for declara-
12 tory judgment or an action seeking review of a decision
13 of the Patent Trial and Appeal Board under chapter 13
14 of title 35, may be brought only—

15 “(1) in the judicial district where either party
16 resides; or

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

20 “(c) Notwithstanding section 1391(c) of this title, for
21 purposes of venue under subsection (b), a corporation
22 shall be deemed to reside in the judicial district in which
23 the corporation has its principal place of business or in
24 the State in which the corporation is incorporated, or if
25 the corporation's principal place of business is outside the

1 United States, then the corporation's residency, for the
2 purposes of this section, shall be the place within the
3 United States from which the corporation's primary
4 United States subsidiary is directed and controlled.”.

5 (b) INTERLOCUTORY APPEALS.—Subsection (c)(2) of
6 section 1292 of title 28, United States Code, is amended
7 by adding at the end the following:

8 “(3) of an appeal from an interlocutory order
9 or decree determining construction of claims in a
10 civil action for patent infringement under section
11 271 of title 35.

12 Application for an appeal under paragraph (3) shall be
13 made to the court within 10 days after entry of the order
14 or decree, and proceedings in the district court under such
15 paragraph shall be stayed during pendency of the ap-
16 peal.”.

17 (c) TECHNICAL AMENDMENTS RELATING TO
18 VENUE.—Sections 32, 145, 146, 154(b)(4)(A), 293, and
19 1071(b)(4) are each amended by striking “United States
20 District Court for the District of Columbia” each place
21 that term appears and inserting “United States District
22 Court for the Eastern District of Virginia”.

23 **SEC. 11. REGULATORY AUTHORITY.**

24 Section 3(a) is amended by adding at the end the
25 following:

1 “(5) REGULATORY AUTHORITY.—In addition to
2 the authority conferred by other provisions of this
3 title, the Director may promulgate such rules, regu-
4 lations, and orders that the Director determines ap-
5 propriate to carry out the provisions of this title or
6 any other law applicable to the United States Patent
7 and Trademark Office or that the Director deter-
8 mines necessary to govern the operation and organi-
9 zation of the Office.”.

10 **SEC. 12. RESIDENCY OF FEDERAL CIRCUIT JUDGES.**

11 The second sentence of section 44(e) of title 28,
12 United States Code, is repealed.

13 **SEC. 13. MICRO-ENTITIES.**

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

16 **“§ 123. Micro-entities**

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

20 “(b) UNASSIGNED APPLICATION.—Each inventor
21 shall certify that he or she—

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

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

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

5 “(4) does not have a gross income, as defined
6 in section 61(a) of the Internal Revenue Code (26
7 U.S.C. 61(a)), exceeding 2.5 times the average gross
8 income, as reported by the Department of Labor, in
9 the calendar year immediately preceding the cal-
10 endar year in which the examination fee is being
11 paid.

12 “(c) ASSIGNED APPLICATION.—Each inventor shall
13 certify that he or she—

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

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

19 “(3) has assigned, granted, conveyed, or is
20 under an obligation by contract or law to assign,
21 grant, or convey, a license or other ownership inter-
22 est in the particular application to an entity that has
23 5 or fewer employees and that the entity has a gross
24 income, as defined in section 61(a) of the Internal
25 Revenue Code (26 U.S.C. 61(a)), that does not ex-

1 ceed 2.5 times the average gross income, as reported
2 by the Department of Labor, in the calendar year
3 immediately preceding the calendar year in which
4 the examination fee is being paid.

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

11 **SEC. 14. TECHNICAL AMENDMENTS.**

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

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

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

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

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

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

4 (2) in the second paragraph, by striking “The
5 term” and inserting “(b) APPLICATION.—The
6 term”; and

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

11 (c) REISSUE OF DEFECTIVE PATENTS.—Section 251
12 is amended—

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

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

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

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

1 (d) EFFECT OF REISSUE.—Section 253 is amend-
2 ed—

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

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

10 (e) CORRECTION OF NAMED INVENTOR.—Section
11 256 is amended—

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

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

18 (f) PRESUMPTION OF VALIDITY.—Section 282 is
19 amended—

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

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

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

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

6 (a) EFFECTIVE DATE.—Except as otherwise provided
7 in this Act, the provisions of this Act shall take effect 12
8 months after the date of the enactment of this Act and
9 shall apply to any patent issued on or after that effective
10 date.

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