

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 following:
2

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

- Sec. 7. Submissions by third parties and other quality enhancements.
- Sec. 8. Venue and jurisdiction.
- Sec. 9. Patent and Trademark Office regulatory authority.
- Sec. 10. Residency of Federal Circuit judges.
- Sec. 11. Applicant quality submissions.
- Sec. 12. Technical amendments.
- Sec. 13. Effective date; rule of construction.

1 SEC. 2. RIGHT OF THE FIRST INVENTOR TO FILE.

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

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

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

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

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

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

1 vention is disclosed in the manner provided by the
2 first paragraph of section 112.

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

6 “(j) The term ‘joint invention’ means an invention
7 resulting from the collaboration of inventive endeavors of
8 2 or more persons working toward the same end and pro-
9 ducing an invention by their collective efforts.”.

10 (b) CONDITIONS FOR PATENTABILITY.—

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

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

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

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

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

21 “(B) 1 year or less before the effective fil-
22 ing date of the claimed invention, other than
23 through disclosures made by the inventor or a
24 joint inventor or by others who obtained the

1 subject matter disclosed directly or indirectly
2 from the inventor or a joint inventor; or

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

10 “(b) EXCEPTIONS.—

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

21 “(2) DERIVATION, PRIOR DISCLOSURE, AND
22 COMMON ASSIGNMENT EXCEPTIONS.—Subject mat-
23 ter that would otherwise qualify as prior art only
24 under subsection (a)(2), after taking into account

1 the exception under paragraph (1), shall not be prior
2 art to a claimed invention if—

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

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

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

18 “(3) JOINT RESEARCH AGREEMENT EXCEP-
19 TION.—

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

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

6 “(ii) the claimed invention was made
7 as a result of activities undertaken within
8 the scope of the joint research agreement;
9 and

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

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

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

1 tion to a person having ordinary skill in the art to which
2 the claimed invention pertains. Patentability shall not be
3 negated by the manner in which the invention was made.”.

4 (d) REPEAL OF REQUIREMENTS FOR INVENTIONS
5 MADE ABROAD.—Section 104 of title 35, United States
6 Code, and the item relating to that section in the table
7 of sections for chapter 10 of title 35, United States Code,
8 are repealed.

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

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

15 (2) REMOVAL OF CROSS REFERENCES.—Section
16 111(b)(8) of title 35, United States Code, is amend-
17 ed by striking “sections 115, 131, 135, and 157”
18 and inserting “sections 131 and 135”.

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

24 (g) CONFORMING AMENDMENTS.—

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

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

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

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

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

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

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

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

6 (A) in paragraph (2)—

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

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

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

20 (h) REPEAL OF INTERFERING PATENT REMEDIES.—
21 Section 291 of title 35, United States Code, and the item
22 relating to that section in the table of sections for chapter
23 29 of title 35, United States Code, are repealed.

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

4 “(a) DISPUTE OVER RIGHT TO PATENT.—

5 “(1) INSTITUTION OF DERIVATION PRO-
6 CEEDING.—An applicant may request initiation of a
7 derivation proceeding to determine the right of the
8 applicant to a patent by filing a request which sets
9 forth with particularity the basis for finding that an
10 earlier applicant derived the claimed invention from
11 the applicant requesting the proceeding and, without
12 authorization, filed an application claiming such in-
13 vention. Any such request may only be made within
14 12 months after the date of first publication of an
15 application containing a claim that is the same or is
16 substantially the same as the claimed invention,
17 must be made under oath, and must be supported
18 by substantial evidence. Whenever the Director de-
19 termines that patents or applications for patent
20 naming different individuals as the inventor interfere
21 with one another because of a dispute over the right
22 to patent under section 101, the Director shall insti-
23 tute a derivation proceeding for the purpose of de-
24 termining which applicant is entitled to a patent.

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

4 “(A) shall determine the question of the
5 right to patent;

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

9 “(C) shall issue a final decision on the
10 right to patent.

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

16 “(4) EFFECT OF FINAL DECISION.—The final
17 decision of the Patent Trial and Appeal Board, if
18 adverse to the claim of an applicant, shall constitute
19 the final refusal by the United States Patent and
20 Trademark Office on the claims involved. The Direc-
21 tor may issue a patent to an applicant who is deter-
22 mined by the Patent Trial and Appeal Board to have
23 the right to patent. The final decision of the Board,
24 if adverse to a patentee, shall, if no appeal or other
25 review of the decision has been or can be taken or

1 had, constitute cancellation of the claims involved in
2 the patent, and notice of such cancellation shall be
3 endorsed on copies of the patent distributed after
4 such cancellation by the United States Patent and
5 Trademark Office.”.

6 (j) ELIMINATION OF REFERENCES TO INTER-
7 FERENCES.—(1) Sections 6, 41, 134, 141, 145, 146, 154,
8 305, and 314 of title 35, United States Code, are each
9 amended by striking “Board of Patent Appeals and Inter-
10 ferences” each place it appears and inserting “Patent
11 Trial and Appeal Board”.

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

14 (A) by striking “an interference” each place it
15 appears and inserting “a derivation proceeding”;
16 and

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

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

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

23 (4) The section heading for section 135 of title 35,
24 United States Code, is amended to read as follows:

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

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

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

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

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

“6. Patent Trial and Appeal Board.”

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

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

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

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

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

20 “(A) the Patent Trial and Appeal Board of
21 the United States Patent and Trademark Office
22 with respect to patent applications, derivation
23 proceedings, and post-grant review proceedings,

1 at the instance of an applicant for a patent or
2 any party to a patent interference (commenced
3 before the effective date of the Patent Reform
4 Act of 2007), derivation proceeding, or post-
5 grant review proceeding, and any such appeal
6 shall waive any right of such applicant or party
7 to proceed under section 145 or 146 of title
8 35;”.

9 **SEC. 3. INVENTOR’S OATH OR DECLARATION.**

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

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

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

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

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

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

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

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

12 “(d) SUBSTITUTE STATEMENT.—

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

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

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

25 “(i) is deceased;

1 “(ii) is under legal incapacity; or

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

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

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

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

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

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

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

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

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

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

12 “(1) an oath or declaration meeting the require-
13 ments of subsection (a) was executed by the indi-
14 vidual and was filed in connection with the earlier-
15 filed application;

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

19 “(3) an assignment meeting the requirements
20 of subsection (e) was executed with respect to the
21 earlier-filed application by the individual and was re-
22 corded in connection with the earlier-filed applica-
23 tion.

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

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

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

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

23 “(i) ACKNOWLEDGMENT OF PENALTIES.—Any dec-
24 laration or statement filed pursuant to this section shall
25 contain an acknowledgment that any willful false state-

1 ment made in such declaration or statement is punishable
2 under section 1001 of title 18 by fine or imprisonment
3 of not more than 5 years, or both.”.

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

8 (3) REQUIREMENTS FOR NONPROVISIONAL AP-
9 PPLICATIONS.—Section 111(a) of title 35, United
10 States Code, is amended—

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

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

15 (C) by striking “and oath” each place it
16 appears.

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

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

21 (b) FILING BY OTHER THAN INVENTOR.—Section
22 118 of title 35, United States Code, is amended to read
23 as follows:

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

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

14 (c) SPECIFICATION.—Section 112 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—

24 (A) by striking “The specifications” and
25 inserting “(b) CONCLUSION.—The specifica-
26 tions”; and

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

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

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

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

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

16 **SEC. 4. RIGHT OF THE INVENTOR TO OBTAIN DAMAGES.**

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

19 **“§ 284. Damages**

20 “(a) IN GENERAL.—Upon finding for the claimant
21 the court shall award the claimant damages adequate to
22 compensate for the infringement but in no event less than
23 a reasonable royalty for the use made of the invention by
24 the infringer, together with interest and costs as fixed by
25 the court, subject to the provisions of this section.

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

9 “(c) STANDARD FOR CALCULATING REASONABLE
10 ROYALTY.—

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

21 “(A) ENTIRE MARKET VALUE.—Upon a
22 showing to the satisfaction of the court that the
23 claimed invention’s specific contribution over
24 the prior art is the predominant basis for mar-
25 ket demand for an infringing product or proc-

1 ess, damages may be based upon the entire
2 market value of that infringing product or pro-
3 cess.

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

1 may be determined on the basis of the terms of
2 such licenses.

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

20 “(2) ADDITIONAL FACTORS.—Where the court
21 determines it to be appropriate in determining a rea-
22 sonable royalty under paragraph (1), the court may
23 also consider, or direct the jury to consider, any
24 other relevant factors under applicable law.

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

7 (b) REPORT TO CONGRESSIONAL COMMITTEES.—

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

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

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

24 (C) An analysis of the correlation, if any,
25 between prior user rights and start-up enter-

1 prises and the ability to attract venture capital
2 to start new companies.

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

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

9 (2) CONSULTATION WITH OTHER AGENCIES.—

10 In preparing the report required under paragraph
11 (1), the Director shall consult with the Secretary of
12 State and the Attorney General.

13 (c) LIMITATION ON DAMAGES AND OTHER REM-
14 EDIES; MARKING AND NOTICE.—Section 287(a) of title
15 35, United States Code, is amended to read as follows:

16 “(a)(1) Patentees, and persons making, offering for
17 sale, or selling within the United States any patented arti-
18 cle for or under them, or importing any patented article
19 into the United States, may give notice to the public that
20 the same is patented, either by fixing thereon the word
21 ‘patent’ or the abbreviation ‘pat.’, together with the num-
22 ber of the patent, or when, from the character of the arti-
23 cle, this cannot be done, by fixing to it, or to the package
24 wherein 1 or more of them is contained, a label containing
25 a like notice. In the event of failure so to mark, no dam-

1 ages shall be recovered by the patentee in any action for
2 infringement, except on proof that the infringer was noti-
3 fied of the infringement and continued to infringe there-
4 after, in which event damages may be recovered only for
5 infringement occurring after such notice. Filing of an ac-
6 tion for infringement shall constitute such notice.

7 “(2) In the case of a patented invention not covered
8 under paragraph (1), no recovery shall be had for any in-
9 fringement committed more than 2 years prior to the filing
10 of the complaint or counterclaim for infringement in the
11 action, except upon proof that the infringer was notified
12 of the infringement by the patentee. Upon such proof, the
13 patentee may recover damages for infringement for up to
14 2 years prior to such notice, as well as for infringement
15 after such notice. In no event may damages be recovered
16 for more than 6 years prior to the filing of the complaint
17 or counterclaim for infringement in the action.”

18 (d) DEFENSE TO INFRINGEMENT BASED ON EAR-
19 LIER INVENTOR.—Section 273(b)(6) of title 35, United
20 States Code, is amended to read as follows:

21 “(6) PERSONAL DEFENSE.—The defense under
22 this section may be asserted only by the person who
23 performed or caused the performance of the acts
24 necessary to establish the defense as well as any
25 other entity that controls, is controlled by, or is

1 under common control with such person and, except
2 for any transfer to the patent owner, the right to as-
3 sert the defense shall not be licensed or assigned or
4 transferred to another person except as an ancillary
5 and subordinate part of a good faith assignment or
6 transfer for other reasons of the entire enterprise or
7 line of business to which the defense relates. Not-
8 withstanding the preceding sentence, any person
9 may, on its own behalf, assert a defense based on
10 the exhaustion of rights provided under paragraph
11 (3), including any necessary elements thereof.”.

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

15 **SEC. 5. POST-GRANT PROCEDURES AND OTHER QUALITY**
16 **ENHANCEMENTS.**

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

19 “(a) Within 3 months after the owner of a patent
20 files a request for reexamination under section 302, the
21 Director shall determine whether a substantial new ques-
22 tion of patentability affecting any claim of the patent con-
23 cerned is raised by the request, with or without consider-
24 ation of other patents or printed publications. On the Di-
25 rector’s own initiative, and at any time, the Director may

1 determine whether a substantial new question of patent-
2 ability is raised by patents and publications discovered by
3 the Director, is cited under section 301, or is cited by any
4 person other than the owner of the patent under section
5 302 or section 311. The existence of a substantial new
6 question of patentability is not precluded by the fact that
7 a patent or printed publication was previously cited by or
8 to the Office or considered by the Office.”.

9 (b) REPEAL OF OPTIONAL INTER PARTES REEXAM-
10 INATION PROCEDURES.—

11 (1) IN GENERAL.—Sections 311, 312, 313, 314,
12 315, 316, 317, and 318 of title 35, United States
13 Code, and the items relating to those sections in the
14 table of sections, are repealed.

15 (2) EFFECTIVE DATE.—Notwithstanding para-
16 graph (1), the provisions of sections 311, 312, 313,
17 314, 315, 316, 317, and 318 of title 35, United
18 States Code, shall continue to apply to any inter
19 partes reexamination determination request filed on
20 or before the date of enactment of this Act.

21 (c) 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 **“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. Publication and public availability of petition.

“325. Prohibited filings.

“326. Submission of additional information.

“327. Institution of post-grant review proceedings.

“328. Consolidation of proceedings and joinder.

“329. Conduct of post-grant review proceedings.

“330. Patent owner response.

“331. Proof and evidentiary standards.

“332. Amendment of the patent.

“333. Settlement.

“334. Decision of the board.

“335. Effect of decision.

“336. Relationship to other pending proceedings.

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

“338. Effect of final decision on future proceedings.

“339. Appeal.

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

4 “Subject to sections 322, 324, 332, and 333 of this
5 chapter, a person who is not the patent owner may file
6 with the Office a petition 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, considering the aggregate costs
14 of the post-grant review proceeding and the status of the
15 petitioner.

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

2 “A post-grant proceeding may be instituted under
3 this chapter pursuant to a petition filed under section 321
4 only if—

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

8 “(2)(A) the petitioner establishes in the petition
9 a substantial reason to believe that the continued ex-
10 istence of the challenged claim in the petition causes
11 or is likely to cause the petitioner significant eco-
12 nomic harm; and

13 “(B) the petitioner files a petition not later
14 than 12 months after receiving notice, explicitly or
15 implicitly, that the patent holder alleges infringe-
16 ment; or

17 “(3) the patent owner consents in writing to the
18 proceeding.

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

20 “A petition filed under section 321 may be considered
21 only if—

22 “(1) the petition is accompanied by payment of
23 the fee established by the Director under section
24 321;

25 “(2) the petition identifies any real parties in
26 interest;

1 “(3) the petition identifies, in writing and with
2 particularity, each claim challenged, the grounds on
3 which the challenge to each claim is based, and the
4 evidence that supports the grounds for each chal-
5 lenged claim, including—

6 “(A) copies of patents and printed publica-
7 tions that the petitioner relies upon in support
8 of the petition; and

9 “(B) affidavits or declarations of sup-
10 porting evidence and opinions, if the petitioner
11 relies on other factual evidence or on expert
12 opinions;

13 “(4) the petition provides such information as
14 the Director may require by regulation; and

15 “(5) the petitioner provides copies of any of the
16 documents required under paragraphs (3) and (4) to
17 the patent owner or, if applicable, the designated
18 representative of the patent owner.

19 **“§ 324. Publication and public availability of petition**

20 “(a) IN GENERAL.—As soon as practicable after the
21 receipt of a petition under section 321, the Director
22 shall—

23 “(1) publish the petition in the Federal Reg-
24 ister; and

1 “(2) make that petition available on the website
2 of the United States Patent and Trademark Office.

3 “(b) PUBLIC AVAILABILITY.—The file of any pro-
4 ceeding shall be made available to the public except that
5 any petition or document filed with the intent to be sealed
6 shall be accompanied by a motion to seal. Such petition
7 or document shall be treated as sealed, pending the out-
8 come of the ruling on the motion. Failure to file a motion
9 to seal will result in the pleading being placed in the public
10 record.

11 **“§ 325. Prohibited filings**

12 “(a) IN GENERAL.—A post-grant review proceeding
13 may not be instituted under paragraph (1), (2), or (3) of
14 section 322 if the petition requesting the proceeding iden-
15 tifies the same petitioner or real party in interest and the
16 same patent as a previous petition filed under any para-
17 graph of section 322.

18 “(b) PREVIOUSLY FILED CIVIL ACTIONS.—A post-
19 grant review proceeding may not be instituted or main-
20 tained under paragraph (1) or (2) of section 322 if the
21 petitioner or real party in interest has instituted a civil
22 action challenging the validity of a claim of the patent.

1 **“§ 326. Submission of additional information**

2 “The petitioner shall file such additional information
3 with respect to the petition as the Director may require
4 by regulation.

5 **“§ 327. Institution of post-grant review proceedings**

6 “(a) IN GENERAL.—The Director may not authorize
7 a post-grant review proceeding to commence unless the Di-
8 rector determines that the information presented in the
9 petition raises a substantial new question of patentability
10 for at least 1 of the challenged claims. The Director shall
11 determine whether to authorize a post-grant proceeding
12 within 90 days after receiving a petition.

13 “(b) NOTIFICATION.—The Director shall notify the
14 petitioner and patent owner, in writing, of the Director’s
15 determination under subsection (a). The Director shall
16 publish each notice of institution of a post-grant review
17 proceeding in the Federal Register and make such notice
18 available on the website of the United States Patent and
19 Trademark Office. Such notice shall list the date on which
20 the proceeding shall commence.

21 “(c) DETERMINATION NOT APPEALABLE.—The de-
22 termination by the Director regarding whether to author-
23 ize a post-grant review proceeding under subsection (a)
24 shall not be appealable.

25 “(d) ASSIGNMENT OF THE PROCEEDING TO A
26 PANEL.—Upon a determination of the Director to com-

1 mence a post-grant review proceeding, the Director shall
2 assign the proceeding to a panel of 3 administrative patent
3 judges from the Patent Trial and Appeal Board.

4 **“§ 328. Consolidation of proceedings and joinder**

5 “(a) CONSOLIDATION OF POST-GRANT PRO-
6 CEEDINGS.—If more than 1 petition is submitted under
7 section 322(1) against the same patent and the Director
8 determines that each raises a substantial new question of
9 patentability warranting the commencement of a post-
10 grant review proceeding under section 327, the Director
11 may consolidate such proceedings into a single post-grant
12 review proceeding.

13 “(b) JOINDER.—If the Director commences a post-
14 grant review proceeding on the basis of a petition filed
15 under section 322(2), any person who files in compliance
16 with section 322(2)(A) a petition that the Director finds
17 sufficient to proceed under section 327 may be joined at
18 the discretion of the Director, and such person shall par-
19 ticipate in such post-grant review proceeding.

20 **“§ 329. Conduct of post-grant review proceedings**

21 “(a) IN GENERAL.—The Director shall prescribe reg-
22 ulations—

23 “(1) in accordance with section 2(b)(2), estab-
24 lishing and governing post-grant review proceedings

1 under this chapter and their relationship to other
2 proceedings under this title;

3 “(2) for setting forth the standards for
4 showings of substantial reason to believe and signifi-
5 cant economic harm under section 322(2) and sub-
6 stantial new question of patentability under section
7 327(a);

8 “(3) providing for the publication in the Fed-
9 eral Register all requests for the institution of post-
10 grant proceedings;

11 “(4) establishing procedures for the submission
12 of supplemental information after the petition is
13 filed; and

14 “(5) setting forth procedures for discovery of
15 relevant evidence, including that such discovery shall
16 be limited to evidence directly related to factual as-
17 sertions advanced by either party in the proceeding.

18 “(b) POST-GRANT REVIEW REGULATIONS.—Regula-
19 tions under subsection (a)(1) shall—

20 “(1) require that the final determination in a
21 post-grant review proceeding issue not later than 1
22 year after the date on which the Director notices the
23 institution of a post-grant proceeding under this
24 chapter, except that, for good cause shown, the Di-

1 rector may extend the 1-year period by not more
2 than 6 months;

3 “(2) provide for discovery upon order of the Di-
4 rector, as required in the interests of justice;

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

10 “(4) provide for protective orders governing the
11 exchange and submission of confidential information;
12 and

13 “(5) ensure that any information submitted by
14 the patent owner in support of any amendment en-
15 tered under section 332 is made available to the
16 public as part of the prosecution history of the pat-
17 ent.

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 proceeding authorized by the Director.

1 **“§ 330. Patent owner response**

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

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

11 “(a) IN GENERAL.—The presumption of validity set
12 forth in section 282 of this title shall not apply to chal-
13 lenges brought under section 322(1) but shall apply in a
14 challenge brought under paragraph (2) or (3) of section
15 322 to any patent claim under this chapter.

16 “(b) BURDEN OF PROOF.—The petitioner under sec-
17 tion 322 shall have the burden of proving a proposition
18 of invalidity by a preponderance of the evidence.

19 **“§ 332. Amendment of the patent**

20 “(a) IN GENERAL.—In response to a challenge in a
21 petition, the patent owner may file 1 motion to amend the
22 patent in 1 or more of the following 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 **“§ 333. Settlement**

9 “(a) IN GENERAL.—A post-grant review proceeding
10 under this chapter shall be terminated with respect to any
11 petitioner upon the joint request of the petitioner and the
12 patent owner, unless the Office has decided the matter be-
13 fore the request for termination is filed. If the post-grant
14 review proceeding is terminated with respect to a peti-
15 tioner under this section, no estoppel under this chapter
16 shall apply to that petitioner. If no petitioner remains in
17 the post-grant review proceeding, the Office shall termi-
18 nate the post-grant review proceeding.

19 “(b) AGREEMENTS IN WRITING.—Any agreement or
20 understanding between the patent owner and a petitioner,
21 including any collateral agreements referred to in such
22 agreement or understanding, made in connection with, or
23 in contemplation of, the termination of a post-grant review
24 proceeding under this section shall be in writing and a
25 true copy of such agreement or understanding shall be

1 filed in the United States Patent and Trademark Office
2 before the termination of the post-grant review proceeding
3 as between the parties to the agreement or understanding.
4 If any party filing such agreement or understanding so
5 requests, the copy shall be kept separate from the file of
6 the post-grant review proceeding, and made available only
7 to Federal Government agencies upon written request, or
8 to any other person on a showing of good cause.

9 **“§ 334. Decision of the board**

10 “If the post-grant review proceeding is instituted and
11 not dismissed under this chapter, the Patent Trial and
12 Appeal Board shall issue a final written decision with re-
13 spect to the patentability of any patent claim challenged
14 and any new claim added under section 332.

15 **“§ 335. Effect of decision**

16 “If the Patent Trial and Appeal Board issues a final
17 decision under section 334 and the time for appeal has
18 expired or any appeal proceeding has terminated, the Di-
19 rector shall issue and publish a certificate canceling any
20 claim of the patent finally determined to be unpatentable
21 and incorporating in the patent by operation of the certifi-
22 cate any new claim determined to be patentable.

23 **“§ 336. Relationship to other pending proceedings**

24 “Notwithstanding section 135(a), 251, and 252, and
25 chapter 30, the Director may determine the manner in

1 which any ex parte reexamination proceeding, reissue pro-
2 ceeding, interference proceeding (commenced before the
3 effective date of the Patent Reform Act of 2007), deriva-
4 tion proceeding, or post-grant review proceeding, that is
5 pending during a post-grant review proceeding, may pro-
6 ceed, including providing for stay, transfer, consolidation,
7 or termination of any such proceeding.

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

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

15 “(1) that party to the civil action and the
16 privies of that party may not thereafter request a
17 post-grant review proceeding on that patent claim on
18 the basis of any grounds under section 322; and

19 “(2) the Director may not thereafter maintain
20 a post-grant review proceeding previously requested
21 by that party or the real parties in interest of that
22 party.

23 **“§ 338. Effect of final decision on future proceedings**

24 “(a) IN GENERAL.—If a final decision under section
25 334 is favorable to the patentability of any original or new

1 claim of the patent challenged by the petitioner, the peti-
2 tioner may not thereafter, based on any ground which the
3 petitioner raised during the post-grant review pro-
4 ceeding—

5 “(1) request or pursue a derivation proceeding
6 with respect to such claim; or

7 “(2) assert the invalidity of any such claim in
8 any civil action arising in whole or in part under sec-
9 tion 1338 of title 28.

10 “(b) EXTENSION OF PROHIBITION.—If the final deci-
11 sion is the result of a petition filed on the basis of section
12 322(2), the prohibition under this section shall extend to
13 any ground which the petitioner raised during the post-
14 grant review proceeding.

15 **“§ 339. Appeal**

16 “A party dissatisfied with the final determination of
17 the Patent Trial and Appeal Board in a post-grant pro-
18 ceeding under this chapter may appeal the determination
19 under sections 141 through 145. Any party to the post-
20 grant proceeding shall have the right to be a party to the
21 appeal.”.

22 (d) TECHNICAL AND CONFORMING AMENDMENT.—
23 The table of chapters for part III of title 35, United States
24 Code, is amended by adding at the end the following:

“32. Post-Grant Review Proceedings 321”.

25 (e) REGULATIONS AND EFFECTIVE DATE.—

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

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

19 (3) PENDING INTERFERENCES.—The Director
20 shall determine the procedures under which inter-
21 ferences commenced before the effective date under
22 paragraph (2) are to proceed, including whether any
23 such interference is to be dismissed without preju-
24 dice to the filing of a petition for a post-grant review
25 proceeding under chapter 32 of title 35, United

1 States Code, or is to proceed as if this Act had not
2 been enacted. The Director shall include such proce-
3 dures in regulations issued under paragraph (1).

4 **SEC. 6. DEFINITIONS; PATENT TRIAL AND APPEAL BOARD.**

5 (a) DEFINITIONS.—Section 100 of title 35, United
6 States Code, (as amended by section 2 of this Act) is fur-
7 ther amended—

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

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

11 “(k) The term ‘cancellation petitioner’ means the real
12 party in interest requesting cancellation of any claim of
13 a patent under chapter 31 of this title and the privies of
14 the real party in interest.”.

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

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

19 “(a) ESTABLISHMENT AND COMPOSITION.—There
20 shall be in the Office a Patent Trial and Appeal Board.
21 The Director, the Deputy Director, the Commissioner for
22 Patents, the Commissioner for Trademarks, and the ad-
23 ministrative patent judges shall constitute the Patent
24 Trial and Appeal Board. The administrative patent judges
25 shall be persons of competent legal knowledge and sci-

1 entific ability who are appointed by the Director. Any ref-
2 erence in any Federal law, Executive order, rule, regula-
3 tion, or delegation of authority, or any document of or
4 pertaining to the Board of Patent Appeals and Inter-
5 ferences is deemed to refer to the Patent Trial and Appeal
6 Board.

7 “(b) DUTIES.—The Patent Trial and Appeal Board
8 shall—

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

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

15 “(3) determine priority and patentability of in-
16 vention in derivation proceedings under subsection
17 135(a); and

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

20 Each appeal and derivation proceeding shall be heard by
21 at least 3 members of the Patent Trial and Appeal Board,
22 who shall be designated by the Director. Only the Patent
23 Trial and Appeal Board may grant rehearings. The Direc-
24 tor shall assign each post-grant review proceeding to a
25 panel of 3 administrative patent judges. Once assigned,

1 each such panel of administrative patent judges shall have
2 the responsibilities under chapter 32 in connection with
3 post-grant review proceedings.”.

4 **SEC. 7. SUBMISSIONS BY THIRD PARTIES AND OTHER**
5 **QUALITY ENHANCEMENTS.**

6 (a) PUBLICATION.—Section 122(b)(2) of title 35,
7 United States Code, is amended—

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

9 (2) in subparagraph (A)—

10 (A) by striking “(A) An application” and
11 inserting “An application”; and

12 (B) by redesignating clauses (i) through
13 (iv) as subparagraphs (A) through (D), respec-
14 tively.

15 (b) PREISSUANCE SUBMISSIONS BY THIRD PAR-
16 TIES.—Section 122 of title 35, United States Code, is
17 amended by adding at the end the following:

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

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

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

4 “(B) either—

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

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

12 whichever occurs later.

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

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

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

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

22 **SEC. 8. VENUE AND JURISDICTION.**

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

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

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

10 “(1) where the defendant has its principal place
11 of business or in the location or place in which the
12 defendant is incorporated, or, for foreign corpora-
13 tions with a United States subsidiary, where the de-
14 fendant’s primary United States subsidiary is lo-
15 cated;

16 “(2) where the defendant has committed sub-
17 stantial acts of infringement and has a regular and
18 established physical facility that the defendant con-
19 trols and that constitutes a substantial portion of
20 the operations of the defendant;

21 “(3) where the primary plaintiff resides, if the
22 primary plaintiff in the action is an institution of
23 higher education as defined under section 101(a) of
24 the Higher Education Act of 1965 (20 U.S.C.
25 1001(a)); or

1 “(4) where the plaintiff resides, if the sole
2 plaintiff in the action is an individual inventor who
3 is a natural person and who qualifies at the time
4 such action is filed as a micro-entity pursuant to
5 section 123 of title 35, United States Code.

6 “(d) If the plaintiff brings a civil action for patent
7 infringement in a judicial district under either subsection
8 (b) or (c), the district court may transfer that action to
9 any other district or division where—

10 “(1) any of the parties has substantial evidence
11 or witnesses; or

12 “(2) venue would be otherwise appropriate
13 under section 1391 of this title, if such transfer
14 would be appropriate under section 1404 of this
15 title.”.

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

19 “(3) of an appeal from an interlocutory order
20 or decree determining construction of claims in a
21 civil action for patent infringement under section
22 271 of title 35.

23 Application for an appeal under paragraph (3) shall
24 be made to the court within 10 days after entry of
25 the order or decree. The district court shall have dis-

1 cretion whether to approve the application and, if so,
2 whether to stay proceedings in the district court dur-
3 ing the pendency of such appeal.”.

4 (c) TECHNICAL AMENDMENTS RELATING TO
5 VENUE.—Sections 32, 145, 146, 154(b)(4)(A), and 293
6 of title 35, United States Code, and section 1071(b)(4)
7 of an Act to provide for the registration and protection
8 of trademarks used in commerce, to carry out the provi-
9 sions of certain international conventions, and for other
10 purposes, approved July 5, 1946 (15 U.S.C. 1051 et seq.)
11 (commonly referred to as the Trademark Act of 1946 or
12 the Lanham Act) are each amended by striking “United
13 States District Court for the District of Columbia” each
14 place that term appears and inserting “United States Dis-
15 trict Court for the Eastern District of Virginia”.

16 **SEC. 9. PATENT AND TRADEMARK OFFICE REGULATORY**
17 **AUTHORITY.**

18 (a) FEE SETTING.—

19 (1) IN GENERAL.—The Director shall have au-
20 thority to set or adjust by rule any fee established
21 or charged by the Office under sections 41 and 376
22 of title 35, United States Code or under section 31
23 of the Trademark Act of 1946 (15 U.S.C. 1113) for
24 the filing or processing of any submission to, and for
25 all other services performed by or materials fur-

1 nished by, the Office, provided that such fee
2 amounts are set to reasonably compensate the Office
3 for the services performed.

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

6 (A) shall consult with the Patent Public
7 Advisory Committee and the Trademark Public
8 Advisory Committee on the advisability of re-
9 ducing any fees described in paragraph (1); and

10 (B) after that consultation may reduce
11 such fees.

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

14 (A) submit to the Patent or Trademark
15 Public Advisory Committee, or both, as appro-
16 priate, any proposed fee under paragraph (1)
17 not less than 45 days before publishing any
18 proposed fee in the Federal Register;

19 (B) provide the relevant advisory com-
20 mittee described in subparagraph (A) a 30-day
21 period following the submission of any proposed
22 fee, on which to deliberate, consider, and com-
23 ment on such proposal, and require that—

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

4 (ii) the Director shall assist the rel-
5 evant advisory committee in carrying out
6 such public hearing, including by offering
7 the use of Office resources to notify and
8 promote the hearing to the public and in-
9 terested stakeholders;

10 (C) require the relevant advisory com-
11 mittee to make available to the public a written
12 report detailing the comments, advice, and rec-
13 ommendations of the committee regarding any
14 proposed fee;

15 (D) consider and analyze any comments,
16 advice, or recommendations received from the
17 relevant advisory committee before setting or
18 adjusting any fee; and

19 (E) notify, through the Chair and Ranking
20 Member of the Senate and House Judiciary
21 Committees, the Congress of any final decision
22 regarding proposed fees.

23 (4) PUBLICATION IN THE FEDERAL REG-
24 ISTER.—

1 (A) IN GENERAL.—Any rules prescribed
2 under this subsection shall be published in the
3 Federal Register.

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

6 (i) be published in the Federal Reg-
7 ister; and

8 (ii) include, in such publication, the
9 specific rationale and purpose for the pro-
10 posal, including the possible expectations
11 or benefits resulting from the proposed
12 change.

13 (C) PUBLIC COMMENT PERIOD.—Following
14 the publication of any proposed fee in the Fed-
15 eral Register pursuant to subparagraph (A), the
16 Director shall seek public comment for a period
17 of not less than 45 days.

18 (5) CONGRESSIONAL COMMENT PERIOD.—Fol-
19 lowing the notification described in paragraph
20 (3)(E), Congress shall have not more than 45 days
21 to consider and comment on any proposed fee under
22 paragraph (1). No proposed fee shall be effective
23 prior to the end of such 45-day comment period.

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

1 (A) an applicant's rights under this title or
2 the Trademark Act of 1946; or

3 (B) any rights under a ratified treaty.

4 (b) FEES FOR PATENT SERVICES.—Division B of
5 Public Law 108-447 is amended in title VIII of the De-
6 partments of Commerce, Justice and State, the Judiciary,
7 and Related Agencies Appropriations Act, 2005, in section
8 801(a) by striking “During fiscal years 2005, 2006 and
9 2007”, and inserting “Until such time as the Director sets
10 or adjusts the fees otherwise,”.

11 (c) ADJUSTMENT OF TRADEMARK FEES.—Division
12 B of Public Law 108-447 is amended in title VIII of the
13 Departments of Commerce, Justice and State, the Judici-
14 ary and Related Agencies Appropriations Act, 2005, in
15 section 802(a) by striking “During fiscal years 2005,
16 2006 and 2007”, and inserting “Until such time as the
17 Director sets or adjusts the fees otherwise,”.

18 (d) EFFECTIVE DATE, APPLICABILITY, AND TRANSI-
19 TIONAL PROVISION.—Division B of Public Law 108-447
20 is amended in title VIII of the Departments of Commerce,
21 Justice and State, the Judiciary and Related Agencies Ap-
22 propriations Act, 2005, in section 803(a) by striking “and
23 shall apply only with respect to the remaining portion of
24 fiscal year 2005, 2006 and 2007.”.

25 (e) DEFINITIONS.—In this section:

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

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

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

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

15 The second sentence of section 44(c) of title 28,
16 United States Code, is repealed.

17 **SEC. 11. APPLICANT QUALITY SUBMISSIONS.**

18 Chapter 11 of title 35, United States Code, is amend-
19 ed by adding at the end the following new sections:

20 **“§ 123. Additional information**

21 “The Director shall, by regulation, require that appli-
22 cants submit a search report and other information and
23 analysis relevant to patentability. An application shall be
24 regarded as abandoned if the applicant fails to submit the
25 required search report, information, and analysis in the

1 manner and within the time period prescribed by the Di-
2 rector. Applications from micro-entities, as defined in sec-
3 tion 124 of this title, shall not be subject to the require-
4 ments of any regulations promulgated pursuant to this
5 section.

6 **“§ 124. Micro-entities**

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

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

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

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

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

20 “(4) does not have a gross income, as defined
21 in section 61(a) of the Internal Revenue Code (26
22 U.S.C. 61(a)), exceeding 2.5 times the average gross
23 income, as reported by the Department of Labor, in
24 the calendar year immediately preceding the cal-

1 endar year in which the examination fee is being
2 paid.

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

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

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

10 “(3) has assigned, granted, conveyed, or is
11 under an obligation by contract or law to assign,
12 grant, or convey, a license or other ownership inter-
13 est in the particular application to an entity that has
14 5 or fewer employees and that the entity has a gross
15 income, as defined in section 61(a) of the Internal
16 Revenue Code (26 U.S.C. 61(a)), that does not ex-
17 ceed 2.5 times the average gross income, as reported
18 by the Department of Labor, in the calendar year
19 immediately preceding the calendar year in which
20 the examination fee is being paid.

21 “(d) INCOME LEVEL ADJUSTMENT.—The gross in-
22 come levels established under subsections (b) and (c) shall
23 be adjusted by the Director on October 1, 2009, and every
24 year thereafter, to reflect any fluctuations occurring dur-

1 ing the previous 12 months in the Consumer Price Index,
2 as determined by the Secretary of Labor.”.

3 **SEC. 12. TECHNICAL AMENDMENTS.**

4 (a) **JOINT INVENTIONS.**—Section 116 of title 35,
5 United States Code, is amended—

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

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

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

15 (b) **FILING OF APPLICATION IN FOREIGN COUN-**
16 **TRY.**—Section 184 of title 35, United States Code, is
17 amended—

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

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

24 (3) in the third paragraph, by striking “The
25 scope” and inserting “(c) **SUBSEQUENT MODIFICA-**

1 TIONS, AMENDMENTS, AND SUPPLEMENTS.—The
2 scope”.

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

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

7 (2) in the second paragraph, by striking “The
8 Director” and inserting “(b) MULTIPLE REISSUED
9 PATENTS.—The Director”;

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

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

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

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

22 (2) in the second paragraph, by striking “in
23 like manner” and inserting “(b) ADDITIONAL DIS-
24 CLAIMER OR DEDICATION.—In the manner set forth
25 in subsection (a),”.

1 (e) CORRECTION OF NAMED INVENTOR.—Section
2 256 of title 35, United States Code, is amended—

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

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

9 (f) PRESUMPTION OF VALIDITY.—Section 282 of title
10 35, United States Code, is amended—

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

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

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

21 **SEC. 13. EFFECTIVE DATE; RULE OF CONSTRUCTION.**

22 (a) EFFECTIVE DATE.—Except as otherwise provided
23 in this Act, the provisions of this Act shall take effect 12
24 months after the date of the enactment of this Act and

1 shall apply to any patent issued on or after that effective
2 date.

3 (b) CONTINUITY OF INTENT UNDER THE CREATE
4 ACT.—The enactment of section 102(b)(3) of title 35,
5 United States Code, under section (2)(b) of this Act is
6 done with the same intent to promote joint research activi-
7 ties that was expressed, including in the legislative history,
8 through the enactment of the Cooperative Research and
9 Technology Enhancement Act of 2004 (Public Law 108–
10 453; the “CREATE Act”), the amendments of which are
11 stricken by section 2(c) of this Act. The United States
12 Patent and Trademark Office shall administer section
13 102(b)(3) of title 35, United States Code, in a manner
14 consistent with the legislative history of the CREATE Act
15 that was relevant to its administration by the Patent and
16 Trademark Office.