

110TH CONGRESS
2D SESSION

S. 3600

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

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 25 (legislative day, SEPTEMBER 17), 2008

Mr. KYL introduced the following bill; which was read twice and referred to
the Committee on the Judiciary

A BILL

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

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

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

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Patent Reform Act of 2008”.

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

- Sec. 1. Short title; table of contents.
- Sec. 2. Right of the first inventor to file.
- Sec. 3. Inventor’s oath or declaration.
- Sec. 4. Damages.
- Sec. 5. Post-grant review proceedings.
- Sec. 6. Definition; patent trial and appeal board.
- Sec. 7. Submissions by third parties and other quality enhancements.
- Sec. 8. Venue.

Sec. 9. Patent and trademark office regulatory authority.

Sec. 10. Applicant quality submissions.

Sec. 11. Inequitable conduct and civil sanctions for misconduct before the Office.

Sec. 12. Authority of the Director of the Patent and Trademark Office to accept late filings.

Sec. 13. Limitation on damages and other remedies with respect to patents for methods in compliance with check imaging methods.

Sec. 14. Patent and trademark office funding.

Sec. 15. Technical amendments.

Sec. 16. 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

1 the earliest such application in which the claimed in-
2 vention is disclosed in the manner provided by the
3 first paragraph of section 112.

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

7 (b) CONDITIONS FOR PATENTABILITY.—

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

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

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

13 “(1) the claimed invention was patented, de-
14 scribed in a printed publication, or otherwise made
15 available to the public (other than through testing
16 undertaken to reduce the invention to practice)—

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

19 “(B) 1 year or less before the effective fil-
20 ing date of the claimed invention, other than
21 through disclosures made by the inventor or a
22 joint inventor or by others who obtained the
23 subject matter disclosed directly or indirectly
24 from the inventor or a joint inventor; or

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

8 “(b) EXCEPTIONS.—

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

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

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

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

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

16 “(3) JOINT RESEARCH AGREEMENT EXCEP-
17 TION.—

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

23 “(i) the subject matter and the
24 claimed invention were made by or on be-
25 half of 1 or more parties to a joint re-

1 search agreement that was in effect on or
2 before the effective filing date of the
3 claimed invention;

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

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

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

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

24 “(A) as of the filing date of the patent or
25 the application for patent; or

1 the claimed invention pertains. Patentability shall not be
2 negated by the manner in which the invention was made.”.

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

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

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

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

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

23 (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 1 year after the date of first publication of an appli-
15 cation or of the issuance of a patent, whichever is
16 earlier, containing a claim that is the same or is
17 substantially the same as the claimed invention,
18 must be made under oath, and must be supported
19 by substantial evidence. Whenever the Director de-
20 termines that patents or applications for patent
21 naming different individuals as the inventor interfere
22 with one another because of a dispute over the right
23 to patent under section 101, the Director shall insti-
24 tute a derivation proceeding for the purpose of de-
25 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 whose
15 application has the earlier effective filing date of the
16 commonly claimed invention.

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

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

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

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

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

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

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

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

24 (4) The section heading for section 135 of title 35,
25 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 2008), 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) or that commences the national stage
17 under section 371 (including an application under section
18 111 that is filed by an inventor for an invention for which
19 an application has previously been filed under this title
20 by that inventor) shall include, or be amended to include,
21 the name of the inventor of any claimed invention in the
22 application. Except as otherwise provided in this section,
23 an individual who is the inventor or a joint inventor of
24 a claimed invention in an application for patent shall exe-

1 cute an oath or declaration in connection with the applica-
2 tion.

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

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

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

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

14 “(d) SUBSTITUTE STATEMENT.—

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

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

1 “(A) is unable to file the oath or declara-
2 tion under subsection (a) because the indi-
3 vidual—

4 “(i) is deceased;

5 “(ii) is under legal incapacity; or

6 “(iii) cannot be found or reached after
7 diligent effort; or

8 “(B) is under an obligation to assign the
9 invention but has refused to make the oath or
10 declaration required under subsection (a).

11 “(3) CONTENTS.—A substitute statement under
12 this subsection shall—

13 “(A) identify the individual with respect to
14 whom the statement applies;

15 “(B) set forth the circumstances rep-
16 resenting the permitted basis for the filing of
17 the substitute statement in lieu of the oath or
18 declaration under subsection (a); and

19 “(C) contain any additional information,
20 including any showing, required by the Direc-
21 tor.

22 “(e) MAKING REQUIRED STATEMENTS IN ASSIGN-
23 MENT OF RECORD.—An individual who is under an obliga-
24 tion of assignment of an application for patent may in-
25 clude the required statements under subsections (b) and

1 (c) in the assignment executed by the individual, in lieu
2 of filing such statements separately.

3 “(f) TIME FOR FILING.—A notice of allowance under
4 section 151 may be provided to an applicant for patent
5 only if the applicant for patent has filed each required
6 oath or declaration under subsection (a) or has filed a sub-
7 stitute statement under subsection (d) or recorded an as-
8 signment meeting the requirements of subsection (e).

9 “(g) EARLIER-FILED APPLICATION CONTAINING RE-
10 QUIRED STATEMENTS OR SUBSTITUTE STATEMENT.—
11 The requirements under this section shall not apply to an
12 individual with respect to an application for patent in
13 which the individual is named as the inventor or a joint
14 inventor and that claims the benefit under section 120 or
15 365(e) of the filing of an earlier-filed application, if—

16 “(1) an oath or declaration meeting the require-
17 ments of subsection (a) was executed by the indi-
18 vidual and was filed in connection with the earlier-
19 filed application;

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

23 “(3) an assignment meeting the requirements
24 of subsection (e) was executed with respect to the
25 earlier-filed application by the individual and was re-

1 corded in connection with the earlier-filed applica-
2 tion.

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

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

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

23 “(3) SAVINGS CLAUSE.—No patent shall be in-
24 valid or unenforceable based upon the failure to

1 comply with a requirement under this section if the
2 failure is remedied as provided under paragraph (1).

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

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

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

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

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

20 (C) by striking “and oath” each place it
21 appears.

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

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

1 (b) FILING BY OTHER THAN INVENTOR.—Section
2 118 of title 35, United States Code, is amended to read
3 as follows:

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

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

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

19 (1) in the first paragraph—

20 (A) by striking “The specification” and in-
21 serting “(a) IN GENERAL.—The specification”;

22 and

23 (B) by striking “, and shall set forth” and
24 all that follows through “his invention”; and

25 (2) in the second paragraph—

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

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

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

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

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

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

19 **SEC. 4. DAMAGES.**

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

22 **“§ 284. Damages**

23 “(a) IN GENERAL.—

24 “(1) COMPENSATORY DAMAGES.—Upon finding
 25 for a claimant, the court shall award the claimant

1 damages adequate to compensate for the infringe-
2 ment, but in no event less than a reasonable royalty
3 for the use made of the invention by the infringer,
4 together with interest and costs as determined by
5 the court.

6 “(2) INCREASED DAMAGES.—When the dam-
7 ages are not found by a jury, the court shall assess
8 them. In either event the court may increase the
9 damages up to 3 times the amount found or as-
10 sessed. Increased damages under this paragraph
11 shall not apply to provisional rights under section
12 154(d) of this title.

13 “(3) LIMITATION.—Subsections (b) through (i)
14 of this section apply only to the determination of the
15 amount of reasonable royalty and shall not apply to
16 the determination of other types of damages.

17 “(b) HYPOTHETICAL NEGOTIATION.—For purposes
18 of this section, the term ‘reasonable royalty’ means the
19 amount that the infringer would have agreed to pay and
20 the claimant would have agreed to accept if the infringer
21 and claimant had voluntarily negotiated a license for use
22 of the invention at the time just prior to when the infringe-
23 ment began. The court or the jury, as the case may be,
24 shall assume that the infringer and claimant would have
25 agreed that the patent is valid, enforceable, and infringed.

1 “(c) APPROPRIATE FACTORS.—The court or the jury,
2 as the case may be, may consider any factors that are rel-
3 evant to the determination of the amount of a reasonable
4 royalty.

5 “(d) STANDARDIZED MEASURES.—The amount of a
6 reasonable royalty shall not be determined by the use of
7 a standard or average ratio for the division of profits, an
8 industry average rate for royalties, or other methods that
9 are not based on the particular benefits or advantages of
10 the use of the invention, unless the party asserting the
11 propriety of such a method demonstrates that—

12 “(1) the use made of the invention is the pri-
13 mary reason for demand for the infringing product
14 or process;

15 “(2) the method consists of the use of an estab-
16 lished royalty;

17 “(3) the method consists of the use of an indus-
18 try average range to confirm that an estimate of the
19 amount of a reasonable royalty that is produced by
20 an independently allowable method falls within a
21 reasonable range; or

22 “(4) no other method is reasonably available to
23 determine the amount of a reasonable royalty and
24 the use of the method is otherwise appropriate.

25 “(e) COMPARABLE PATENTS.—

1 “(1) IN GENERAL.—The amount of a reason-
2 able royalty shall not be determined by comparison
3 to royalties paid for patents other than the patent
4 in suit unless—

5 “(A) such other patents are used in the
6 same or an analogous technological field;

7 “(B) such other patents are found to be
8 economically comparable to the patent in suit;
9 and

10 “(C) evidence of the value of such other
11 patents is presented in conjunction with or as
12 confirmation of other evidence for determining
13 the amount of a reasonable royalty.

14 “(2) FACTORS.—Factors that may be consid-
15 ered to determine whether another patent is eco-
16 nomically comparable to the patent in suit under
17 paragraph (1)(A) include whether—

18 “(A) the other patent is comparable to the
19 patent in suit in terms of the overall signifi-
20 cance of the other patent to the product or
21 process licensed under such other patent; and

22 “(B) the product or process that uses the
23 other patent is comparable to the infringing
24 product or process based upon its profitability
25 or a like measure of value.

1 “(f) FINANCIAL CONDITION.—The financial condi-
2 tion of the infringer as of the time of the trial shall not
3 be relevant to the determination of the amount of a rea-
4 sonable royalty.

5 “(g) SEQUENCING.—Either party may request that
6 a patent-infringement trial be sequenced so that the court
7 or the jury, as the case may be, decides questions of the
8 patent’s infringement and validity before the issue of the
9 amount of a reasonable royalty is presented to the court
10 or the jury, as the case may be. The court shall grant
11 such a request absent good cause to reject the request,
12 such as the absence of issues of significant damages or
13 infringement and validity. The sequencing of a trial pursu-
14 ant to this subsection shall not affect other matters, such
15 as the timing of discovery.

16 “(h) EXPERTS.—In addition to the expert disclosure
17 requirements under rule 26(a)(2) of the Federal Rules of
18 Civil Procedure, a party that intends to present the testi-
19 mony of an expert relating to the amount of a reasonable
20 royalty shall provide—

21 “(1) to the other parties to that civil action, the
22 expert report relating to damages, including all data
23 and other information considered by the expert in
24 forming the opinions of the expert; and

1 “(2) to the court, at the same time as to the
2 other parties, the complete statement of all opinions
3 that the expert will express and the basis and rea-
4 sons for those opinions.

5 “(i) JURY INSTRUCTIONS.—On the motion of any
6 party and after allowing any other party to the civil action
7 a reasonable opportunity to be heard, the court shall de-
8 termine whether there is no legally sufficient evidence to
9 support 1 or more of the contentions of a party relating
10 to the amount of a reasonable royalty. The court shall
11 identify for the record those factors that are supported
12 by legally sufficient evidence, and shall instruct the jury
13 to consider only those factors when determining the
14 amount of a reasonable royalty. The jury may not consider
15 any factor for which legally sufficient evidence has not
16 been admitted at trial.”.

17 (b) TESTIMONY BY EXPERTS.—Chapter 29 of title
18 35, United States Code, as amended by section 11, is fur-
19 ther amended by adding at the end the following:

20 “§ 299A. Testimony by experts

21 “(a) FEDERAL RULE.—In a patent case, the court
22 shall ensure that the testimony of a witness qualified as
23 an expert by knowledge, skill, experience, training, or edu-
24 cation meets the requirements set forth in rule 702 of the
25 Federal Rules of Evidence.

1 “(b) DETERMINATION OF RELIABILITY.—To deter-
2 mine whether an expert’s principles and methods are reli-
3 able, the court may consider, among other factors—

4 “(1) whether the expert’s theory or technique
5 can be or has been tested;

6 “(2) whether the theory or technique has been
7 subjected to peer review and publication;

8 “(3) the known or potential error rate of the
9 theory or technique, and the existence and mainte-
10 nance of standards controlling the technique’s oper-
11 ation;

12 “(4) the degree of acceptance of the theory or
13 technique within the relevant scientific or specialized
14 community;

15 “(5) whether the theory or technique is em-
16 ployed independently of litigation; or

17 “(6) whether the expert has adequately consid-
18 ered or accounted for readily available alternative
19 theories or techniques.

20 “(c) REQUIRED EXPLANATION.—The court shall ex-
21 plain its reasons for allowing or barring the introduction
22 of an expert’s proposed testimony under this section.”.

23 **SEC. 5. POST-GRANT REVIEW PROCEEDINGS.**

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

1 “(a) Within 3 months after the owner of a patent
2 files a request for reexamination under section 302, the
3 Director shall determine whether a substantial new ques-
4 tion of patentability affecting any claim of the patent con-
5 cerned is raised by the request, with or without consider-
6 ation of other patents or printed publications. The exist-
7 ence of a substantial new question of patentability is not
8 precluded by the fact that a patent or printed publication
9 was previously cited by or to the Office or considered by
10 the Office.”.

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

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

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

23 (c) POST-GRANT REVIEW PROCEEDINGS.—Part III
24 of title 35, United States Code, is amended by adding at
25 the end the following:

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

“Sec.

“321. Petition for post-grant review.

“322. Relation to other proceedings or actions.

“323. Requirements of petition.

“324. Publication and public availability of petition.

“325. Consolidation or stay of proceedings.

“326. Submission of additional information.

“327. Institution of post-grant review proceedings.

“328. Determination not appealable.

“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. Appeal.

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

4 “(a) IN GENERAL.—Subject to the provisions of this
 5 chapter, a person who has a substantial economic interest
 6 adverse to a patent may file with the Office a petition to
 7 institute a post-grant review proceeding for that patent.
 8 If instituted, such a proceeding shall be deemed to be ei-
 9 ther a first-period proceeding or a second-period pro-
 10 ceeding. The Director shall establish, by regulation, fees
 11 to be paid by the person requesting the proceeding, in such
 12 amounts as the Director determines to be reasonable, con-
 13 sidering the aggregate costs of the post-grant review pro-
 14 ceeding and the status of the petitioner.

15 “(b) FIRST-PERIOD PROCEEDING.—

16 “(1) SCOPE.—A petitioner in a first-period pro-
 17 ceeding may request to cancel as unpatentable 1 or

1 more claims of a patent on any ground that could
2 be raised under paragraph (2) or (3) of section
3 282(b) (relating to invalidity of the patent or any
4 claim).

5 “(2) FILING DEADLINE.—A petition for a first-
6 period proceeding shall be filed not later than 9
7 months after the grant of the patent or issuance of
8 a reissue patent.

9 “(c) SECOND-PERIOD PROCEEDING.—

10 “(1) SCOPE.—A petitioner in a second-period
11 proceeding may request to cancel as unpatentable 1
12 or more claims of a patent only on a ground that
13 could be raised under section 102 or 103 and only
14 on the basis of prior art consisting of patents or
15 printed publications.

16 “(2) FILING DEADLINE.—A petition for a sec-
17 ond-period proceeding shall be filed after the later of
18 either—

19 “(A) 9 months after the grant of a patent
20 or issuance of a reissue of a patent; or

21 “(B) if a first-period proceeding is insti-
22 tuted under section 327, the date of the termi-
23 nation of such first-period proceeding.

1 **“§ 322. Relation to other proceedings or actions**

2 “(a) EARLY ACTIONS.—A first-period proceeding
3 may not be instituted until after a civil action alleging in-
4 fringement of the patent is finally concluded if—

5 “(1) the infringement action is filed within 3
6 months after the grant of the patent;

7 “(2) a stay of the proceeding is requested by
8 the patent owner;

9 “(3) the Director determines that the infringe-
10 ment action is likely to address the same or substan-
11 tially the same questions of patentability that would
12 be addressed in the proceeding; and

13 “(4) the Director determines that a stay of the
14 proceeding would not be contrary to the interests of
15 justice.

16 “(b) PENDING CIVIL ACTIONS.—

17 “(1) INFRINGER’S ACTION.—A post-grant re-
18 view proceeding may not be instituted or maintained
19 if the petitioner or real party in interest has filed a
20 civil action challenging the validity of a claim of the
21 patent.

22 “(2) PATENT OWNER’S ACTION.—A second-pe-
23 riod proceeding may not be instituted if the petition
24 requesting the proceeding is filed more than 3
25 months after the date on which the petitioner, real

1 party in interest, or his privy is required to respond
2 to a civil action alleging infringement of the patent.

3 “(3) STAY OR DISMISSAL.—The Director may
4 stay or dismiss a second-period proceeding if the pe-
5 titioner or real party in interest challenges the valid-
6 ity of a claim of the patent in a civil action.

7 “(c) DUPLICATIVE PROCEEDINGS.—A post-grant re-
8 view or reexamination proceeding may not be instituted
9 if—

10 “(1) the petition requesting the proceeding
11 identifies the same petitioner or real party in inter-
12 est and the same patent as a previous petition re-
13 questing a post-grant review proceeding; or

14 “(2) the petition requests cancellation of a
15 claim in a reissue patent that is identical to a claim
16 in the original patent from which the reissue patent
17 was issued, and the time limitations in section 321
18 would bar filing a post-grant review petition for such
19 original patent.

20 “(d) ESTOPPEL.—The petitioner in any post-grant
21 review proceeding under this chapter may not request or
22 maintain a proceeding before the Office with respect to
23 a claim, or assert either in a civil action arising in whole
24 or in part under section 1338 of title 28 or in a proceeding

1 before the International Trade Commission that a claim
2 in a patent is invalid, on any ground that—

3 “(1) the petitioner, real party in interest, or his
4 privy raised during a post-grant review proceeding
5 resulting in a final decision under section 334; or

6 “(2) the petitioner, real party in interest, or his
7 privy could have raised during a second-period pro-
8 ceeding resulting in a final decision under section
9 334.

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

11 “A petition filed under section 321 may be considered
12 only if—

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

16 “(2) the petition identifies all real parties in in-
17 terest;

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

23 “(A) copies of patents and printed publica-
24 tions that the petitioner relies upon in support
25 of the petition; and

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

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

7 “(5) the petitioner provides copies of any of the
8 documents required under paragraphs (3) and (4) to
9 the patent owner or, if applicable, the designated
10 representative of the patent owner.

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

12 “(a) IN GENERAL.—As soon as practicable after the
13 receipt of a petition under section 321, the Director
14 shall—

15 “(1) publish the petition in the Federal Reg-
16 ister; and

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

19 “(b) PUBLIC AVAILABILITY.—The file of any pro-
20 ceeding under this chapter shall be made available to the
21 public except that any petition or document filed with the
22 intent that it be sealed shall be accompanied by a motion
23 to seal. Such petition or document shall be treated as
24 sealed, pending the outcome of the ruling on the motion.

1 Failure to file a motion to seal will result in the pleadings
2 being placed in the public record.

3 **“§ 325. Consolidation or stay of proceedings**

4 “(a) FIRST-PERIOD PROCEEDINGS.—If more than 1
5 petition for a first-period proceeding is properly filed
6 against the same patent and the Director determines that
7 more than 1 of these petitions warrants the instituting of
8 a first-period proceeding under section 327, the Director
9 shall consolidate such proceedings into a single first-period
10 proceeding.

11 “(b) SECOND-PERIOD PROCEEDINGS.—If the Direc-
12 tor institutes a second-period proceeding, the Director, in
13 his discretion, may join as a party to that second-period
14 proceeding any person who properly files a petition under
15 section 321 that the Director, after receiving a preliminary
16 response under section 330 or the expiration of the time
17 for filing such a response, determines warrants the insti-
18 tuting of a second-period proceeding under section 327.

19 “(c) OTHER PROCEEDINGS.—Notwithstanding sec-
20 tions 135(a), 251, and 252, and chapter 30, during the
21 pendency of any post-grant review proceeding the Director
22 may determine the manner in which any proceeding or
23 matter involving the patent that is before the Office may
24 proceed, including providing for stay, transfer, consolida-
25 tion, or termination of any such proceeding or matter.

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

2 “A petitioner under this chapter shall file such addi-
3 tional information with respect to the petition as the Di-
4 rector may require by regulation.

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

6 “(a) THRESHOLD.—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, if such information is not rebutted, would provide
10 a sufficient basis to conclude that at least 1 of the claims
11 challenged in the petition is unpatentable.

12 “(b) ADDITIONAL GROUNDS.—In the case of a peti-
13 tion for a first-period proceeding, the determination re-
14 quired under subsection (a) may be satisfied by a showing
15 that the petition raises a novel or unsettled legal question
16 that is important to other patents or patent applications.

17 “(c) SUCCESSIVE PETITIONS.—The Director may not
18 institute an additional second-period proceeding if a prior
19 second-period proceeding has been instituted and the time
20 period established under section 329(b)(2) for requesting
21 joinder under section 325(b) has expired, unless the Direc-
22 tor determines that—

23 “(1) the additional petition satisfies the require-
24 ments under subsection (a); and

25 “(2) either—

1 “(A) the additional petition presents excep-
2 tional circumstances; or

3 “(B) such an additional proceeding is rea-
4 sonably required in the interests of justice.

5 “(d) TIMING.—The Director shall determine whether
6 to institute a post-grant review proceeding under this
7 chapter within 3 months after receiving a preliminary re-
8 sponse under section 330 or the expiration of the time for
9 filing such a response.

10 “(e) NOTICE.—The Director shall notify the peti-
11 tioner and patent owner, in writing, of the Director’s de-
12 termination under subsection (a). The Director shall pub-
13 lish each notice of institution of a post-grant review pro-
14 ceeding in the Federal Register and make such notice
15 available on the website of the United States Patent and
16 Trademark Office. Such notice shall list the date on which
17 the proceeding shall commence.

18 **“§ 328. Determination not appealable**

19 “The determination by the Director regarding wheth-
20 er to institute a post-grant review proceeding under sec-
21 tion 327 shall not be appealable.

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

23 “(a) IN GENERAL.—The Director shall prescribe reg-
24 ulations—

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

5 “(2) for setting forth the standards for
6 showings of sufficient grounds to institute a pro-
7 ceeding under section 321(a) and subsections (a),
8 (b), and (c) of section 327;

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

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

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

19 “(b) POST-GRANT REVIEW REGULATIONS.—The reg-
20 ulations required under subsection (a)(1) shall—

21 “(1) require that the final determination in any
22 post-grant review proceeding be issued not later
23 than 1 year after the date on which the Director no-
24 tices the institution of a post-grant proceeding under
25 this chapter, except that the Director may, for good

1 cause shown, extend the 1-year period by not more
2 than 6 months, and may adjust the time periods in
3 this paragraph in the case of joinder under section
4 325(b);

5 “(2) set a time period for requesting joinder
6 under section 325(b);

7 “(3) allow for discovery upon order of the Di-
8 rector, provided that in a second-period proceeding
9 discovery shall be limited to—

10 “(A) the deposition of witnesses submitting
11 affidavits or declarations; and

12 “(B) what is otherwise necessary in the in-
13 terest of justice;

14 “(4) prescribe sanctions for abuse of discovery,
15 abuse of process, or any other improper use of the
16 proceeding, such as to harass or to cause unneces-
17 sary delay or unnecessary increase in the cost of the
18 proceeding;

19 “(5) provide for protective orders governing the
20 exchange and submission of confidential information;

21 “(6) ensure that any information submitted by
22 the patent owner in support of any amendment en-
23 tered under section 332 is made available to the
24 public as part of the prosecution history of the pat-
25 ent; and

1 “(7) provide either party with the right to an
2 oral hearing as part of the proceeding.

3 “(c) CONSIDERATIONS.—In prescribing regulations
4 under this section, the Director shall consider the effect
5 on the economy, the integrity of the patent system, and
6 the efficient administration of the Office.

7 “(d) CONDUCT OF PROCEEDING.—The Patent Trial
8 and Appeal Board shall, in accordance with section 6(b),
9 conduct each proceeding authorized by the Director.

10 **“§ 330. Patent owner response**

11 “(a) PRELIMINARY RESPONSE.—If a post-grant re-
12 view petition is filed under section 321, the patent owner
13 shall have the right to file a preliminary response—

14 “(1) in the case of a first-period proceeding,
15 within 2 months of the expiration of the time for fil-
16 ing a petition for a first-period proceeding; and

17 “(2) in the case of a second-period proceeding,
18 within a time period set by the Director.

19 “(b) CONTENT OF RESPONSE.—A preliminary re-
20 sponse to a petition for a post-grant review proceeding
21 shall set forth reasons why no post-grant review pro-
22 ceeding should be instituted based upon the failure of the
23 petition to meet any requirement of this chapter.

24 “(c) ADDITIONAL RESPONSE.—After a post-grant re-
25 view proceeding under this chapter has been instituted

1 with respect to a patent, the patent owner shall have the
2 right to file, within a time period set by the Director, a
3 response to the petition. The patent owner shall file with
4 the response, through affidavits or declarations, any addi-
5 tional factual evidence and expert opinions on which the
6 patent owner relies in support of the response.

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

8 “(a) IN GENERAL.—The presumption of validity set
9 forth in section 282 of this title shall apply in post-grant
10 review proceedings instituted under this chapter.

11 “(b) BURDEN OF PROOF.—The petitioner shall have
12 the burden of proving a proposition of invalidity by a pre-
13 ponderance of the evidence in a first-period proceeding
14 and by clear and convincing evidence in a second-period
15 proceeding.

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

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

21 “(1) Cancel any challenged patent claim.

22 “(2) For each challenged claim, propose a rea-
23 sonable number of substitute claims.

24 “(b) ADDITIONAL MOTIONS.—Additional motions to
25 amend may be permitted upon the joint request of the pe-

1 petitioner and the patent owner to materially advance the
2 settlement of a proceeding under section 333, or upon the
3 request of the patent owner for good cause shown.

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

7 **“§ 333. Settlement**

8 “(a) IN GENERAL.—A post-grant review proceeding
9 instituted under this chapter shall be terminated with re-
10 spect to any petitioner upon the joint request of the peti-
11 tioner and the patent owner, unless the Office has decided
12 the matter before the request for termination is filed. If
13 the post-grant review proceeding is terminated with re-
14 spect to a petitioner under this section, no estoppel under
15 this chapter shall apply to that petitioner. If no petitioner
16 remains in the post-grant review proceeding, the Office
17 may terminate the post-grant review proceeding or pro-
18 ceed to a final written decision under section 334.

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 shall be made avail-
7 able only to Federal Government agencies upon written
8 request, or to any other person on a showing of good
9 cause.

10 **“§ 334. Decision of the board**

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

16 **“§ 335. Effect of decision**

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

1 **“§ 336. Appeal**

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

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

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

11 (e) REGULATIONS AND EFFECTIVE DATE.—

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

20 (2) APPLICABILITY.—The amendments made
 21 by subsection (c) shall take effect on the date that
 22 is 1 year after the date of the enactment of this Act
 23 and shall apply only to patents issued on or after
 24 that date, except that, in the case of a patent issued
 25 before the effective date of subsection (c) on an ap-

1 plication filed between September 15, 1999 and the
2 effective date of subsection (c), a petition for second-
3 period review may be filed.

4 (3) PENDING INTERFERENCES.—The Director
5 shall determine the procedures under which inter-
6 ferences commenced before the effective date under
7 paragraph (2) are to proceed, including whether any
8 such interference is to be dismissed without preju-
9 dice to the filing of a petition for a post-grant review
10 proceeding under chapter 32 of title 35, United
11 States Code, or is to proceed as if this Act had not
12 been enacted. The Director shall include such proce-
13 dures in regulations issued under paragraph (1).

14 **SEC. 6. DEFINITION; PATENT TRIAL AND APPEAL BOARD.**

15 (a) DEFINITION.—Section 100 of title 35, United
16 States Code, as amended by section 2 of this Act, is fur-
17 ther amended in subsection (e), by striking “or inter
18 partes reexamination under section 311”.

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

22 **“§ 6. Patent trial and appeal board**

23 “(a) ESTABLISHMENT AND COMPOSITION.—There
24 shall be in the Office a Patent Trial and Appeal Board.
25 The Director, the Deputy Director, the Commissioner for

1 Patents, the Commissioner for Trademarks, and the ad-
2 ministrative patent judges shall constitute the Patent
3 Trial and Appeal Board. The administrative patent judges
4 shall be persons of competent legal knowledge and sci-
5 entific ability who are appointed by the Secretary. Any ref-
6 erence in any Federal law, Executive order, rule, regula-
7 tion, or delegation of authority, or any document of or
8 pertaining to the Board of Patent Appeals and Inter-
9 ferences is deemed to refer to the Patent Trial and Appeal
10 Board.

11 “(b) DUTIES.—The Patent Trial and Appeal Board
12 shall—

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

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

19 “(3) determine priority and patentability of in-
20 vention in derivation proceedings under subsection
21 135(a); and

22 “(4) conduct post-grant review proceedings
23 under chapter 32.

24 Each appeal, derivation, and post-grant review proceeding
25 shall be heard by at least 3 members of the Patent Trial

1 and Appeal Board, who shall be designated by the Direc-
2 tor. Only the Patent Trial and Appeal Board may grant
3 rehearings.”.

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

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

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

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

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

19 “(B) either—

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

23 “(ii) the date of the first rejection
24 under section 132 of any claim by the ex-

1 aminer during the examination of the ap-
2 plication for patent,
3 whichever occurs later.

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

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

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

10 “(C) include a statement by the person
11 making such submission affirming that the sub-
12 mission was made in compliance with this sec-
13 tion.”.

14 **SEC. 8. VENUE.**

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

18 “(b) Notwithstanding subsections (b) and (c) of sec-
19 tion 1391 of this title, any civil action for patent infringe-
20 ment or any action for declaratory judgment arising under
21 any Act of Congress relating to patents may be brought
22 only in a judicial district—

23 “(1) where the defendant has its principal place
24 of business or is incorporated;

1 “(2) where the defendant has committed acts of
2 infringement and has a regular and established
3 physical facility;

4 “(3) where the defendant has agreed or con-
5 sented to be sued;

6 “(4) where the invention claimed in a patent in
7 suit was conceived or actually reduced to practice;

8 “(5) where significant research and develop-
9 ment of an invention claimed in a patent in suit oc-
10 curred at a regular and established physical facility;

11 “(6) where a party has a regular and estab-
12 lished physical facility that such party controls and
13 operates and has—

14 “(A) engaged in management of significant
15 research and development of an invention
16 claimed in a patent in suit;

17 “(B) manufactured a product that em-
18 bodies an invention claimed in a patent in suit;
19 or

20 “(C) implemented a manufacturing process
21 that embodies an invention claimed in a patent
22 in suit;

23 “(7) where a nonprofit organization whose
24 function is the management of inventions on behalf
25 of an institution of higher education (as that term

1 is defined under section 101(a) of the Higher Edu-
 2 cation Act of 1965 (20 U.S.C. 1001(a)), including
 3 the patent in suit, has its principal place of business;
 4 or

5 “(8) for foreign defendants that do not meet
 6 the requirements of paragraphs (1) or (2), according
 7 to section 1391(d) of this title.”.

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

20 **SEC. 9. PATENT AND TRADEMARK OFFICE REGULATORY**
 21 **AUTHORITY.**

22 (a) FEE SETTING.—

23 (1) IN GENERAL.—The Director shall have au-
 24 thority to set or adjust by rule any fee established
 25 or charged by the Office under sections 41 and 376

1 of title 35, United States Code or under section 31
2 of the Trademark Act of 1946 (15 U.S.C. 1113) for
3 the filing or processing of any submission to, and for
4 all other services performed by or materials fur-
5 nished by, the Office, provided that such fee
6 amounts are set to reasonably compensate the Office
7 for the services performed.

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

10 (A) shall consult with the Patent Public
11 Advisory Committee and the Trademark Public
12 Advisory Committee on the advisability of re-
13 ducing any fees described in paragraph (1); and

14 (B) after that consultation may reduce
15 such fees.

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

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

23 (B) provide the relevant advisory com-
24 mittee described in subparagraph (A) a 30-day
25 period following the submission of any proposed

1 fee, on which to deliberate, consider, and com-
2 ment on such proposal, and require that—

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

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

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

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

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

1 (4) PUBLICATION IN THE FEDERAL REG-
2 ISTER.—

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

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

8 (i) be published in the Federal Reg-
9 ister; and

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

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

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

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

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

5 (B) any rights under a ratified treaty.

6 (b) FEES FOR PATENT SERVICES.—Division B of
7 Public Law 108–447 is amended in title VIII of the De-
8 partments of Commerce, Justice and State, the Judiciary,
9 and Related Agencies Appropriations Act, 2005, in section
10 801(a) by striking “During fiscal years 2005, 2006, and
11 2007,” and inserting “Until such time as the Director
12 sets or adjusts the fees otherwise,”.

13 (c) ADJUSTMENT OF TRADEMARK FEES.—Division
14 B of Public Law 108–447 is amended in title VIII of the
15 Departments of Commerce, Justice and State, the Judici-
16 ary and Related Agencies Appropriations Act, 2005, in
17 section 802(a) by striking “During fiscal years 2005,
18 2006, and 2007,” and inserting “Until such time as the
19 Director sets or adjusts the fees otherwise,”.

20 (d) EFFECTIVE DATE, APPLICABILITY, AND TRANSI-
21 TIONAL PROVISION.—Division B of Public Law 108–447
22 is amended in title VIII of the Departments of Commerce,
23 Justice and State, the Judiciary and Related Agencies Ap-
24 propriations Act, 2005, in section 803(a) by striking “and

1 shall apply only with respect to the remaining portion of
2 fiscal year 2005 and fiscal year 2006.”.

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

9 (f) DEFINITIONS.—In this section:

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

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

15 (3) TRADEMARK ACT OF 1946.—The term
16 “Trademark Act of 1946” means an Act entitled
17 “Act to provide for the registration and protection
18 of trademarks used in commerce, to carry out the
19 provisions of certain international conventions, and
20 for other purposes”, approved July 5, 1946 (15
21 U.S.C. 1051 et seq.) (commonly referred to as the
22 Trademark Act of 1946 or the Lanham Act).

1 **SEC. 10. APPLICANT QUALITY SUBMISSIONS.**

2 (a) IN GENERAL.—Chapter 11 of title 35, United
3 States Code, is amended by adding at the end the fol-
4 lowing new section:

5 **“§ 123. Additional information**

6 “(a) INCENTIVES.—The Director may, by regulation,
7 offer incentives to applicants who submit a search report,
8 a patentability analysis, or other information relevant to
9 patentability. Such incentives may include prosecution
10 flexibility, modifications to requirements for adjustment of
11 a patent term pursuant to section 154(b) of this title, or
12 modifications to fees imposed pursuant to section 9 of the
13 Patent Reform Act of 2008.

14 “(b) ADMISSIBILITY OF RECORD.—If the Director
15 certifies that an applicant has satisfied the requirements
16 of the regulations issued pursuant to this section with re-
17 gard to a patent, the record made in a matter or pro-
18 ceeding before the Office involving that patent or efforts
19 to obtain the patent shall not be admissible to construe
20 the patent in a civil action or in a proceeding before the
21 International Trade Commission, except that such record
22 may be introduced to demonstrate that the patent owner
23 is estopped from asserting that the patent is infringed
24 under the doctrine of equivalents. The Director may, by
25 regulation, identify any material submitted in an attempt
26 to satisfy the requirements of any regulations issued pur-

1 suant to this section that also shall not be admissible to
2 construe the patent in a civil action or in a proceeding
3 before the International Trade Commission.”.

4 (b) RULE OF CONSTRUCTION.—Nothing in this sec-
5 tion shall be construed to imply that, prior to the date
6 of enactment of this section, the Director either lacked or
7 possessed the authority to offer incentives to applicants
8 who submit a search report, a patentability analysis, or
9 other information relevant to patentability.

10 **SEC. 11. INEQUITABLE CONDUCT AND CIVIL SANCTIONS**
11 **FOR MISCONDUCT BEFORE THE OFFICE.**

12 (a) IN GENERAL.—Chapter 29 of title 35, United
13 States Code, is amended by adding at the end the fol-
14 lowing new sections:

15 **“§ 298. Inequitable conduct**

16 “(a) IN GENERAL.—Except as provided under this
17 section or section 299, a patent shall not be held invalid
18 or unenforceable based upon misconduct before the Office.
19 Nothing in this section shall be construed to create a cause
20 of action or a defense in a civil action.

21 “(b) ORDER TO REISSUE PATENT.—

22 “(1) FINDING OF THE COURT.—

23 “(A) IN GENERAL.—If a court in a civil
24 action, upon motion of a party to the action,
25 finds that it is more likely than not that a per-

1 son who participated in a matter or proceeding
2 before the Office knowingly and intentionally
3 deceived the Office by concealing material infor-
4 mation or by submitting false material informa-
5 tion in such matter or proceeding, the court
6 shall order the patent to be made the subject of
7 a reissue application under section 251. The
8 motion shall set forth any basis upon which the
9 moving party contends 1 or more claims of the
10 patent are invalid in view of information relat-
11 ing to the conduct at issue not previously con-
12 sidered by the Director. The decision on a mo-
13 tion filed under this paragraph shall not be sub-
14 ject to appellate review.

15 “(B) MATERIAL INFORMATION.—For pur-
16 poses of this paragraph, information is material
17 if it is not part of the record or cumulative to
18 information in the record and either establishes
19 that a patent claim is not patentable or refutes
20 a position that the applicant or patent owner
21 took in response to a rejection of the claim as
22 unpatentable.

23 “(2) TIMING OF MOTION.—A motion described
24 under paragraph (1) shall be filed promptly after

1 discovery of the conduct at issue by the moving
2 party.

3 “(3) REQUIRED SPECIFICITY IN COURT
4 ORDER.—An order issued by a court under para-
5 graph (1) shall contain findings of fact setting out
6 with specificity the information relating to the con-
7 duct at issue not previously considered by the Direc-
8 tor and upon which the court based its order. The
9 findings of fact shall not be used by a court except
10 as provided under this paragraph.

11 “(4) STAYS.—A court shall not stay a civil ac-
12 tion by reason of commencement of a reissue pro-
13 ceeding that was authorized to be filed under this
14 section unless—

15 “(A) the Director in a notification under
16 section 132 makes a rejection of 1 or more
17 claims of the patent;

18 “(B) an allegation of infringement remains
19 in the civil action for at least 1 of the claims
20 rejected; and

21 “(C) the court determines that the inter-
22 ests of justice require a stay of the action.

23 “(5) JUDGMENT THAT PATENT IS UNENFORCE-
24 ABLE.—If a patentee involved in a civil action in
25 which an order under this subsection is issued does

1 not seek reissue of the patent within 2 months of
2 such order, the court shall enter judgment that the
3 patent is unenforceable.

4 “(c) PERMITTED REISSUE BY PATENTEE.—A pat-
5 entee may request reissue of a patent on the basis of infor-
6 mation not previously considered by the Director in con-
7 nection with a patent, or the efforts to obtain such patent,
8 by filing an application for reissue under section 251.

9 “(d) REQUIRED STATEMENT, AMENDED CLAIMS.—
10 In any application for reissue of a patent authorized to
11 be filed under this section, the patentee shall provide a
12 statement to the Director containing the information de-
13 scribed in subsections (b) and (c). The reissue application
14 may be filed with the omission of 1 or more claims of the
15 original patent and with a single substitute claim of equiv-
16 alent or narrower scope replacing any omitted claim of the
17 original patent. For a reissue application authorized to be
18 filed under subsection (c), the statement shall identify
19 with specificity the issues of patentability arising from the
20 information and the basis upon which the claims in the
21 reissue application are believed by the applicant to be pat-
22 entable notwithstanding the information.

23 “(e) CONDUCT OF REISSUE PROCEEDING.—

24 “(1) INITIAL ACTION.—The Director shall pro-
25 vide at least 1 of the notifications under section 132

1 or a notice of allowance under section 151 not later
2 than 3 months after the filing date of an application
3 for reissue authorized to be filed under this section.

4 “(2) SCOPE OF PROCEEDING.—

5 “(A) IN GENERAL.—A reissue proceeding
6 authorized to be filed under this section shall,
7 unless substitute claims are submitted, address
8 only whether original claims continue to be pat-
9 entable after consideration of the additional in-
10 formation provided by the applicant for reissue
11 pursuant to subsection (d) in combination with
12 information already of record in the original
13 patent.

14 “(B) ISSUES OF PATENTABILITY.—If the
15 Director determines during a reissue proceeding
16 authorized to be filed under this section that 1
17 or more of the original claims of the patent
18 cannot be reissued and the time for appeal of
19 such determination has expired or any appeal
20 proceeding related to such determination has
21 terminated, the Director shall notify the pat-
22 entee of the surrender of the patent in connec-
23 tion with the termination of the reissue pro-
24 ceeding, subject to the patentee’s right to ob-

1 tain a reissue for claims the Director deter-
2 mines to be patentable.

3 “(3) DURATION OF PROCEEDING.—For a re-
4 issue application authorized to be filed under sub-
5 section (b), a final decision on all issues of patent-
6 ability shall be made by the Director within 1 year
7 from the date of the initial notification under para-
8 graph (1), subject to the right of the patentee to ap-
9 peal under section 134.

10 “(4) TERMINATION OF PROCEEDING.—If the
11 Director determines that all of the original claims
12 continue to be patentable, the Director shall termi-
13 nate the proceeding without the surrender of the
14 original patent.

15 “(5) PROCEDURE AND APPEALS.—

16 “(A) IN GENERAL.—A reissue application
17 authorized to be filed under this section may
18 not be abandoned by the applicant or otherwise
19 terminated without surrender of the original
20 patent, except as provided under this section,
21 and shall be conducted as an ex parte matter
22 before the Office.

23 “(B) SPECIAL PROCEDURES.—Subject to
24 subsection (d), no amendments other than an
25 amendment presenting a single substitute claim

1 of equivalent or narrower scope for each can-
2 celed claim in the first reply to the first action
3 under section 132 may be made during the ex-
4 amination of a reissue application authorized to
5 be filed under this section. The Director may
6 amend pending claims at any time on agree-
7 ment to a change proposed by the Director to
8 the applicant. The Director may refuse to admit
9 any paper filed after a second notification
10 under section 132.

11 “(C) CONTINUING APPLICATIONS
12 BARRED.—No application shall be entitled to
13 the benefit of the filing date of an application
14 authorized to be filed under this section.

15 “(D) EXPANDED EXAMINATION.—The Di-
16 rector may consider additional information in-
17 troduced by the Director if substitute claims
18 are presented.

19 “(E) APPEAL.—An applicant in a reissue
20 application authorized to be filed by this section
21 dissatisfied with a decision by the Patent Trial
22 and Appeal Board may appeal only under the
23 provisions of sections 141 through 144.

24 “(f) LIMITATION ON ENLARGING SCOPE OF
25 CLAIMS.—No patent may be reissued based upon the fil-

1 ing of a reissue application authorized to be filed under
2 this section that enlarges the scope of the claims of the
3 original patent.

4 “(g) SANCTIONS.—Except as provided under sub-
5 section (h), if a reissue proceeding authorized under this
6 section concludes without the surrender of the original
7 patent or with the grant of 1 or more reissued patents,
8 no further sanctions may be imposed against the patentee
9 in connection with the original patent or the reissued pat-
10 ents based upon misconduct arising from the concealment
11 of information subsequently provided, or the misrepresen-
12 tation of information subsequently corrected in the state-
13 ment provided under subsection (d).

14 “(h) RULE OF CONSTRUCTION.—Nothing in this sec-
15 tion shall be construed—

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

22 “(2) to limit the authority of the Director to in-
23 vestigate issues of possible misconduct and impose
24 sanctions for misconduct in connection with matters
25 or proceedings before the Office; or

1 “(3) to limit the authority of the Director to
2 promulgate regulations under chapter 3 relating to
3 sanctions for misconduct by representatives prac-
4 ticing before the Office.

5 **“§ 299. Civil sanctions for misconduct before the Of-
6 fice**

7 “(a) INFORMATION RELATING TO POSSIBLE MIS-
8 CONDUCT.—The Director shall provide by regulation pro-
9 cedures for receiving and reviewing information indicating
10 that parties to a matter or proceeding before the Office
11 may have engaged in misconduct in connection with such
12 matter or proceeding.

13 “(b) ADMINISTRATIVE PROCEEDING.—

14 “(1) PROBABLE CAUSE.—The Director shall de-
15 termine, based on information received and reviewed
16 under subsection (a), if there is probable cause to
17 believe that 1 or more individuals or parties engaged
18 in misconduct consisting of intentionally deceptive
19 conduct of a material nature in connection with a
20 matter or proceeding before the Office. A determina-
21 tion of probable cause by the Director under this
22 paragraph shall be final and shall not be reviewable
23 on appeal or otherwise.

24 “(2) DETERMINATION.—If the Director finds
25 probable cause under paragraph (1), the Director

1 shall, after notice and an opportunity for a hearing,
2 and not later than 1 year after the date of such
3 finding, determine whether misconduct consisting of
4 intentionally deceptive conduct of a material nature
5 in connection with the applicable matter or pro-
6 ceeding before the Office has occurred. The pro-
7 ceeding to determine whether such misconduct oc-
8 curred shall be before an individual designated by
9 the Director.

10 “(3) CIVIL SANCTIONS.—

11 “(A) IN GENERAL.—If the Director deter-
12 mines under paragraph (2) that misconduct has
13 occurred, the Director may levy a civil penalty
14 against the party that committed such mis-
15 conduct.

16 “(B) FACTORS.—In establishing the
17 amount of any civil penalty to be levied under
18 subparagraph (A), the Director shall consider—

19 “(i) the materiality of the misconduct;

20 “(ii) the impact of the misconduct on
21 a decision of the Director regarding a pat-
22 ent, proceeding, or application; and

23 “(iii) the impact of the misconduct on
24 the integrity of matters or proceedings be-
25 fore the Office.

1 “(C) SANCTIONS.—A civil penalty levied
2 under subparagraph (A) may consist of—

3 “(i) a penalty of up to \$150,000 for
4 each act of misconduct;

5 “(ii) in the case of a finding of a pat-
6 tern of misconduct, a penalty of up to
7 \$1,000,000; or

8 “(iii) in the case of a finding of excep-
9 tional misconduct establishing that an ap-
10 plication for a patent amounted to a fraud
11 practiced by or at the behest of a real
12 party in interest of the application—

13 “(I) a determination that 1 or
14 more claims of the patent is unen-
15 forceable; or

16 “(II) a penalty of up to
17 \$10,000,000.

18 “(D) JOINT AND SEVERAL LIABILITY.—
19 Any party found to have been responsible for
20 misconduct in connection with any matter or
21 proceeding before the Office under this section
22 may be jointly and severally liable for any civil
23 penalty levied under subparagraph (A).

1 “(E) DEPOSIT WITH THE TREASURY.—
2 Any civil penalty levied under subparagraph (A)
3 shall—

4 “(i) accrue to the benefit of the
5 United States Government; and

6 “(ii) be deposited under ‘Miscella-
7 neous Receipts’ in the United States
8 Treasury.

9 “(F) AUTHORITY TO BRING ACTION FOR
10 RECOVERY OF PENALTIES.—

11 “(i) IN GENERAL.—If any party re-
12 fuses to pay or remit to the United States
13 Government a civil penalty levied under
14 this paragraph, the United States may re-
15 cover such amounts in a civil action
16 brought by the United States Attorney
17 General on behalf of the Director in the
18 United States District Court for the East-
19 ern District of Virginia.

20 “(ii) INJUNCTIONS.—In any action
21 brought under clause (i), the United States
22 District Court for the Eastern District of
23 Virginia may, as the court determines ap-
24 propriate, issue a mandatory injunction in-

1 corporating the relief sought by the Direc-
2 tor.

3 “(4) COMBINED PROCEEDINGS.—If the mis-
4 conduct that is the subject of a proceeding under
5 this subsection is attributed to a practitioner who
6 practices before the Office, the Director may com-
7 bine such proceeding with any other disciplinary pro-
8 ceeding under section 32 of this title.

9 “(c) OBTAINING EVIDENCE.—

10 “(1) IN GENERAL.—During the period in which
11 an investigation for a finding of probable cause or
12 for a determination of whether misconduct occurred
13 in connection with any matter or proceeding before
14 the Office is being conducted, the Director may re-
15 quire, by subpoena issued by the Director, persons
16 to produce any relevant information, documents, re-
17 ports, answers, records, accounts, papers, and other
18 documentary or testimonial evidence.

19 “(2) ADDITIONAL AUTHORITY.—For the pur-
20 poses of carrying out this section, the Director—

21 “(A) shall have access to, and the right to
22 copy, any document, paper, or record, the Di-
23 rector determines pertinent to any investigation
24 or determination under this section, in the pos-
25 session of any person;

1 “(B) may summon witnesses, take testi-
2 mony, and administer oaths;

3 “(C) may require any person to produce
4 books or papers relating to any matter per-
5 taining to such investigation or determination;
6 and

7 “(D) may require any person to furnish in
8 writing, in such detail and in such form as the
9 Director may prescribe, information in their
10 possession pertaining to such investigation or
11 determination.

12 “(3) WITNESSES AND EVIDENCE.—

13 “(A) IN GENERAL.—The Director may re-
14 quire the attendance of any witness and the
15 production of any documentary evidence from
16 any place in the United States at any des-
17 ignated place of hearing.

18 “(B) CONTUMACY.—

19 “(i) ORDERS OF THE COURT.—In the
20 case of contumacy or failure to obey a sub-
21 poena issued under this subsection, any
22 appropriate United States district court or
23 territorial court of the United States may
24 issue an order requiring such person—

1 “(I) to appear before the Direc-
2 tor;

3 “(II) to appear at any other des-
4 ignated place to testify; and

5 “(III) to produce documentary or
6 other evidence.

7 “(ii) FAILURE TO OBEY.—Any failure
8 to obey an order issued under this sub-
9 paragraph court may be punished by the
10 court as a contempt of that court.

11 “(4) DEPOSITIONS.—

12 “(A) IN GENERAL.—In any proceeding or
13 investigation under this section, the Director
14 may order a person to give testimony by deposi-
15 tion.

16 “(B) REQUIREMENTS OF DEPOSITION.—

17 “(i) OATH.—A deposition may be
18 taken before an individual designated by
19 the Director and having the power to ad-
20 minister oaths.

21 “(ii) NOTICE.—Before taking a depo-
22 sition, the Director shall give reasonable
23 notice in writing to the person ordered to
24 give testimony by deposition under this
25 paragraph. The notice shall state the name

1 of the witness and the time and place of
2 taking the deposition.

3 “(iii) WRITTEN TRANSCRIPT.—The
4 testimony of a person deposed under this
5 paragraph shall be under oath. The person
6 taking the deposition shall prepare, or
7 cause to be prepared, a written transcript
8 of the testimony taken. The transcript
9 shall be subscribed by the deponent. Each
10 deposition shall be filed promptly with the
11 Director.

12 “(d) APPEAL.—

13 “(1) IN GENERAL.—A party may appeal a de-
14 termination under subsection (b)(2) that misconduct
15 occurred in connection with any matter or pro-
16 ceeding before the Office to the United States Court
17 of Appeals for the Federal Circuit.

18 “(2) NOTICE TO USPTO.—A party appealing
19 under this subsection shall file in the Office a writ-
20 ten notice of appeal directed to the Director, within
21 such time after the date of the determination from
22 which the appeal is taken as the Director prescribes,
23 but in no case less than 60 days after such date.

24 “(3) REQUIRED ACTIONS OF THE DIRECTOR.—
25 In any appeal under this subsection, the Director

1 shall transmit to the United States Court of Appeals
2 for the Federal Circuit a certified list of the docu-
3 ments comprising the record in the determination
4 proceeding. The court may request that the Director
5 forward the original or certified copies of such docu-
6 ments during the pendency of the appeal. The court
7 shall, before hearing the appeal, give notice of the
8 time and place of the hearing to the Director and
9 the parties in the appeal.

10 “(4) AUTHORITY OF THE COURT.—The United
11 States Court of Appeals for the Federal Circuit shall
12 have power to enter, upon the pleadings and evi-
13 dence of record at the time the determination was
14 made, a judgment affirming, modifying, or setting
15 aside, in whole or in part, the determination, with or
16 without remanding the case for a rehearing. The
17 court shall not set aside or remand the determina-
18 tion made under subsection (b)(2) unless there is
19 not substantial evidence on the record to support the
20 findings or the determination is not in accordance
21 with law. Any sanction levied under subsection
22 (b)(3) shall not be set aside or remanded by the
23 court, unless the court determines that such sanc-
24 tion constitutes an abuse of discretion of the Direc-
25 tor.

1 “(e) DEFINITION.—For purposes of this section, the
2 term ‘person’ means any individual, partnership, corpora-
3 tion, company, association, firm, partnership, society,
4 trust, estate, cooperative, association, or any other entity
5 capable of suing and being sued in a court of law.”.

6 (b) SUSPENSION OR EXCLUSION FROM PRACTICE.—
7 Section 32 of title 35, United States Code, is amended—

8 (1) by striking “The Director may” and insert-
9 ing the following:

10 “(a) IN GENERAL.—The Director may”; and

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

12 “(b) TOLLING OF TIME PERIOD.—The time period
13 for instituting a proceeding under subsection (a), as pro-
14 vided in section 2462 of title 28, shall not begin to run
15 where fraud, concealment, or misconduct is involved until
16 the information regarding fraud, concealment, or mis-
17 conduct is made known in the manner set forth by regula-
18 tion under section 2(b)(2)(D) to an officer or employee
19 of the United States Patent and Trademark Office des-
20 ignated by the Director to receive such information.”.

21 (c) EFFECTIVE DATE.—

22 (1) IN GENERAL.—Except as otherwise pro-
23 vided under paragraph (2), the amendments made
24 by this section shall take effect on the date of enact-
25 ment of this Act.

1 (2) INAPPLICABILITY TO PENDING LITIGA-
 2 TION.—Subsections (a) and (b) of section 298 of
 3 title 35, United States Code (as added by the
 4 amendment made by subsection (a) of this section),
 5 shall apply to any civil action filed on or after the
 6 date of the enactment of this Act.

7 **SEC. 12. AUTHORITY OF THE DIRECTOR OF THE PATENT**
 8 **AND TRADEMARK OFFICE TO ACCEPT LATE**
 9 **FILINGS.**

10 (a) AUTHORITY.—Section 2 of title 35, United States
 11 Code, is amended by adding at the end the following:

12 “(e) DISCRETION TO ACCEPT LATE FILINGS IN CER-
 13 TAIN CASES OF UNINTENTIONAL DELAY.—

14 “(1) IN GENERAL.—The Director may accept
 15 any application or other filing made by—

16 “(A) an applicant for, or owner of, a pat-
 17 ent after the applicable deadline set forth in
 18 this title with respect to the application or pat-
 19 ent; or

20 “(B) an applicant for, or owner of, a mark
 21 after the applicable deadline under the Trade-
 22 mark Act of 1946 with respect to the registra-
 23 tion or other filing of the mark,

24 to the extent that the Director considers appro-
 25 priate, if the applicant or owner files a petition with-

1 in 30 days after such deadline showing, to the satis-
2 faction of the Director, that the delay was uninten-
3 tional.

4 “(2) TREATMENT OF DIRECTOR’S ACTIONS ON
5 PETITION.—If the Director has not made a deter-
6 mination on a petition filed under paragraph (1)
7 within 60 days after the date on which the petition
8 is filed, the petition shall be deemed to be denied. A
9 decision by the Director not to exercise, or a failure
10 to exercise, the discretion provided by this subsection
11 shall not be subject to judicial review.

12 “(3) OTHER PROVISIONS NOT AFFECTED.—
13 This subsection shall not apply to any other provi-
14 sion of this title, or to any provision of the Trade-
15 mark Act of 1946, that authorizes the Director to
16 accept, under certain circumstances, applications or
17 other filings made after a statutory deadline or to
18 statutory deadlines that are required by reason of
19 the obligations of the United States under any trea-
20 ty.

21 “(4) DEFINITION.—In this subsection, the term
22 ‘Trademark Act of 1946’ means the Act entitled ‘An
23 Act to provide for the registration and protection of
24 trademarks used in commerce, to carry out the pro-
25 visions of certain international conventions, and for

1 other purposes’, approved July 5, 1946 (15 U.S.C.
2 1051 et seq.) (commonly referred to as the Trade-
3 mark Act of 1946 or the Lanham Act).”.

4 (b) APPLICABILITY.—

5 (1) IN GENERAL.—The amendment made by
6 subsection (a) shall apply to any application or other
7 filing that—

8 (A) is filed on or after the date of the en-
9 actment of this Act; or

10 (B) on such date of enactment, is pending
11 before the Director or is subject to judicial re-
12 view.

13 (2) TREATMENT OF PENDING APPLICATIONS
14 AND FILINGS.—In the case of any application or fil-
15 ing described in paragraph (1)(B), the 30-day period
16 prescribed in section 2(e)(1) of title 35, United
17 States Code, as added by subsection (a) of this sec-
18 tion, shall be deemed to be the 30-day period begin-
19 ning on the date of the enactment of this Act.

20 (c) CONVERSION OF DAY-BASED DEADLINES INTO
21 MONTH-BASED DEADLINES.—

22 (1) Sections 141, 156(d)(2)(A),
23 156(d)(2)(B)(ii), 156(d)(5)(C), and 282 of title 35,
24 United States Code, are each amended by striking

1 “30 days” or “thirty days” each place that term ap-
2 pears and inserting “1 month”.

3 (2) Sections 135(c), 142, 145, 146,
4 156(d)(2)(B)(ii), 156(d)(5)(C), and the matter pre-
5 ceding clause (i) of section 156(d)(2)(A) of title 35,
6 United States Code, are each amended by striking
7 “60 days” or “sixty days” each place that term ap-
8 pears and inserting “2 months”.

9 (3) The matter preceding subparagraph (A) of
10 section 156(d)(1) and sections 156(d)(2)(B)(ii) and
11 156(d)(5)(E) of title 35, United States Code, are
12 each amended by striking “60-day” or “sixty-day”
13 each place that term appears and inserting “2-
14 month”.

15 (4) Sections 155 and 156(d)(2)(B)(i) of title
16 35, United States Code, are each amended by strik-
17 ing “90 days” or “ninety days” each place that term
18 appears and inserting “3 months”.

19 (5) Sections 154(b)(4)(A) and 156(d)(2)(B)(i)
20 of title 35, United States Code, are each amended
21 by striking “180 days” each place that term appears
22 and inserting “6 months”.

1 **SEC. 13. LIMITATION ON DAMAGES AND OTHER REMEDIES**
2 **WITH RESPECT TO PATENTS FOR METHODS**
3 **IN COMPLIANCE WITH CHECK IMAGING**
4 **METHODS.**

5 (a) **LIMITATION.**—Section 287 of title 35, United
6 States Code, is amended by adding at the end the fol-
7 lowing:

8 “(d)(1) With respect to the use by a financial institu-
9 tion of a check collection system that constitutes an in-
10 fringement under subsection (a) or (b) of section 271, the
11 provisions of sections 281, 283, 284, and 285 shall not
12 apply against the financial institution with respect to such
13 a check collection system.

14 “(2) For the purposes of this subsection—

15 “(A) the term ‘check’ has the meaning given
16 under section 3(6) of the Check Clearing for the
17 21st Century Act (12 U.S.C. 5002(6));

18 “(B) the term ‘check collection system’ means
19 the use, creation, transmission, receipt, storing, set-
20 tling, or archiving of truncated checks, substitute
21 checks, check images, or electronic check data asso-
22 ciated with or related to any method, system, or
23 process that furthers or effectuates, in whole or in
24 part, any of the purposes of the Check Clearing for
25 the 21st Century Act (12 U.S.C. 5001 et seq.);

1 “(C) the term ‘financial institution’ has the
2 meaning given under section 509 of the Gramm-
3 Leach-Bliley Act (15 U.S.C. 6809);

4 “(D) the term ‘substitute check’ has the mean-
5 ing given under section 3(16) of the Check Clearing
6 for the 21st Century Act (12 U.S.C. 5002(16)); and

7 “(E) the term ‘truncate’ has the meaning given
8 under section 3(18) of the Check Clearing for the
9 21st Century Act (12 U.S.C. 5002(18)).

10 “(3) This subsection shall not limit or affect the en-
11 forcement rights of the original owner of a patent where
12 such original owner—

13 “(A) is directly engaged in the commercial
14 manufacture and distribution of machinery or the
15 commercial development of software; and

16 “(B) has operated as a subsidiary of a bank
17 holding company, as such term is defined under sec-
18 tion 2(a) of the Bank Holding Company Act of 1956
19 (12 U.S.C. 1841(a)), prior to July 19, 2007.

20 “(4) A party shall not manipulate its activities, or
21 conspire with others to manipulate its activities, for pur-
22 poses of establishing compliance with the requirements of
23 this subsection, including, without limitation, by granting
24 or conveying any rights in the patent, enforcement of the
25 patent, or the result of any such enforcement.”.

1 (b) TAKINGS.—If this section is found to establish
2 a taking of private property for public use without just
3 compensation, this section shall be null and void. The ex-
4 clusive remedy for such a finding shall be invalidation of
5 this section. In the event of such invalidation, for purposes
6 of application of the time limitation on damages in section
7 286 of title 35, United States Code, any action for patent
8 infringement or counterclaim for infringement that could
9 have been filed or continued but for this section, shall be
10 considered to have been filed on the date of enactment
11 of this Act or continued from such date of enactment.

12 (c) EFFECTIVE DATE.—The amendment made by
13 subsection (a) shall apply to any civil action for patent
14 infringement pending or filed on or after the date of enact-
15 ment of this Act.

16 **SEC. 14. PATENT AND TRADEMARK OFFICE FUNDING.**

17 (a) DEFINITIONS.—In this section:

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

21 (2) FUND.—The term “Fund” means the pub-
22 lic enterprise revolving fund established under sub-
23 section (c).

24 (3) OFFICE.—The term “Office” means the
25 United States Patent and Trademark Office.

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

9 (5) UNDERSECRETARY.—The term “Undersec-
10 retary” means the Under Secretary of Commerce for
11 Intellectual Property.

12 (b) FUNDING.—

13 (1) IN GENERAL.—Section 42 of title 35,
14 United States Code, is amended—

15 (A) in subsection (b), by striking “Patent
16 and Trademark Office Appropriation Account”
17 and inserting “United States Patent and
18 Trademark Office Public Enterprise Fund”;
19 and

20 (B) in subsection (c), in the first sen-
21 tence—

22 (i) by striking “To the extent” and all
23 that follows through “fees” and inserting
24 “Fees”; and

1 (ii) by striking “shall be collected by
2 and shall be available to the Director” and
3 inserting “shall be collected by the Direc-
4 tor and shall be available until expended”.

5 (2) EFFECTIVE DATE.—The amendments made
6 by paragraph (1) shall take effect on the later of—

7 (A) October 1, 2008; or

8 (B) the date of enactment of this Act.

9 (c) USPTO REVOLVING FUND.—

10 (1) ESTABLISHMENT.—There is established in
11 the Treasury of the United States a revolving fund
12 to be known as the “United States Patent and
13 Trademark Office Public Enterprise Fund”. Any
14 amounts in the Fund shall be available for use by
15 the Director without fiscal year limitation.

16 (2) DERIVATION OF RESOURCES.—There shall
17 be deposited into the Fund—

18 (A) any fees collected under sections 41,
19 42, and 376 of title 35, United States Code,
20 provided that notwithstanding any other provi-
21 sion of law, if such fees are collected by, and
22 payable to, the Director, the Director shall
23 transfer such amounts to the Fund; and

24 (B) any fees collected under section 31 of
25 the Trademark Act of 1946 (15 U.S.C. 1113).

1 (3) EXPENSES.—Amounts deposited into the
2 Fund under paragraph (2) shall be available, with-
3 out fiscal year limitation, to cover—

4 (A) all expenses to the extent consistent
5 with the limitation on the use of fees set forth
6 in section 42(c) of title 35, United States Code,
7 including all administrative and operating ex-
8 penses, determined in the discretion of the
9 Under Secretary to be ordinary and reasonable,
10 incurred by the Under Secretary and the Direc-
11 tor for the continued operation of all services,
12 programs, activities, and duties of the Office, as
13 such services, programs, activities, and duties
14 are described under—

15 (i) title 35, United States Code; and

16 (ii) the Trademark Act of 1946; and

17 (B) all expenses incurred pursuant to any
18 obligation, representation, or other commitment
19 of the Office.

20 (4) CUSTODIANS OF MONEY.—Notwithstanding
21 section 3302 of title 31, United States Code, any
22 funds received by the Director and transferred to
23 Fund, or any amounts directly deposited into the
24 Fund, may be used—

1 (A) to cover the expenses described in
2 paragraph (3); and

3 (B) to purchase obligations of the United
4 States, or any obligations guaranteed by the
5 United States.

6 (d) ANNUAL REPORT.—Not later than 60 days after
7 the end of each fiscal year, the Under Secretary and the
8 Director shall submit a report to Congress which shall—

9 (1) summarize the operations of the Office for
10 the preceding fiscal year, including financial details
11 and staff levels broken down by each major activity
12 of the Office;

13 (2) detail the operating plan of the Office, in-
14 cluding specific expense and staff needs for the up-
15 coming fiscal year;

16 (3) describe the long term modernization plans
17 of the Office;

18 (4) set forth details of any progress towards
19 such modernization plans made in the previous fiscal
20 year; and

21 (5) include the results of the most recent audit
22 carried out under subsection (e).

23 (e) ANNUAL SPENDING PLAN.—

24 (1) IN GENERAL.—Not later than 30 days after
25 the beginning of each fiscal year, the Director shall

1 notify the Committees on Appropriations of both
2 Houses of Congress of the plan for the obligation
3 and expenditure of the total amount of the funds for
4 that fiscal year in accordance with section 605 of the
5 Science, State, Justice, Commerce, and Related
6 Agencies Appropriations Act, 2006 (Public Law
7 109–108; 119 Stat. 2334).

8 (2) CONTENTS.—Each plan under paragraph
9 (1) shall—

10 (A) summarize the operations of the Office
11 for the current fiscal year, including financial
12 details and staff levels with respect to major ac-
13 tivities; and

14 (B) detail the operating plan of the Office,
15 including specific expense and staff needs, for
16 the current fiscal year.

17 (f) AUDIT.—The Under Secretary shall, on an annual
18 basis, provide for an independent audit of the financial
19 statements of the Office. Such audit shall be conducted
20 in accordance with generally acceptable accounting proce-
21 dures.

22 (g) BUDGET.—In accordance with section 9103 of
23 title 31, United States Code, the Fund shall prepare and
24 submit each year to the President a business-type budget

1 in a way, and before a date, the President prescribes by
2 regulation for the budget program.

3 **SEC. 15. 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—

13 (A) by striking “Whenever” and in-
14 sserting “(c) **CORRECTION OF ERRORS IN**
15 **APPLICATION.—Whenever**”; and

16 (B) by striking “and such error arose
17 without any deceptive intent on his part,”.

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

21 (1) in the first paragraph—

22 (A) by striking “Except when” and insert-
23 ing “(a) **FILING IN FOREIGN COUNTRY.—Ex-**
24 **cept when**”; and

1 (B) by striking “and without deceptive in-
2 tent”;

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

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

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

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

15 (1) in the first paragraph—

16 (A) by striking “Whenever” and inserting
17 “(a) IN GENERAL.—Whenever reissue of any
18 patent is authorized under section 298 or”; and

19 (B) by striking “without deceptive inten-
20 tion”;

21 (2) in the second paragraph, by striking “The
22 Director” and inserting “(b) MULTIPLE REISSUED
23 PATENTS.—The Director”;

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

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

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

10 (1) in the first paragraph, by striking “When-
11 ever, without deceptive intention” and inserting “(a)
12 IN GENERAL.—Whenever”; and

13 (2) in the second paragraph, by striking “in
14 like manner” and inserting “(b) ADDITIONAL DIS-
15 CLAIMER OR DEDICATION.—In the manner set forth
16 in subsection (a),”.

17 (f) CORRECTION OF NAMED INVENTOR.—Section
18 256 of title 35, United States Code, is amended—

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

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

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

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

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

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

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

16 **SEC. 16. EFFECTIVE DATE; RULE OF CONSTRUCTION.**

17 (a) EFFECTIVE DATE.—Except as otherwise provided
18 in this Act, the provisions of this Act shall take effect 12
19 months after the date of the enactment of this Act and
20 shall apply to any patent issued on or after that effective
21 date.

22 (b) SPECIAL PROVISIONS RELATING TO DETERMINA-
23 TIONS OF VALIDITY AND PATENTABILITY.—

24 (1) IN GENERAL.—The amendments made by
25 section 2 shall apply to any application for a patent

1 and any patent issued pursuant to such an applica-
2 tion that at any time—

3 (A) contained a claim to a claimed inven-
4 tion that has an effective filing date, as such
5 date is defined under section 100(h) of title 35,
6 United States Code, 1 year or more after the
7 date of the enactment of this Act;

8 (B) asserted a claim to a right of priority
9 under section 119, 365(a), or 365(b) of title 35,
10 United States Code, to any application that was
11 filed 1 year or more after the date of the enact-
12 ment of this Act; or

13 (C) made a specific reference under section
14 120, 121, or 365(e) of title 35, United States
15 Code, to any application to which the amend-
16 ments made by section 2 otherwise apply under
17 this subsection.

18 (2) PATENTABILITY.—For any application for
19 patent and any patent issued pursuant to such an
20 application to which the amendments made by sec-
21 tion 2 apply, no claim asserted in such application
22 shall be patentable or valid unless such claim meets
23 the conditions of patentability specified in section
24 102(g) of title 35, United States Code, as such con-
25 ditions were in effect on the day prior to the date

1 of enactment of this Act, if the application at any
2 time—

3 (A) contained a claim to a claimed inven-
4 tion that has an effective filing date as defined
5 in section 100(h) of title 35, United States
6 Code, earlier than 1 year after the date of the
7 enactment of this Act;

8 (B) asserted a claim to a right of priority
9 under section 119, 365(a), or 365(b) of title 35,
10 United States Code, to any application that was
11 filed earlier than 1 year after the date of the
12 enactment of this Act; or

13 (C) made a specific reference under section
14 120, 121, or 365(c) of title 35, United States
15 Code, with respect to which the requirements of
16 section 102(g) applied.

17 (3) VALIDITY OF PATENTS.—For the purpose
18 of determining the validity of a claim in any patent
19 or the patentability of any claim in a nonprovisional
20 application for patent that is made before the effec-
21 tive date of the amendments made by sections 2 and
22 3, other than in an action brought in a court before
23 the date of the enactment of this Act—

24 (A) the provisions of subsections (c), (d),
25 and (f) of section 102 of title 35, United States

1 Code, that were in effect on the day prior to the
2 date of enactment of this Act shall be deemed
3 to be repealed;

4 (B) the amendments made by section 3 of
5 this Act shall apply, except that a claim in a
6 patent that is otherwise valid under the provi-
7 sions of section 102(f) of title 35, United States
8 Code, as such provision was in effect on the day
9 prior to the date of enactment of this Act, shall
10 not be invalidated by reason of this paragraph;
11 and

12 (C) the term “in public use or on sale” as
13 used in section 102(b) of title 35, United States
14 Code, as such section was in effect on the day
15 prior to the date of enactment of this Act shall
16 be deemed to exclude the use, sale, or offer for
17 sale of any subject matter that had not become
18 available to the public.

19 (4) CONTINUITY OF INTENT UNDER THE CRE-
20 ATE ACT.—The enactment of section 102(b)(3) of
21 title 35, United States Code, under section (2)(b) of
22 this Act is done with the same intent to promote
23 joint research activities that was expressed, includ-
24 ing in the legislative history, through the enactment
25 of the Cooperative Research and Technology En-

1 hancement Act of 2004 (Public Law 108–453; the
2 “CREATE Act”), the amendments of which are
3 stricken by section 2(c) of this Act. The United
4 States Patent and Trademark Office shall admin-
5 ister section 102(b)(3) of title 35, United States
6 Code, in a manner consistent with the legislative his-
7 tory of the CREATE Act that was relevant to its
8 administration by the United States Patent and
9 Trademark Office.

○