

107TH CONGRESS  
1ST SESSION

# H. R. 1332

To amend title 35, United States Code, to provide for improvements in the quality of patents on certain inventions.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 3, 2001

Mr. BERMAN (for himself and Mr. BOUCHER) introduced the following bill; which was referred to the Committee on the Judiciary

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## A BILL

To amend title 35, United States Code, to provide for improvements in the quality of patents on certain inventions.

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

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Business Method Pat-  
5       ent Improvement Act of 2001”.

6       **SEC. 2. DEFINITIONS.**

7       Section 100 of title 35, United States Code, is  
8       amended by adding at the end the following:

9       “(f) The term ‘business method’ means—

10       “(1) a method—

1 “(A) of—

2 “(i) processing data; or

3 “(ii) performing calculation oper-  
4 ations; and

5 “(B) which is uniquely designed for or uti-  
6 lized in the practice, administration, or manage-  
7 ment of an enterprise;

8 “(2) any technique used in athletics, instruc-  
9 tion, or personal skills; and

10 “(3) any computer-assisted implementation of a  
11 method described in paragraph (1) or a technique  
12 described in paragraph (2).

13 “(g) The term ‘business method invention’ means—

14 “(1) any invention which is a business method  
15 (including any software or other apparatus); and

16 “(2) any invention which is comprised of any  
17 claim that is a business method.”.

18 **SEC. 3. PATENTS ON BUSINESS METHOD INVENTIONS.**

19 (a) IN GENERAL.—Title 35, United States Code, is  
20 amended by inserting after chapter 31 the following new  
21 chapter:

22 **“CHAPTER 32—PATENTS ON BUSINESS**  
23 **METHOD INVENTIONS**

“Sec.

“321. Business method invention determinations.

“322. Opposition procedures.

“323. Effect on other proceedings.

“324. Burden of proof.

1 **“§ 321. Business method invention determinations**

2 “(a) CONFIDENTIALITY.—Except as provided in sub-  
3 section (b), an application for a patent on a business  
4 method invention shall be kept in confidence by the Patent  
5 and Trademark Office and no information concerning the  
6 application may be given without authority of the appli-  
7 cant or owner unless necessary to carry out the provisions  
8 of an Act of Congress or in such special circumstances  
9 as may be determined by the Director.

10 “(b) PUBLICATION.—

11 “(1) IN GENERAL.—(A) Subject to subpara-  
12 graph (E) and paragraph (2), each application for a  
13 patent on a business method invention shall be pub-  
14 lished, in accordance with procedures determined by  
15 the Director, promptly after the expiration of a pe-  
16 riod of 18 months after the earliest filing date for  
17 which a benefit is sought under this title. At the re-  
18 quest of the applicant, an application may be pub-  
19 lished earlier than the end of that 18-month period.

20 “(B) Within 12 months after the first filing  
21 date of an application in the United States for a  
22 patent under this title, the Director shall make a de-  
23 termination of whether any invention claimed in the  
24 application is a business method invention.

25 “(C) After making a determination under sub-  
26 paragraph (B) that an invention is a business meth-

1 od invention, the Director shall notify the applicant  
2 of the determination and shall provide the applicant  
3 with a period of 60 days within which to respond to  
4 the determination by amending the application, with-  
5 drawing the application, or otherwise.

6 “(D) No information concerning patent applica-  
7 tions published under this subsection shall be made  
8 available to the public, except as the Director deter-  
9 mines.

10 “(E)(i) The Director shall establish procedures  
11 for making determinations under subparagraph (B),  
12 and for addressing amendments to any application  
13 that may affect the Director’s determination of  
14 whether the invention claimed in the application is  
15 a business method invention.

16 “(ii) In no case shall an application that would  
17 be subject to section 122 but for this section be pub-  
18 lished later than the date that would otherwise apply  
19 to the application under section 122.

20 “(2) EXCEPTIONS.—(A) An application shall  
21 not be published under paragraph (1) if that appli-  
22 cation is—

23 “(i) no longer pending;

24 “(ii) subject to a secrecy order under sec-  
25 tion 181 of this title;

1           “(iii) a provisional application filed under  
2           section 111(b) of this title; or

3           “(iv) an application for a design patent  
4           filed under chapter 16 of this title.

5           “(B) No application for a patent shall be pub-  
6           lished under paragraph (1) if the publication or dis-  
7           closure of such invention would be detrimental to the  
8           national security. The Director shall establish appro-  
9           priate procedures to ensure that such applications  
10          are promptly identified and the secrecy of such in-  
11          ventions is maintained in accordance with chapter  
12          17 of this title.

13          “(3) PUBLIC PARTICIPATION.—Any party shall  
14          have the opportunity to submit to the Director for  
15          the record prior art (including, but not limited to,  
16          evidence of knowledge or use, or public use or sale,  
17          under section 102), file a protest, or petition the Di-  
18          rector to conduct a proceeding to determine whether  
19          the invention was known or used, or was in public  
20          use, or on sale, under section 102 or is obvious  
21          under section 103. The Director shall conduct such  
22          a proceeding if the petition—

23                  “(i) is in writing;

24                  “(ii) is accompanied by payment of the fee  
25                  set forth in section 41(a) of this title; and

1           “(iii) sets forth in detail the basis on which  
2           the proceeding is requested.

3           “(4) AVAILABILITY OF INFORMATION.—Infor-  
4           mation submitted pursuant to paragraph (3) shall be  
5           considered during the examination of the patent ap-  
6           plication.

7           “(5) PROVISIONAL RIGHTS.—During the period  
8           of pendency of an application after publication, an  
9           applicant shall have provisional rights pursuant to  
10          section 154 of this title.

11   **“§ 322. Opposition procedures**

12          “(a) ADMINISTRATIVE OPPOSITION PANEL.—

13           “(1) ESTABLISHMENT.—The Director shall, not  
14          later than 1 year after the date of enactment of the  
15          Business Method Patent Improvement Act of 2001,  
16          establish an Administrative Opposition Panel. The  
17          Administrative Opposition Panel shall be comprised  
18          of not less than 18 administrative opposition judges,  
19          each of whom shall be an individual of competent  
20          legal knowledge and scientific ability. Upon estab-  
21          lishment of the Administrative Opposition Panel, the  
22          Director shall publish notice of the establishment of  
23          the Panel in the Federal Register.

24           “(2) ASSIGNMENT OF PATENT EXAMINERS TO  
25          PANEL.—Patent examiners may be assigned on de-

1 tail to assist the Administrative Opposition Panel in  
2 carrying out opposition proceedings under this sec-  
3 tion, except that a patent examiner may not be as-  
4 signed to assist in review of a patent application ex-  
5 amined by that patent examiner. The Director shall  
6 establish procedures by which an opposition is heard  
7 under subsection (b).

8 “(b) OPPOSITION PROCEDURES.—

9 “(1) REQUEST FOR OPPOSITION.—(A) Any per-  
10 son may file a request for an opposition to a patent  
11 on a business method invention on the basis of sec-  
12 tion 101, 102, 103, or 112 of this title. Such a re-  
13 quest is valid only if the request—

14 “(i) is made not later than 9 months after  
15 the date of issuance of the patent;

16 “(ii) is in writing;

17 “(iii) is accompanied by payment of the  
18 opposition fee set forth in section 41(a) of this  
19 title; and

20 “(iv) sets forth in detail the basis on which  
21 the opposition is requested.

22 “(B) Not later than 60 days after receiving a  
23 valid request under subparagraph (A), the Director  
24 shall issue an order for an opposition proceeding to  
25 be held on the record after opportunity for a hear-

1 ing, and shall promptly send a copy of the request  
2 to the owner of record of the patent. The patent  
3 owner shall be provided a reasonable period, but in  
4 no case less than 60 days after the date on which  
5 a copy of the request is given or mailed to the pat-  
6 ent owner, within which the owner may file a state-  
7 ment in reply to the grounds for the request for op-  
8 position, including any amendment to the patent and  
9 new claim or claims, for consideration in the opposi-  
10 tion proceeding. If the patent owner files such a  
11 statement, the patent owner shall promptly serve a  
12 copy of the statement on the third-party requester.  
13 Not later than 2 months after the date of such serv-  
14 ice, the third-party requester may file and have con-  
15 sidered in the opposition proceeding a reply to the  
16 statement filed by the patent owner.

17 “(2) CONDUCT OF OPPOSITION PRO-  
18 CEEDINGS.—Each opposition shall be heard by one  
19 administrative opposition judge, and no party shall  
20 be permitted ex parte communication with the ad-  
21 ministrative opposition judge. In addition to the  
22 statements and replies set forth in paragraph (1),  
23 the administrative opposition judge may consider  
24 evidence that the judge considers relevant, including  
25 evidence that is presented in any oral testimony (in-

1 including exhibits and expert testimony) in direct or  
2 cross examination, or in any deposition, affidavit, or  
3 other documentary form, whether voluntary or com-  
4 pelled. In any opposition proceeding, the Federal  
5 Rules of Evidence shall apply.

6 “(3) AMENDMENTS TO PATENT CLAIMS.—A  
7 patent applicant may propose to amend a patent  
8 claim or propose a new claim at any time during the  
9 opposition proceeding, except that no proposed  
10 amended or new claim enlarging the scope of a claim  
11 of the patent may be permitted at any time during  
12 an opposition proceeding under this section.

13 “(4) DETERMINATION.—Not later than 18  
14 months after the filing of a request for an opposition  
15 under this section, the administrative opposition  
16 judge in the opposition proceeding shall determine  
17 the patentability of the subject matter of the patent,  
18 a record of the administrative opposition judge’s de-  
19 termination under this section shall be placed in the  
20 official file of the patent, and a copy shall promptly  
21 be given or mailed to the owner of record of the pat-  
22 ent and to the third-party requester.

23 “(5) APPEALS.—Any party to the opposition  
24 may appeal a decision of the Administrative Opposi-  
25 tion Panel under the provisions of section 134 of

1 this title, and may seek court review under the pro-  
2 visions of sections 141 through 145 of this title, with  
3 respect to any decision in regard to the patentability  
4 of any original or proposed amended or new claim  
5 of the patent. A patent owner may be a party to an  
6 appeal taken by a third-party requester. Any third-  
7 party requester may be a party to an appeal taken  
8 by a patent owner.

9 “(6) CERTIFICATION OF PATENTABILITY.—In  
10 an opposition proceeding under this chapter, when  
11 the time for appeal has expired or any appeal pro-  
12 ceeding has terminated, the Director shall issue and  
13 publish a certificate canceling any claim of the pat-  
14 ent finally determined to be unpatentable, con-  
15 firming any claim of the patent determined to be  
16 patentable, and incorporating in the patent any pro-  
17 posed amended or new claim determined to be pat-  
18 entable.

19 “(7) EFFECT OF DETERMINATION.—Any pro-  
20 posed, amended, or new claim determined to be pat-  
21 entable and incorporated into a patent following an  
22 opposition proceeding shall have the same effect as  
23 that specified in section 252 of this title for reissued  
24 patents on the right of any person who made, pur-  
25 chased, or used within the United States, or im-

1 ported into the United States, anything patented by  
2 such proposed amended or new claim, or who made  
3 substantial preparations therefor, prior to issuance  
4 of a certificate under paragraph (6) of this sub-  
5 section.

6 **“§ 323. Effect on other proceedings**

7 “(a) RIGHT TO LITIGATION.—Subject to subsections  
8 (b) and (c), proceedings under section 322 shall not alter  
9 or prejudice any party’s right to pursue remedies under  
10 provisions of law other than this section. In the case of  
11 court proceedings, other than an appeal of a decision in  
12 an opposition proceeding under this section, the court may  
13 consider any matter independently of any opposition pro-  
14 ceeding under this section.

15 “(b) EFFECT OF FINAL DECISIONS.—

16 “(1) IN FUTURE OPPOSITION PROCEEDINGS.—

17 If a final decision has been entered against a party  
18 in a civil action arising in whole or in part under  
19 section 1338 of title 28, establishing that the party  
20 has not sustained its burden of proving the invalidity  
21 of any patent claim, or if a final decision in an inter  
22 partes reexamination proceeding instituted by a  
23 third-party requester is favorable to the patentability  
24 of any original or proposed amended or new claim  
25 of the patent—

1           “(A) neither that party to the civil action,  
2           the third-party requester, nor the privies of that  
3           party or third-party requester may thereafter  
4           request an opposition to such patent claim on  
5           the basis of issues which that party, third-party  
6           requester, or the privies of that party or third-  
7           party requester raised in such civil action or  
8           inter partes reexamination proceeding (as the  
9           case may be); and

10           “(B) an opposition requested by that  
11           party, third-party requester, or the privies of  
12           that party or third-party requester on the basis  
13           of such issues may not thereafter be maintained  
14           by the Office.

15           “(2) EFFECT OF FINAL DECISION IN OPPOSI-  
16           TION.—If a final decision in an opposition pro-  
17           ceeding instituted by a third-party requester is fa-  
18           vorable to the patentability of any original or pro-  
19           posed amended or new claim of the patent—

20           “(A) neither the third-party requester, nor  
21           the privies of that third-party requester, may  
22           thereafter bring a civil action under section  
23           1338 of title 28, or request an inter partes re-  
24           examination of, or an opposition to, such patent  
25           claim on the basis of issues which that third-

1 party requester, or the privies of that third-  
2 party requester, raised in such opposition pro-  
3 ceeding; and

4 “(B) an inter partes reexamination or op-  
5 position requested by that third-party requester,  
6 or the privies of that third-party requester, on  
7 the basis of such issues may not thereafter be  
8 maintained by the Office.

9 “(3) NEW EVIDENCE.—Paragraphs (1) and (2)  
10 do not prevent the assertion by a party to a civil ac-  
11 tion or a third-party requester of invalidity based on  
12 newly discovered prior art, or other evidence, un-  
13 available to that party or third-party requester, as  
14 the case may be, and the Patent and Trademark Of-  
15 fice, at the time of the civil action, inter partes reex-  
16 amination, or opposition proceeding (as the case  
17 may be).

18 “(c) STAY OF LITIGATION.—Once an order for an op-  
19 position proceeding with respect to a patent has been  
20 issued under section 322(b)(1)(B), any party to the pro-  
21 ceeding may obtain a stay of any pending court proceeding  
22 (other than an appeal to the Court of Appeals for the Fed-  
23 eral Circuit) which involves an issue of patentability of any  
24 claims of the patent which are the subject of the opposi-  
25 tion proceeding, unless the court before which such litiga-

1 tion is pending determines that a stay would not serve the  
2 interests of justice.

3 **“§ 324. Burden of proof**

4 “(a) BURDEN OF PROOF.—In the case of reexamina-  
5 tion, interference, opposition, or other legal challenge (in-  
6 cluding a civil action brought in whole or in part under  
7 section 1338 of title 28) to a patent (or an application  
8 for a patent) on a business method invention, the party  
9 producing evidence of invalidity or ineligibility shall have  
10 the burden of showing by a preponderance of the evidence  
11 the invalidity of the patent or ineligibility of the subject  
12 matter of the application.”.

13 (b) FEES.—Section 41(a) of title 35, United States  
14 Code, is amended—

15 (1) by redesignating paragraphs (7) through  
16 (15) as paragraphs (9) through (17), respectively;  
17 and

18 (2) by inserting after paragraph (6) the fol-  
19 lowing:

20 “(7)(A) On filing an opposition under chapter  
21 32 to a patent on a business method invention based  
22 on prior art citations or obviousness, a fee of \$200.

23 “(B) On filing an opposition under chapter 32  
24 to a patent on a business method invention on any  
25 other basis, a fee of \$5,000.

1           “(C) The Director may waive the payment by  
2           an individual of fees under this paragraph if such  
3           waiver is in the public interest.

4           “(8) On filing a request for a proceeding to de-  
5           termine whether an invention claimed in an applica-  
6           tion was known or used, or has been in public use  
7           or on sale, under section 102, a fee of \$35.”.

8           (c) CLERICAL AMENDMENT.—The table of chapters  
9           for part III of title 35, United States Code, is amended  
10          by adding at the end the following:

**“32. Patents on Business Method Inventions ..... 321.”.**

11         **SEC. 4. NONOBVIOUSNESS.**

12           Section 103 of title 35, United States Code, is  
13          amended by adding at the end the following:

14           “(d)(1) A business method invention shall be pre-  
15          sumed obvious under this section if the only significant  
16          difference between the combined teachings of the prior art  
17          and the claimed invention is that the claimed invention  
18          is appropriate for use with a computer technology,  
19          unless—

20           “(A) the application of the computer technology  
21          is novel; or

22           “(B) the computer technology is novel and not  
23          the subject of another patent or patent application.

24           “(2)(A) An applicant or patentee may rebut the pre-  
25          sumption under paragraph (1) upon a showing by a pre-

1 ponderance of the evidence that the invention is not obvi-  
2 ous to persons of ordinary skill in all relevant arts.

3 “(B) Those areas of art which are relevant for pur-  
4 poses of subparagraph (A) include the field of the business  
5 method and the field of the computer implementation.”.

6 **SEC. 5. REQUIREMENT TO DISCLOSE SEARCH.**

7 The Director of the Patent and Trademark Office  
8 shall, within 30 days after the date of enactment of this  
9 Act, publish notice of rulemaking proceedings to amend  
10 the rules of the Patent and Trademark Office to require  
11 an applicant for a patent for a business method invention  
12 to disclose in the application the extent to which the appli-  
13 cant searched for prior art to meet the requirements of  
14 title 35, United States Code. Such amendment shall in-  
15 clude appropriate penalties for failure to comply with such  
16 requirement. The Director shall ensure that the amend-  
17 ment is implemented as promptly as possible.

18 **SEC. 6. CONFORMING AMENDMENTS.**

19 (a) DEFINITIONS.—Section 100(e) of title 35, United  
20 States Code, is amended by striking “or inter partes reex-  
21 amination under section 311” and inserting “, inter partes  
22 reexamination under section 311, or an opposition under  
23 section 322,”.

1 (b) BOARD OF PATENT APPEALS AND INTER-  
2 FERENCES.—Section 134 of title 35, United States Code,  
3 is amended—

4 (1) in subsection (b)—

5 (A) by inserting “or opposition” after “re-  
6 examination”; and

7 (B) by inserting “or the Administrative  
8 Opposition Panel (as the case may be)” after  
9 “administrative patent judge”; and

10 (2) in subsection (c)—

11 (A) by striking “proceeding” and inserting  
12 “reexamination proceeding or an opposition  
13 proceeding”;

14 (B) by inserting “or the Administrative  
15 Opposition Panel (as the case may be)” after  
16 “administrative patent judge”; and

17 (C) in the last sentence, by inserting “in  
18 an inter partes reexamination proceeding” after  
19 “requester”.

20 (c) APPEAL TO COURT OF APPEALS.—(1) Section  
21 141 of title 35, United States Code, is amended in the  
22 second sentence by inserting after “reexamination pro-  
23 ceeding” the following: “, and any party in an opposition  
24 proceeding, who is”.

1           (2) Section 143 of title 35, United States Code, is  
2 amended by inserting after the third sentence the fol-  
3 lowing: “In any opposition proceeding, the Administrative  
4 Opposition Panel shall submit to the court in writing the  
5 grounds for the decision of the Panel, addressing all the  
6 issues involved in the appeal.”.

7           (d) DEFENSE TO INFRINGEMENT.—Section 273 of  
8 title 35, United States Code, is amended—

9           (1) in subsection (a)—

10                   (A) by striking paragraph (3) and redesignig-  
11 nating paragraph (4) as paragraph (3); and

12                   (B) in paragraphs (1) and (2) by striking  
13 “method” and inserting “business method”;  
14 and

15           (2) in subsection (b), by striking “method”  
16 each place it appears and inserting “business meth-  
17 od”.

18           (e) OTHER PUBLICATION OF PATENT APPLICA-  
19 TIONS.—Section 122 of title 35, United States Code, is  
20 amended by adding at the end the following:

21           “(e) BUSINESS METHOD INVENTIONS.—In the case  
22 of applications for business method inventions, section 321  
23 of this title applies in lieu of this section.”.

1 **SEC. 7. EFFECTIVE DATE.**

2 (a) IN GENERAL.—Subject to subsections (b), (c),  
3 and (d), this Act and the amendments made by this Act  
4 apply to—

5 (1) any application for patent that is pending  
6 on, or that is filed on or after, the date of enactment  
7 of this Act; and

8 (2) any patent issued on or after the date of en-  
9 actment of this Act.

10 (b) PENDING APPLICATIONS.—In applying section  
11 321 of title 35, United States Code, as added by section  
12 3 of this Act, to an application for patent that is pending  
13 on the date of enactment of this Act—

14 (1) the Director of the Patent and Trademark  
15 Office shall make the determination required by sub-  
16 section (b)(1)(B) of such section 321 within 12  
17 months after the date of enactment of this Act, or  
18 on the date specified in such section 321, whichever  
19 occurs later;

20 (2) subject to paragraph (3), such an applica-  
21 tion shall be published—

22 (A) on the date specified in section 321 of  
23 title 35, United States Code, or

24 (B) the date on which the determination is  
25 made pursuant to paragraph (1),

26 whichever occurs later; and

1           (3) in no case shall an application that would  
2           be published under section 122 of title 35, United  
3           States Code, but for the enactment of this Act, be  
4           published later than the date specified in such sec-  
5           tion 122, regardless of when the Director makes the  
6           determination under paragraph (1).

7           (c) PATENTS ISSUED BEFORE ESTABLISHMENT OF  
8           ADMINISTRATIVE OPPOSITION PANEL.—In the case of a  
9           patent issued after the enactment of this Act but before  
10          the date on which notice of the establishment of the Ad-  
11          ministrative Opposition Panel is published under section  
12          322(a)(1) of title 35, United States Code (as added by  
13          this Act), a request for an opposition to the patent may  
14          be filed under section 322(b)(1)(A) of title 35, United  
15          States Code (as added by this Act), notwithstanding the  
16          9-month requirement set forth in clause (i) of that section,  
17          if the request is filed not later than 9 months after the  
18          date on which such notice is so published.

○