

112TH CONGRESS  
1ST SESSION

# S. 23

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## AN ACT

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,*

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

2 (a) **SHORT TITLE.**—This Act may be cited as the  
3 “America Invents Act”.

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

- Sec. 1. Short title; table of contents.
- Sec. 2. First inventor to file.
- Sec. 3. Inventor’s oath or declaration.
- Sec. 4. Virtual marking and advice of counsel.
- Sec. 5. Post-grant review proceedings.
- Sec. 6. Patent Trial and Appeal Board.
- Sec. 7. Preissuance submissions by third parties.
- Sec. 8. Venue.
- Sec. 9. Fee setting authority.
- Sec. 10. Supplemental examination.
- Sec. 11. Residency of Federal Circuit judges.
- Sec. 12. Micro entity defined.
- Sec. 13. Funding agreements.
- Sec. 14. Tax strategies deemed within the prior art.
- Sec. 15. Best mode requirement.
- Sec. 16. Technical amendments.
- Sec. 17. Clarification of jurisdiction.
- Sec. 18. Transitional program for covered business-method patents.
- Sec. 19. Travel expenses and payment of administrative judges.
- Sec. 20. Patent and Trademark Office funding.
- Sec. 21. Satellite offices.
- Sec. 22. Patent Ombudsman Program for small business concerns.
- Sec. 23. Priority examination for technologies important to American competi-  
tiveness.
- Sec. 24. Designation of Detroit satellite office.
- Sec. 25. Effective date.
- Sec. 26. Budgetary effects.

6 **SEC. 2. FIRST INVENTOR TO FILE.**

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

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

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

4       “(h) The term ‘joint research agreement’ means a  
5 written contract, grant, or cooperative agreement entered  
6 into by 2 or more persons or entities for the performance  
7 of experimental, developmental, or research work in the  
8 field of the claimed invention.

9       “(i)(1) The term ‘effective filing date’ of a claimed  
10 invention in a patent or application for patent means—

11           “(A) if subparagraph (B) does not apply, the  
12 actual filing date of the patent or the application for  
13 the patent containing a claim to the invention; or

14           “(B) the filing date of the earliest application  
15 for which the patent or application is entitled, as to  
16 such invention, to a right of priority under section  
17 119, 365(a), or 365(b) or to the benefit of an earlier  
18 filing date under section 120, 121, or 365(c).

19       “(2) The effective filing date for a claimed invention  
20 in an application for reissue or reissued patent shall be  
21 determined by deeming the claim to the invention to have  
22 been contained in the patent for which reissue was sought.

23       “(j) The term ‘claimed invention’ means the subject  
24 matter defined by a claim in a patent or an application  
25 for a patent.”.

1 (b) CONDITIONS FOR PATENTABILITY.—

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

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

5 “(a) NOVELTY; PRIOR ART.—A person shall be enti-  
6 tled to a patent unless—

7 “(1) the claimed invention was patented, de-  
8 scribed in a printed publication, or in public use, on  
9 sale, or otherwise available to the public before the  
10 effective filing date of the claimed invention; or

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

18 “(b) EXCEPTIONS.—

19 “(1) DISCLOSURES MADE 1 YEAR OR LESS BE-  
20 FORE THE EFFECTIVE FILING DATE OF THE  
21 CLAIMED INVENTION.—A disclosure made 1 year or  
22 less before the effective filing date of a claimed in-  
23 vention shall not be prior art to the claimed inven-  
24 tion under subsection (a)(1) if—

1           “(A) the disclosure was made by the inven-  
2           tor or joint inventor or by another who obtained  
3           the subject matter disclosed directly or indi-  
4           rectly from the inventor or a joint inventor; or

5           “(B) the subject matter disclosed had, be-  
6           fore such disclosure, been publicly disclosed by  
7           the inventor or a joint inventor or another who  
8           obtained the subject matter disclosed directly or  
9           indirectly from the inventor or a joint inventor.

10          “(2) DISCLOSURES APPEARING IN APPLICA-  
11          TIONS AND PATENTS.—A disclosure shall not be  
12          prior art to a claimed invention under subsection  
13          (a)(2) if—

14               “(A) the subject matter disclosed was ob-  
15               tained directly or indirectly from the inventor or  
16               a joint inventor;

17               “(B) the subject matter disclosed had, be-  
18               fore such subject matter was effectively filed  
19               under subsection (a)(2), been publicly disclosed  
20               by the inventor or a joint inventor or another  
21               who obtained the subject matter disclosed di-  
22               rectly or indirectly from the inventor or a joint  
23               inventor; or

24               “(C) the subject matter disclosed and the  
25               claimed invention, not later than the effective

1 filing date of the claimed invention, were owned  
2 by the same person or subject to an obligation  
3 of assignment to the same person.

4 “(c) COMMON OWNERSHIP UNDER JOINT RESEARCH  
5 AGREEMENTS.—Subject matter disclosed and a claimed  
6 invention shall be deemed to have been owned by the same  
7 person or subject to an obligation of assignment to the  
8 same person in applying the provisions of subsection  
9 (b)(2)(C) if—

10 “(1) the subject matter disclosed was developed  
11 and the claimed invention was made by, or on behalf  
12 of, 1 or more parties to a joint research agreement  
13 that was in effect on or before the effective filing  
14 date of the claimed invention;

15 “(2) the claimed invention was made as a result  
16 of activities undertaken within the scope of the joint  
17 research agreement; and

18 “(3) the application for patent for the claimed  
19 invention discloses or is amended to disclose the  
20 names of the parties to the joint research agree-  
21 ment.

22 “(d) PATENTS AND PUBLISHED APPLICATIONS EF-  
23 FECTIVE AS PRIOR ART.—For purposes of determining  
24 whether a patent or application for patent is prior art to  
25 a claimed invention under subsection (a)(2), such patent

1 or application shall be considered to have been effectively  
2 filed, with respect to any subject matter described in the  
3 patent or application—

4 “(1) if paragraph (2) does not apply, as of the  
5 actual filing date of the patent or the application for  
6 patent; or

7 “(2) if the patent or application for patent is  
8 entitled to claim a right of priority under section  
9 119, 365(a), or 365(b), or to claim the benefit of an  
10 earlier filing date under section 120, 121, or 365(c),  
11 based upon 1 or more prior filed applications for  
12 patent, as of the filing date of the earliest such ap-  
13 plication that describes the subject matter.”.

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

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

4 (3) CONFORMING AMENDMENT.—The item re-  
5 lating to section 102 in the table of sections for  
6 chapter 10 of title 35, United States Code, is  
7 amended to read as follows:

“102. Conditions for patentability; novelty.”.

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

11 **“§ 103. Conditions for patentability; nonobvious sub-**  
12 **ject matter**

13 “A patent for a claimed invention may not be ob-  
14 tained, notwithstanding that the claimed invention is not  
15 identically disclosed as set forth in section 102, if the dif-  
16 ferences between the claimed invention and the prior art  
17 are such that the claimed invention as a whole would have  
18 been obvious before the effective filing date of the claimed  
19 invention to a person having ordinary skill in the art to  
20 which the claimed invention pertains. Patentability shall  
21 not be negated by the manner in which the invention was  
22 made.”.

23 (d) REPEAL OF REQUIREMENTS FOR INVENTIONS  
24 MADE ABROAD.—Section 104 of title 35, United States  
25 Code, and the item relating to that section in the table



1 of sections for chapter 10 of title 35, United States Code,  
2 are repealed.

3 (e) REPEAL OF STATUTORY INVENTION REGISTRA-  
4 TION.—

5 (1) IN GENERAL.—Section 157 of title 35,  
6 United States Code, and the item relating to that  
7 section in the table of sections for chapter 14 of title  
8 35, United States Code, are repealed.

9 (2) REMOVAL OF CROSS REFERENCES.—Section  
10 111(b)(8) of title 35, United States Code, is amend-  
11 ed by striking “sections 115, 131, 135, and 157”  
12 and inserting “sections 131 and 135”.

13 (3) EFFECTIVE DATE.—The amendments made  
14 by this subsection shall take effect 18 months after  
15 the date of the enactment of this Act, and shall  
16 apply to any request for a statutory invention reg-  
17 istration filed on or after that date.

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 DESIGN-  
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(b) 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(b)”.

20 (h) DERIVED PATENTS.—Section 291 of title 35,  
21 United States Code, is amended to read as follows:

22 **“§ 291. Derived patents**

23 “(a) IN GENERAL.—The owner of a patent may have  
24 relief by civil action against the owner of another patent  
25 that claims the same invention and has an earlier effective

1 filing date if the invention claimed in such other patent  
2 was derived from the inventor of the invention claimed in  
3 the patent owned by the person seeking relief under this  
4 section.

5 “(b) FILING LIMITATION.—An action under this sec-  
6 tion may only be filed within 1 year after the issuance  
7 of the first patent containing a claim to the allegedly de-  
8 rived invention and naming an individual alleged to have  
9 derived such invention as the inventor or joint inventor.”.

10 (i) DERIVATION PROCEEDINGS.—Section 135 of title  
11 35, United States Code, is amended to read as follows:

12 **“§ 135. Derivation proceedings**

13 “(a) INSTITUTION OF PROCEEDING.—An applicant  
14 for patent may file a petition to institute a derivation pro-  
15 ceeding in the Office. The petition shall set forth with par-  
16 ticularity the basis for finding that an inventor named in  
17 an earlier application derived the claimed invention from  
18 an inventor named in the petitioner’s application and,  
19 without authorization, the earlier application claiming  
20 such invention was filed. Any such petition may only be  
21 filed within 1 year after the first publication of a claim  
22 to an invention that is the same or substantially the same  
23 as the earlier application’s claim to the invention, shall  
24 be made under oath, and shall be supported by substantial  
25 evidence. Whenever the Director determines that a peti-

1 tion filed under this subsection demonstrates that the  
2 standards for instituting a derivation proceeding are met,  
3 the Director may institute a derivation proceeding. The  
4 determination by the Director whether to institute a deri-  
5 vation proceeding shall be final and nonappealable.

6 “(b) DETERMINATION BY PATENT TRIAL AND AP-  
7 PEAL BOARD.—In a derivation proceeding instituted  
8 under subsection (a), the Patent Trial and Appeal Board  
9 shall determine whether an inventor named in the earlier  
10 application derived the claimed invention from an inventor  
11 named in the petitioner’s application and, without author-  
12 ization, the earlier application claiming such invention was  
13 filed. The Director shall prescribe regulations setting forth  
14 standards for the conduct of derivation proceedings.

15 “(c) DEFERRAL OF DECISION.—The Patent Trial  
16 and Appeal Board may defer action on a petition for a  
17 derivation proceeding until 3 months after the date on  
18 which the Director issues a patent that includes the  
19 claimed invention that is the subject of the petition. The  
20 Patent Trial and Appeal Board also may defer action on  
21 a petition for a derivation proceeding, or stay the pro-  
22 ceeding after it has been instituted, until the termination  
23 of a proceeding under chapter 30, 31, or 32 involving the  
24 patent of the earlier applicant.

1       “(d) EFFECT OF FINAL DECISION.—The final deci-  
2 sion of the Patent Trial and Appeal Board, if adverse to  
3 claims in an application for patent, shall constitute the  
4 final refusal by the Office on those claims. The final deci-  
5 sion of the Patent Trial and Appeal Board, if adverse to  
6 claims in a patent, shall, if no appeal or other review of  
7 the decision has been or can be taken or had, constitute  
8 cancellation of those claims, and notice of such cancella-  
9 tion shall be endorsed on copies of the patent distributed  
10 after such cancellation.

11       “(e) SETTLEMENT.—Parties to a proceeding insti-  
12 tuted under subsection (a) may terminate the proceeding  
13 by filing a written statement reflecting the agreement of  
14 the parties as to the correct inventors of the claimed inven-  
15 tion in dispute. Unless the Patent Trial and Appeal Board  
16 finds the agreement to be inconsistent with the evidence  
17 of record, if any, it shall take action consistent with the  
18 agreement. Any written settlement or understanding of  
19 the parties shall be filed with the Director. At the request  
20 of a party to the proceeding, the agreement or under-  
21 standing shall be treated as business confidential informa-  
22 tion, shall be kept separate from the file of the involved  
23 patents or applications, and shall be made available only  
24 to Government agencies on written request, or to any per-  
25 son on a showing of good cause.

1       “(f) ARBITRATION.—Parties to a proceeding insti-  
2       tuted under subsection (a) may, within such time as may  
3       be specified by the Director by regulation, determine such  
4       contest or any aspect thereof by arbitration. Such arbitra-  
5       tion shall be governed by the provisions of title 9, to the  
6       extent such title is not inconsistent with this section. The  
7       parties shall give notice of any arbitration award to the  
8       Director, and such award shall, as between the parties to  
9       the arbitration, be dispositive of the issues to which it re-  
10      lates. The arbitration award shall be unenforceable until  
11      such notice is given. Nothing in this subsection shall pre-  
12      clude the Director from determining the patentability of  
13      the claimed inventions involved in the proceeding.”.

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

20      (2)(A) Sections 146 and 154 of title 35, United  
21      States Code, are each amended—

22                   (i) by striking “an interference” each place  
23                   it appears and inserting “a derivation pro-  
24                   ceeding”; and

1           (ii) by striking “interference” each addi-  
2           tional place it appears and inserting “derivation  
3           proceeding”.

4           (B) The subparagraph heading for section  
5           154(b)(1)(C) of title 35, United States Code, as  
6           amended by this paragraph, is further amended  
7           by—

8           (i) striking “OR” and inserting “OF”; and

9           (ii) striking “SECRECY ORDER” and insert-  
10          ing “SECRECY ORDERS”.

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

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

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

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

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

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

“6. Patent Trial and Appeal Board.”.

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



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

“135. Derivation proceedings.”.

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

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

4       (k) FALSE MARKING.—

5           (1) IN GENERAL.—Section 292 of title 35,  
6 United States Code, is amended—

7           (A) in subsection (a), by adding at the end  
8           the following:

9           “Only the United States may sue for the penalty au-  
10 thorized by this subsection.”; and

11           (B) by striking subsection (b) and insert-  
12           ing the following:

13           “(b) Any person who has suffered a competitive in-  
14 jury as a result of a violation of this section may file a  
15 civil action in a district court of the United States for re-  
16 covery of damages adequate to compensate for the in-  
17 jury.”.

18           (2) EFFECTIVE DATE.—The amendments made  
19 by this subsection shall apply to all cases, without  
20 exception, pending on or after the date of the enact-  
21 ment of this Act.

22       (l) STATUTE OF LIMITATIONS.—

1           (1) IN GENERAL.—Section 32 of title 35,  
2           United States Code, is amended by inserting be-  
3           tween the third and fourth sentences the following:  
4           “A proceeding under this section shall be com-  
5           menced not later than the earlier of either 10 years  
6           after the date on which the misconduct forming the  
7           basis for the proceeding occurred, or 1 year after the  
8           date on which the misconduct forming the basis for  
9           the proceeding is made known to an officer or em-  
10          ployee of the Office as prescribed in the regulations  
11          established under section 2(b)(2)(D).”.

12          (2) REPORT TO CONGRESS.—The Director shall  
13          provide on a biennial basis to the Judiciary Commit-  
14          tees of the Senate and House of Representatives a  
15          report providing a short description of incidents  
16          made known to an officer or employee of the Office  
17          as prescribed in the regulations established under  
18          section 2(b)(2)(D) of title 35, United States Code,  
19          that reflect substantial evidence of misconduct be-  
20          fore the Office but for which the Office was barred  
21          from commencing a proceeding under section 32 of  
22          title 35, United States Code, by the time limitation  
23          established by the fourth sentence of that section.

24          (3) EFFECTIVE DATE.—The amendment made  
25          by paragraph (1) shall apply in all cases in which

1 the time period for instituting a proceeding under  
2 section 32 of title 35, United State Code, had not  
3 lapsed prior to the date of the enactment of this Act.

4 (m) SMALL BUSINESS STUDY.—

5 (1) DEFINITIONS.—In this subsection—

6 (A) the term “Chief Counsel” means the  
7 Chief Counsel for Advocacy of the Small Busi-  
8 ness Administration;

9 (B) the term “General Counsel” means the  
10 General Counsel of the United States Patent  
11 and Trademark Office; and

12 (C) the term “small business concern” has  
13 the meaning given that term under section 3 of  
14 the Small Business Act (15 U.S.C. 632).

15 (2) STUDY.—

16 (A) IN GENERAL.—The Chief Counsel, in  
17 consultation with the General Counsel, shall  
18 conduct a study of the effects of eliminating the  
19 use of dates of invention in determining wheth-  
20 er an applicant is entitled to a patent under  
21 title 35, United States Code.

22 (B) AREAS OF STUDY.—The study con-  
23 ducted under subparagraph (A) shall include  
24 examination of the effects of eliminating the use  
25 of invention dates, including examining—

1 (i) how the change would affect the  
2 ability of small business concerns to obtain  
3 patents and their costs of obtaining pat-  
4 ents;

5 (ii) whether the change would create,  
6 mitigate, or exacerbate any disadvantage  
7 for applicants for patents that are small  
8 business concerns relative to applicants for  
9 patents that are not small business con-  
10 cerns, and whether the change would cre-  
11 ate any advantages for applicants for pat-  
12 ents that are small business concerns rel-  
13 ative to applicants for patents that are not  
14 small business concerns;

15 (iii) the cost savings and other poten-  
16 tial benefits to small business concerns of  
17 the change; and

18 (iv) the feasibility and costs and bene-  
19 fits to small business concerns of alter-  
20 native means of determining whether an  
21 applicant is entitled to a patent under title  
22 35, United States Code.

23 (3) REPORT.—Not later than 1 year after the  
24 date of enactment of this Act, the Chief Counsel  
25 shall submit to the Committee on Small Business

1 and Entrepreneurship and the Committee on the Ju-  
2 diciary of the Senate and the Committee on Small  
3 Business and the Committee on the Judiciary of the  
4 House of Representatives a report regarding the re-  
5 sults of the study under paragraph (2).

6 (n) REPORT ON PRIOR USER RIGHTS.—

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

16 (A) A comparison between patent laws of  
17 the United States and the laws of other indus-  
18 trialized countries, including members of the  
19 European Union and Japan, Canada, and Aus-  
20 tralia.

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

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

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

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

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

9           (F) An analysis of whether the change to  
10          a first-to-file patent system creates a particular  
11          need for prior user rights.

12          (2) CONSULTATION WITH OTHER AGENCIES.—

13          In preparing the report required under paragraph  
14          (1), the Director shall consult with the United  
15          States Trade Representative, the Secretary of State,  
16          and the Attorney General.

17          (o) EFFECTIVE DATE.—

18          (1) IN GENERAL.—Except as otherwise pro-  
19          vided by this section, the amendments made by this  
20          section shall take effect on the date that is 18  
21          months after the date of the enactment of this Act,  
22          and shall apply to any application for patent, and to  
23          any patent issuing thereon, that contains or con-  
24          tained at any time—

1           (A) a claim to a claimed invention that has  
2           an effective filing date as defined in section  
3           100(i) of title 35, United States Code, that is  
4           18 months or more after the date of the enact-  
5           ment of this Act; or

6           (B) a specific reference under section 120,  
7           121, or 365(c) of title 35, United States Code,  
8           to any patent or application that contains or  
9           contained at any time such a claim.

10           (2) INTERFERING PATENTS.—The provisions of  
11           sections 102(g), 135, and 291 of title 35, United  
12           States Code, in effect on the day prior to the date  
13           of the enactment of this Act, shall apply to each  
14           claim of an application for patent, and any patent  
15           issued thereon, for which the amendments made by  
16           this section also apply, if such application or patent  
17           contains or contained at any time—

18           (A) a claim to an invention having an ef-  
19           fective filing date as defined in section 100(i) of  
20           title 35, United States Code, earlier than 18  
21           months after the date of the enactment of this  
22           Act; or

23           (B) a specific reference under section 120,  
24           121, or 365(c) of title 35, United States Code,

1 to any patent or application that contains or  
2 contained at any time such a claim.

3 **SEC. 3. INVENTOR'S OATH OR DECLARATION.**

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

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

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

8 “(a) NAMING THE INVENTOR; INVENTOR'S OATH OR  
9 DECLARATION.—An application for patent that is filed  
10 under section 111(a) or commences the national stage  
11 under section 371 shall include, or be amended to include,  
12 the name of the inventor for any invention claimed in the  
13 application. Except as otherwise provided in this section,  
14 each individual who is the inventor or a joint inventor of  
15 a claimed invention in an application for patent shall exe-  
16 cute an oath or declaration in connection with the applica-  
17 tion.

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

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

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



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

5       “(d) SUBSTITUTE STATEMENT.—

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

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

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

18           “(i) is deceased;

19           “(ii) is under legal incapacity; or

20           “(iii) cannot be found or reached after  
21 diligent effort; or

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

1           “(3) CONTENTS.—A substitute statement under  
2           this subsection shall—

3                   “(A) identify the individual with respect to  
4                   whom the statement applies;

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

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

12           “(e) MAKING REQUIRED STATEMENTS IN ASSIGN-  
13           MENT OF RECORD.—An individual who is under an obliga-  
14           tion of assignment of an application for patent may in-  
15           clude the required statements under subsections (b) and  
16           (c) in the assignment executed by the individual, in lieu  
17           of filing such statements separately.

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

24           “(g) EARLIER-FILED APPLICATION CONTAINING RE-  
25           QUIRED STATEMENTS OR SUBSTITUTE STATEMENT.—

1           “(1) EXCEPTION.—The requirements under  
2 this section shall not apply to an individual with re-  
3 spect to an application for patent in which the indi-  
4 vidual is named as the inventor or a joint inventor  
5 and who claims the benefit under section 120, 121,  
6 or 365(c) of the filing of an earlier-filed application,  
7 if—

8                   “(A) an oath or declaration meeting the  
9 requirements of subsection (a) was executed by  
10 the individual and was filed in connection with  
11 the earlier-filed application;

12                   “(B) a substitute statement meeting the  
13 requirements of subsection (d) was filed in the  
14 earlier filed application with respect to the indi-  
15 vidual; or

16                   “(C) an assignment meeting the require-  
17 ments of subsection (e) was executed with re-  
18 spect to the earlier-filed application by the indi-  
19 vidual and was recorded in connection with the  
20 earlier-filed application.

21           “(2) COPIES OF OATHS, DECLARATIONS, STATE-  
22 MENTS, OR ASSIGNMENTS.—Notwithstanding para-  
23 graph (1), the Director may require that a copy of  
24 the executed oath or declaration, the substitute

1 statement, or the assignment filed in the earlier-filed  
2 application be included in the later-filed application.

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 meeting the requirements of subsection  
16 (a) or an assignment meeting the requirements of  
17 subsection (e) with respect to an application for pat-  
18 ent, the Director may not thereafter require that in-  
19 dividual to make any additional oath, declaration, or  
20 other statement equivalent to those required by this  
21 section in connection with the application for patent  
22 or any patent 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       inserting “OR DECLARATION” after “AND  
20       OATH”; and

21              (C) by inserting “or declaration” after  
22       “and oath” each place it appears.

23              (4) CONFORMING AMENDMENT.—The item re-  
24       lating to section 115 in the table of sections for

1 chapter 11 of title 35, United States Code, is  
2 amended to read as follows:

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

3 (b) FILING BY OTHER THAN INVENTOR.—

4 (1) IN GENERAL.—Section 118 of title 35,  
5 United States Code, is amended to read as follows:

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

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

19 (2) CONFORMING AMENDMENT.—Section 251  
20 of title 35, United States Code, is amended in the  
21 third undesignated paragraph by inserting “or the  
22 application for the original patent was filed by the  
23 assignee of the entire interest” after “claims of the  
24 original patent”.

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

3 (1) in the first paragraph—

4 (A) by striking “The specification” and in-  
5 serting “(a) IN GENERAL.—The specification”;  
6 and

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

10 (2) in the second paragraph—

11 (A) by striking “The specification” and in-  
12 serting “(b) CONCLUSION.—The specification”;  
13 and

14 (B) by striking “applicant regards as his  
15 invention” and inserting “inventor or a joint in-  
16 ventor regards as the invention”;

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

19 (4) in the fourth paragraph, by striking “Sub-  
20 ject to the following paragraph,” and inserting “(d)  
21 REFERENCE IN DEPENDENT FORMS.—Subject to  
22 subsection (e),”;

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

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

4           (d) CONFORMING AMENDMENTS.—

5           (1) Sections 111(b)(1)(A) is amended by strik-  
6           ing “the first paragraph of section 112 of this title”  
7           and inserting “section 112(a)”.

8           (2) Section 111(b)(2) is amended by striking  
9           “the second through fifth paragraphs of section  
10          112,” and inserting “subsections (b) through (e) of  
11          section 112,”.

12          (e) EFFECTIVE DATE.—The amendments made by  
13          this section shall take effect 1 year after the date of the  
14          enactment of this Act and shall apply to patent applica-  
15          tions that are filed on or after that effective date.

16          **SEC. 4. VIRTUAL MARKING AND ADVICE OF COUNSEL.**

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

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



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

11 (b) VIRTUAL MARKING.—Section 287(a) of title 35,  
12 United States Code, is amended by inserting “, or by fix-  
13 ing thereon the word ‘patent’ or the abbreviation ‘pat.’ to-  
14 gether with an address of a posting on the Internet, acces-  
15 sible to the public without charge for accessing the ad-  
16 dress, that associates the patented article with the number  
17 of the patent” before “, or when”.

18 (c) ADVICE OF COUNSEL.—Chapter 29 of title 35,  
19 United States Code, is amended by adding at the end the  
20 following:

21 **“§ 298. Advice of Counsel**

22 “The failure of an infringer to obtain the advice of  
23 counsel with respect to any allegedly infringed patent or  
24 the failure of the infringer to present such advice to the  
25 court or jury may not be used to prove that the accused

1 infringer willfully infringed the patent or that the in-  
 2 fringer intended to induce infringement of the patent.”.

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

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

7 (a) INTER PARTES REVIEW.—Chapter 31 of title 35,  
 8 United States Code, is amended to read as follows:

9 **“CHAPTER 31—INTER PARTES REVIEW**

“Sec.

“311. Inter partes review.

“312. Petitions.

“313. Preliminary response to petition.

“314. Institution of inter partes review.

“315. Relation to other proceedings or actions.

“316. Conduct of inter partes review.

“317. Settlement.

“318. Decision of the board.

“319. Appeal.

10 **“§ 311. Inter partes review**

11 “(a) IN GENERAL.—Subject to the provisions of this  
 12 chapter, a person who is not the patent owner may file  
 13 with the Office a petition to institute an inter partes re-  
 14 view for a patent. The Director shall establish, by regula-  
 15 tion, fees to be paid by the person requesting the review,  
 16 in such amounts as the Director determines to be reason-  
 17 able, considering the aggregate costs of the review.

18 “(b) SCOPE.—A petitioner in an inter partes review  
 19 may request to cancel as unpatentable 1 or more claims  
 20 of a patent only on a ground that could be raised under

1 section 102 or 103 and only on the basis of prior art con-  
2 sisting of patents or printed publications.

3 “(c) FILING DEADLINE.—A petition for inter partes  
4 review shall be filed after the later of either—

5 “(1) 9 months after the grant of a patent or  
6 issuance of a reissue of a patent; or

7 “(2) if a post-grant review is instituted under  
8 chapter 32, the date of the termination of such post-  
9 grant review.

#### 10 **“§ 312. Petitions**

11 “(a) REQUIREMENTS OF PETITION.—A petition filed  
12 under section 311 may be considered only if—

13 “(1) the petition is accompanied by payment of  
14 the fee established by the Director under section  
15 311;

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 the challenge  
22 to each 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 expert opinions;

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

6           “(5) the petitioner provides copies of any of the  
7           documents required under paragraphs (2), (3), and  
8           (4) to the patent owner or, if applicable, the des-  
9           ignated representative of the patent owner.

10          “(b) PUBLIC AVAILABILITY.—As soon as practicable  
11 after the receipt of a petition under section 311, the Direc-  
12 tor shall make the petition available to the public.

13 **“§ 313. Preliminary response to petition**

14          “(a) PRELIMINARY RESPONSE.—If an inter partes  
15 review petition is filed under section 311, the patent owner  
16 shall have the right to file a preliminary response within  
17 a time period set by the Director.

18          “(b) CONTENT OF RESPONSE.—A preliminary re-  
19 sponse to a petition for inter partes review shall set forth  
20 reasons why no inter partes review should be instituted  
21 based upon the failure of the petition to meet any require-  
22 ment of this chapter.

23 **“§ 314. Institution of inter partes review**

24          “(a) THRESHOLD.—The Director may not authorize  
25 an inter partes review to commence unless the Director

1 determines that the information presented in the petition  
2 filed under section 311 and any response filed under sec-  
3 tion 313 shows that there is a reasonable likelihood that  
4 the petitioner would prevail with respect to at least 1 of  
5 the claims challenged in the petition.

6 “(b) TIMING.—The Director shall determine whether  
7 to institute an inter partes review under this chapter with-  
8 in 3 months after receiving a preliminary response under  
9 section 313 or, if none is filed, within three months after  
10 the expiration of the time for filing such a response.

11 “(c) NOTICE.—The Director shall notify the peti-  
12 tioner and patent owner, in writing, of the Director’s de-  
13 termination under subsection (a), and shall make such no-  
14 tice available to the public as soon as is practicable. Such  
15 notice shall list the date on which the review shall com-  
16 mence.

17 “(d) NO APPEAL.—The determination by the Direc-  
18 tor whether to institute an inter partes review under this  
19 section shall be final and nonappealable.

20 **“§ 315. Relation to other proceedings or actions**

21 “(a) INFRINGER’S ACTION.—An inter partes review  
22 may not be instituted or maintained if the petitioner or  
23 real party in interest has filed a civil action challenging  
24 the validity of a claim of the patent.

1       “(b) PATENT OWNER’S ACTION.—An inter partes re-  
2 view may not be instituted if the petition requesting the  
3 proceeding is filed more than 6 months after the date on  
4 which the petitioner, real party in interest, or his privy  
5 is served with a complaint alleging infringement of the  
6 patent. The time limitation set forth in the preceding sen-  
7 tence shall not apply to a request for joinder under sub-  
8 section (c).

9       “(c) JOINDER.—If the Director institutes an inter  
10 partes review, the Director, in his discretion, may join as  
11 a party to that inter partes review any person who prop-  
12 erly files a petition under section 311 that the Director,  
13 after receiving a preliminary response under section 313  
14 or the expiration of the time for filing such a response,  
15 determines warrants the institution of an inter partes re-  
16 view under section 314.

17       “(d) MULTIPLE PROCEEDINGS.—Notwithstanding  
18 sections 135(a), 251, and 252, and chapter 30, during the  
19 pendency of an inter partes review, if another proceeding  
20 or matter involving the patent is before the Office, the  
21 Director may determine the manner in which the inter  
22 partes review or other proceeding or matter may proceed,  
23 including providing for stay, transfer, consolidation, or  
24 termination of any such matter or proceeding.

25       “(e) ESTOPPEL.—

1           “(1) PROCEEDINGS BEFORE THE OFFICE.—The  
2 petitioner in an inter partes review under this chap-  
3 ter, or his real party in interest or privy, may not  
4 request or maintain a proceeding before the Office  
5 with respect to a claim on any ground that the peti-  
6 tioner raised or reasonably could have raised during  
7 an inter partes review of the claim that resulted in  
8 a final written decision under section 318(a).

9           “(2) CIVIL ACTIONS AND OTHER PRO-  
10 CEEDINGS.—The petitioner in an inter partes review  
11 under this chapter, or his real party in interest or  
12 privy, may not assert either in a civil action arising  
13 in whole or in part under section 1338 of title 28  
14 or in a proceeding before the International Trade  
15 Commission that a claim in a patent is invalid on  
16 any ground that the petitioner raised or reasonably  
17 could have raised during an inter partes review of  
18 the claim that resulted in a final written decision  
19 under section 318(a).

20 **“§ 316. Conduct of inter partes review**

21           “(a) REGULATIONS.—The Director shall prescribe  
22 regulations—

23           “(1) providing that the file of any proceeding  
24 under this chapter shall be made available to the  
25 public, except that any petition or document filed

1 with the intent that it be sealed shall be accom-  
2 panied by a motion to seal, and such petition or doc-  
3 ument shall be treated as sealed pending the out-  
4 come of the ruling on the motion;

5 “(2) setting forth the standards for the showing  
6 of sufficient grounds to institute a review under sec-  
7 tion 314(a);

8 “(3) establishing procedures for the submission  
9 of supplemental information after the petition is  
10 filed;

11 “(4) in accordance with section 2(b)(2), estab-  
12 lishing and governing inter partes review under this  
13 chapter and the relationship of such review to other  
14 proceedings under this title;

15 “(5) setting a time period for requesting joinder  
16 under section 315(c);

17 “(6) setting forth standards and procedures for  
18 discovery of relevant evidence, including that such  
19 discovery shall be limited to—

20 “(A) the deposition of witnesses submitting  
21 affidavits or declarations; and

22 “(B) what is otherwise necessary in the in-  
23 terest of justice;

24 “(7) prescribing sanctions for abuse of dis-  
25 covery, abuse of process, or any other improper use



1 of the proceeding, such as to harass or to cause un-  
2 necessary delay or an unnecessary increase in the  
3 cost of the proceeding;

4 “(8) providing for protective orders governing  
5 the exchange and submission of confidential infor-  
6 mation;

7 “(9) allowing the patent owner to file a re-  
8 sponse to the petition after an inter partes review  
9 has been instituted, and requiring that the patent  
10 owner file with such response, through affidavits or  
11 declarations, any additional factual evidence and ex-  
12 pert opinions on which the patent owner relies in  
13 support of the response;

14 “(10) setting forth standards and procedures  
15 for allowing the patent owner to move to amend the  
16 patent under subsection (d) to cancel a challenged  
17 claim or propose a reasonable number of substitute  
18 claims, and ensuring that any information submitted  
19 by the patent owner in support of any amendment  
20 entered under subsection (d) is made available to the  
21 public as part of the prosecution history of the pat-  
22 ent;

23 “(11) providing either party with the right to  
24 an oral hearing as part of the proceeding; and

1           “(12) requiring that the final determination in  
2           an inter partes review be issued not later than 1  
3           year after the date on which the Director notices the  
4           institution of a review under this chapter, except  
5           that the Director may, for good cause shown, extend  
6           the 1-year period by not more than 6 months, and  
7           may adjust the time periods in this paragraph in the  
8           case of joinder under section 315(c).

9           “(b) CONSIDERATIONS.—In prescribing regulations  
10          under this section, the Director shall consider the effect  
11          of any such regulation on the economy, the integrity of  
12          the patent system, the efficient administration of the Of-  
13          fice, and the ability of the Office to timely complete pro-  
14          ceedings instituted under this chapter.

15          “(c) PATENT TRIAL AND APPEAL BOARD.—The Pat-  
16          ent Trial and Appeal Board shall, in accordance with sec-  
17          tion 6, conduct each proceeding authorized by the Direc-  
18          tor.

19          “(d) AMENDMENT OF THE PATENT.—

20                 “(1) IN GENERAL.—During an inter partes re-  
21                 view instituted under this chapter, the patent owner  
22                 may file 1 motion to amend the patent in 1 or more  
23                 of the following ways:

24                         “(A) Cancel any challenged patent claim.

1           “(B) For each challenged claim, propose a  
2           reasonable number of substitute claims.

3           “(2) ADDITIONAL MOTIONS.—Additional mo-  
4           tions to amend may be permitted upon the joint re-  
5           quest of the petitioner and the patent owner to ma-  
6           terially advance the settlement of a proceeding under  
7           section 317, or as permitted by regulations pre-  
8           scribed by the Director.

9           “(3) SCOPE OF CLAIMS.—An amendment under  
10          this subsection may not enlarge the scope of the  
11          claims of the patent or introduce new matter.

12          “(e) EVIDENTIARY STANDARDS.—In an inter partes  
13          review instituted under this chapter, the petitioner shall  
14          have the burden of proving a proposition of  
15          unpatentability by a preponderance of the evidence.

16          **“§ 317. Settlement**

17          “(a) IN GENERAL.—An inter partes review instituted  
18          under this chapter shall be terminated with respect to any  
19          petitioner upon the joint request of the petitioner and the  
20          patent owner, unless the Office has decided the merits of  
21          the proceeding before the request for termination is filed.  
22          If the inter partes review is terminated with respect to  
23          a petitioner under this section, no estoppel under section  
24          315(e) shall apply to that petitioner. If no petitioner re-  
25          mains in the inter partes review, the Office may terminate

1 the review or proceed to a final written decision under sec-  
2 tion 318(a).

3 “(b) AGREEMENTS IN WRITING.—Any agreement or  
4 understanding between the patent owner and a petitioner,  
5 including any collateral agreements referred to in such  
6 agreement or understanding, made in connection with, or  
7 in contemplation of, the termination of an inter partes re-  
8 view under this section shall be in writing and a true copy  
9 of such agreement or understanding shall be filed in the  
10 Office before the termination of the inter partes review  
11 as between the parties. If any party filing such agreement  
12 or understanding so requests, the copy shall be kept sepa-  
13 rate from the file of the inter partes review, and shall be  
14 made available only to Federal Government agencies upon  
15 written request, or to any other person on a showing of  
16 good cause.

17 **“§ 318. Decision of the board**

18 “(a) FINAL WRITTEN DECISION.—If an inter partes  
19 review is instituted and not dismissed under this chapter,  
20 the Patent Trial and Appeal Board shall issue a final writ-  
21 ten decision with respect to the patentability of any patent  
22 claim challenged by the petitioner and any new claim  
23 added under section 316(d).

24 “(b) CERTIFICATE.—If the Patent Trial and Appeal  
25 Board issues a final written decision under subsection (a)

1 and the time for appeal has expired or any appeal has  
 2 terminated, the Director shall issue and publish a certifi-  
 3 cate canceling any claim of the patent finally determined  
 4 to be unpatentable, confirming any claim of the patent de-  
 5 termined to be patentable, and incorporating in the patent  
 6 by operation of the certificate any new or amended claim  
 7 determined to be patentable.

8       “(c) DATA ON LENGTH OF REVIEW.—The Patent  
 9 and Trademark Office shall make available to the public  
 10 data describing the length of time between the commence-  
 11 ment of each inter partes review and the conclusion of that  
 12 review.

13 **“§ 319. Appeal**

14       “A party dissatisfied with the final written decision  
 15 of the Patent Trial and Appeal Board under section  
 16 318(a) may appeal the decision pursuant to sections 141  
 17 through 144. Any party to the inter partes review shall  
 18 have the right to be a party to the appeal.”.

19       (b) TECHNICAL AND CONFORMING AMENDMENT.—  
 20 The table of chapters for part III of title 35, United States  
 21 Code, is amended by striking the item relating to chapter  
 22 31 and inserting the following:

“31. Inter Partes Review ..... 311.”.

23       (c) REGULATIONS AND EFFECTIVE DATE.—

24               (1) REGULATIONS.—The Director shall, not  
 25 later than the date that is 1 year after the date of

1 the enactment of this Act, issue regulations to carry  
2 out chapter 31 of title 35, United States Code, as  
3 amended by subsection (a) of this section.

4 (2) APPLICABILITY.—

5 (A) IN GENERAL.—The amendments made  
6 by subsection (a) shall take effect on the date  
7 that is 1 year after the date of the enactment  
8 of this Act and shall apply to all patents issued  
9 before, on, or after the effective date of sub-  
10 section (a).

11 (B) EXCEPTION.—The provisions of chap-  
12 ter 31 of title 35, United States Code, as  
13 amended by paragraph (3), shall continue to  
14 apply to requests for inter partes reexamination  
15 that are filed prior to the effective date of sub-  
16 section (a) as if subsection (a) had not been en-  
17 acted.

18 (C) GRADUATED IMPLEMENTATION.—The  
19 Director may impose a limit on the number of  
20 inter partes reviews that may be instituted dur-  
21 ing each of the first 4 years following the effec-  
22 tive date of subsection (a), provided that such  
23 number shall in each year be equivalent to or  
24 greater than the number of inter partes reex-  
25 aminations that are ordered in the last full fis-

1 cal year prior to the effective date of subsection  
2 (a).

3 (3) TRANSITION.—

4 (A) IN GENERAL.—Chapter 31 of title 35,  
5 United States Code, is amended—

6 (i) in section 312—

7 (I) in subsection (a)—

8 (aa) in the first sentence, by  
9 striking “a substantial new ques-  
10 tion of patentability affecting any  
11 claim of the patent concerned is  
12 raised by the request,” and in-  
13 serting “the information pre-  
14 sented in the request shows that  
15 there is a reasonable likelihood  
16 that the requester would prevail  
17 with respect to at least 1 of the  
18 claims challenged in the re-  
19 quest,”; and

20 (bb) in the second sentence,  
21 by striking “The existence of a  
22 substantial new question of pat-  
23 entability” and inserting “A  
24 showing that there is a reason-  
25 able likelihood that the requester

1 would prevail with respect to at  
2 least 1 of the claims challenged  
3 in the request”; and

4 (II) in subsection (c), in the sec-  
5 ond sentence, by striking “no substan-  
6 tial new question of patentability has  
7 been raised,” and inserting “the show-  
8 ing required by subsection (a) has not  
9 been made,”; and

10 (ii) in section 313, by striking “a sub-  
11 stantial new question of patentability af-  
12 fecting a claim of the patent is raised” and  
13 inserting “it has been shown that there is  
14 a reasonable likelihood that the requester  
15 would prevail with respect to at least 1 of  
16 the claims challenged in the request”.

17 (B) APPLICATION.—The amendments  
18 made by this paragraph shall apply to requests  
19 for inter partes reexamination that are filed on  
20 or after the date of the enactment of this Act,  
21 but prior to the effective date of subsection (a).

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



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

“Sec.

“321. Post-grant review.

“322. Petitions.

“323. Preliminary response to petition.

“324. Institution of post-grant review.

“325. Relation to other proceedings or actions.

“326. Conduct of post-grant review.

“327. Settlement.

“328. Decision of the board.

“329. Appeal.

2       **“§ 321. Post-grant review**

3           “(a) IN GENERAL.—Subject to the provisions of this  
4 chapter, a person who is not the patent owner may file  
5 with the Office a petition to institute a post-grant review  
6 for a patent. The Director shall establish, by regulation,  
7 fees to be paid by the person requesting the review, in  
8 such amounts as the Director determines to be reasonable,  
9 considering the aggregate costs of the post-grant review.

10          “(b) SCOPE.—A petitioner in a post-grant review may  
11 request to cancel as unpatentable 1 or more claims of a  
12 patent on any ground that could be raised under para-  
13 graph (2) or (3) of section 282(b) (relating to invalidity  
14 of the patent or any claim).

15          “(c) FILING DEADLINE.—A petition for a post-grant  
16 review shall be filed not later than 9 months after the  
17 grant of the patent or issuance of a reissue patent.

18       **“§ 322. Petitions**

19           “(a) REQUIREMENTS OF PETITION.—A petition filed  
20 under section 321 may be considered only if—

1           “(1) the petition is accompanied by payment of  
2           the fee established by the Director under section  
3           321;

4           “(2) the petition identifies all real parties in in-  
5           terest;

6           “(3) the petition identifies, in writing and with  
7           particularity, each claim challenged, the grounds on  
8           which the challenge to each claim is based, and the  
9           evidence that supports the grounds for the challenge  
10          to each claim, including—

11                  “(A) copies of patents and printed publica-  
12                  tions that the petitioner relies upon in support  
13                  of the petition; and

14                  “(B) affidavits or declarations of sup-  
15                  porting evidence and opinions, if the petitioner  
16                  relies on other factual evidence or on expert  
17                  opinions;

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

20           “(5) the petitioner provides copies of any of the  
21           documents required under paragraphs (2), (3), and  
22           (4) to the patent owner or, if applicable, the des-  
23           ignated representative of the patent owner.

1       “(b) PUBLIC AVAILABILITY.—As soon as practicable  
2 after the receipt of a petition under section 321, the Direc-  
3 tor shall make the petition available to the public.

4 **“§ 323. Preliminary response to petition**

5       “(a) PRELIMINARY RESPONSE.—If a post-grant re-  
6 view petition is filed under section 321, the patent owner  
7 shall have the right to file a preliminary response within  
8 2 months of the filing of the petition.

9       “(b) CONTENT OF RESPONSE.—A preliminary re-  
10 sponse to a petition for post-grant review shall set forth  
11 reasons why no post-grant review should be instituted  
12 based upon the failure of the petition to meet any require-  
13 ment of this chapter.

14 **“§ 324. Institution of post-grant review**

15       “(a) THRESHOLD.—The Director may not authorize  
16 a post-grant review to commence unless the Director de-  
17 termines that the information presented in the petition,  
18 if such information is not rebutted, would demonstrate  
19 that it is more likely than not that at least 1 of the claims  
20 challenged in the petition is unpatentable.

21       “(b) ADDITIONAL GROUNDS.—The determination re-  
22 quired under subsection (a) may also be satisfied by a  
23 showing that the petition raises a novel or unsettled legal  
24 question that is important to other patents or patent ap-  
25 plications.

1       “(c) TIMING.—The Director shall determine whether  
2 to institute a post-grant review under this chapter within  
3 3 months after receiving a preliminary response under sec-  
4 tion 323 or, if none is filed, the expiration of the time  
5 for filing such a response.

6       “(d) NOTICE.—The Director shall notify the peti-  
7 tioner and patent owner, in writing, of the Director’s de-  
8 termination under subsection (a) or (b), and shall make  
9 such notice available to the public as soon as is prac-  
10 ticable. The Director shall make each notice of the institu-  
11 tion of a post-grant review available to the public. Such  
12 notice shall list the date on which the review shall com-  
13 mence.

14       “(e) NO APPEAL.—The determination by the Direc-  
15 tor whether to institute a post-grant review under this sec-  
16 tion shall be final and nonappealable.

17 **“§ 325. Relation to other proceedings or actions**

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

22       “(b) PRELIMINARY INJUNCTIONS.—If a civil action  
23 alleging infringement of a patent is filed within 3 months  
24 of the grant of the patent, the court may not stay its con-  
25 sideration of the patent owner’s motion for a preliminary

1 injunction against infringement of the patent on the basis  
2 that a petition for post-grant review has been filed or that  
3 such a proceeding has been instituted.

4 “(c) JOINDER.—If more than 1 petition for a post-  
5 grant review is properly filed against the same patent and  
6 the Director determines that more than 1 of these peti-  
7 tions warrants the institution of a post-grant review under  
8 section 324, the Director may consolidate such reviews  
9 into a single post-grant review.

10 “(d) MULTIPLE PROCEEDINGS.—Notwithstanding  
11 sections 135(a), 251, and 252, and chapter 30, during the  
12 pendency of any post-grant review, if another proceeding  
13 or matter involving the patent is before the Office, the  
14 Director may determine the manner in which the post-  
15 grant review or other proceeding or matter may proceed,  
16 including providing for stay, transfer, consolidation, or  
17 termination of any such matter or proceeding. In deter-  
18 mining whether to institute or order a proceeding under  
19 this chapter, chapter 30, or chapter 31, the Director may  
20 take into account whether, and reject the petition or re-  
21 quest because, the same or substantially the same prior  
22 art or arguments previously were presented to the Office.

23 “(e) ESTOPPEL.—

24 “(1) PROCEEDINGS BEFORE THE OFFICE.—The  
25 petitioner in a post-grant review under this chapter,

1 or his real party in interest or privy, may not re-  
2 quest or maintain a proceeding before the Office  
3 with respect to a claim on any ground that the peti-  
4 tioner raised or reasonably could have raised during  
5 a post-grant review of the claim that resulted in a  
6 final written decision under section 328(a).

7 “(2) CIVIL ACTIONS AND OTHER PRO-  
8 CEEDINGS.—The petitioner in a post-grant review  
9 under this chapter, or his real party in interest or  
10 privy, may not assert either in a civil action arising  
11 in whole or in part under section 1338 of title 28  
12 or in a proceeding before the International Trade  
13 Commission that a claim in a patent is invalid on  
14 any ground that the petitioner raised during a post-  
15 grant review of the claim that resulted in a final  
16 written decision under section 328(a).

17 “(f) REISSUE PATENTS.—A post-grant review may  
18 not be instituted if the petition requests cancellation of  
19 a claim in a reissue patent that is identical to or narrower  
20 than a claim in the original patent from which the reissue  
21 patent was issued, and the time limitations in section  
22 321(c) would bar filing a petition for a post-grant review  
23 for such original patent.

1 **“§ 326. Conduct of post-grant review**

2 “(a) REGULATIONS.—The Director shall prescribe  
3 regulations—

4 “(1) providing that the file of any proceeding  
5 under this chapter shall be made available to the  
6 public, except that any petition or document filed  
7 with the intent that it be sealed shall be accom-  
8 panied by a motion to seal, and such petition or doc-  
9 ument shall be treated as sealed pending the out-  
10 come of the ruling on the motion;

11 “(2) setting forth the standards for the showing  
12 of sufficient grounds to institute a review under sub-  
13 sections (a) and (b) of section 324;

14 “(3) establishing procedures for the submission  
15 of supplemental information after the petition is  
16 filed;

17 “(4) in accordance with section 2(b)(2), estab-  
18 lishing and governing a post-grant review under this  
19 chapter and the relationship of such review to other  
20 proceedings under this title;

21 “(5) setting forth standards and procedures for  
22 discovery of relevant evidence, including that such  
23 discovery shall be limited to evidence directly related  
24 to factual assertions advanced by either party in the  
25 proceeding;

1           “(6) prescribing sanctions for abuse of dis-  
2           covery, abuse of process, or any other improper use  
3           of the proceeding, such as to harass or to cause un-  
4           necessary delay or an unnecessary increase in the  
5           cost of the proceeding;

6           “(7) providing for protective orders governing  
7           the exchange and submission of confidential infor-  
8           mation;

9           “(8) allowing the patent owner to file a re-  
10          sponse to the petition after a post-grant review has  
11          been instituted, and requiring that the patent owner  
12          file with such response, through affidavits or dec-  
13          larations, any additional factual evidence and expert  
14          opinions on which the patent owner relies in support  
15          of the response;

16          “(9) setting forth standards and procedures for  
17          allowing the patent owner to move to amend the pat-  
18          ent under subsection (d) to cancel a challenged claim  
19          or propose a reasonable number of substitute claims,  
20          and ensuring that any information submitted by the  
21          patent owner in support of any amendment entered  
22          under subsection (d) is made available to the public  
23          as part of the prosecution history of the patent;

24          “(10) providing either party with the right to  
25          an oral hearing as part of the proceeding; and



1           “(11) requiring that the final determination in  
2           any post-grant review be issued not later than 1  
3           year after the date on which the Director notices the  
4           institution of a proceeding under this chapter, except  
5           that the Director may, for good cause shown, extend  
6           the 1-year period by not more than 6 months, and  
7           may adjust the time periods in this paragraph in the  
8           case of joinder under section 325(c).

9           “(b) CONSIDERATIONS.—In prescribing regulations  
10          under this section, the Director shall consider the effect  
11          of any such regulation on the economy, the integrity of  
12          the patent system, the efficient administration of the Of-  
13          fice, and the ability of the Office to timely complete pro-  
14          ceedings instituted under this chapter.

15          “(c) PATENT TRIAL AND APPEAL BOARD.—The Pat-  
16          ent Trial and Appeal Board shall, in accordance with sec-  
17          tion 6, conduct each proceeding authorized by the Direc-  
18          tor.

19          “(d) AMENDMENT OF THE PATENT.—

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

24                         “(A) Cancel any challenged patent claim.

1           “(B) For each challenged claim, propose a  
2           reasonable number of substitute claims.

3           “(2) ADDITIONAL MOTIONS.—Additional mo-  
4           tions to amend may be permitted upon the joint re-  
5           quest of the petitioner and the patent owner to ma-  
6           terially advance the settlement of a proceeding under  
7           section 327, or upon the request of the patent owner  
8           for good cause shown.

9           “(3) SCOPE OF CLAIMS.—An amendment under  
10          this subsection may not enlarge the scope of the  
11          claims of the patent or introduce new matter.

12          “(e) EVIDENTIARY STANDARDS.—In a post-grant re-  
13          view instituted under this chapter, the petitioner shall  
14          have the burden of proving a proposition of  
15          unpatentability by a preponderance of the evidence.

16          **“§ 327. Settlement**

17          “(a) IN GENERAL.—A post-grant review instituted  
18          under this chapter shall be terminated with respect to any  
19          petitioner upon the joint request of the petitioner and the  
20          patent owner, unless the Office has decided the merits of  
21          the proceeding before the request for termination is filed.  
22          If the post-grant review is terminated with respect to a  
23          petitioner under this section, no estoppel under section  
24          325(e) shall apply to that petitioner. If no petitioner re-  
25          mains in the post-grant review, the Office may terminate

1 the post-grant review or proceed to a final written decision  
2 under section 328(a).

3 “(b) AGREEMENTS IN WRITING.—Any agreement or  
4 understanding between the patent owner and a petitioner,  
5 including any collateral agreements referred to in such  
6 agreement or understanding, made in connection with, or  
7 in contemplation of, the termination of a post-grant review  
8 under this section shall be in writing, and a true copy of  
9 such agreement or understanding shall be filed in the Of-  
10 fice before the termination of the post-grant review as be-  
11 tween the parties. If any party filing such agreement or  
12 understanding so requests, the copy shall be kept separate  
13 from the file of the post-grant review, and shall be made  
14 available only to Federal Government agencies upon writ-  
15 ten request, or to any other person on a showing of good  
16 cause.

17 **“§ 328. Decision of the board**

18 “(a) FINAL WRITTEN DECISION.—If a post-grant re-  
19 view is instituted and not dismissed under this chapter,  
20 the Patent Trial and Appeal Board shall issue a final writ-  
21 ten decision with respect to the patentability of any patent  
22 claim challenged by the petitioner and any new claim  
23 added under section 326(d).

24 “(b) CERTIFICATE.—If the Patent Trial and Appeal  
25 Board issues a final written decision under subsection (a)

1 and the time for appeal has expired or any appeal has  
 2 terminated, the Director shall issue and publish a certifi-  
 3 cate canceling any claim of the patent finally determined  
 4 to be unpatentable, confirming any claim of the patent de-  
 5 termined to be patentable, and incorporating in the patent  
 6 by operation of the certificate any new or amended claim  
 7 determined to be patentable.

8       “(c) DATA ON LENGTH OF REVIEW.—The Patent  
 9 and Trademark Office shall make available to the public  
 10 data describing the length of time between the commence-  
 11 ment of each post-grant review and the conclusion of that  
 12 review.

13 **“§ 329. Appeal**

14       “A party dissatisfied with the final written decision  
 15 of the Patent Trial and Appeal Board under section  
 16 328(a) may appeal the decision pursuant to sections 141  
 17 through 144. Any party to the post-grant review shall have  
 18 the right to be a party to the appeal.”.

19       (e) TECHNICAL AND CONFORMING AMENDMENT.—  
 20 The table of chapters for part III of title 35, United States  
 21 Code, is amended by adding at the end the following:

“32. Post-Grant Review ..... 321.”.

22       (f) REGULATIONS AND EFFECTIVE DATE.—

23           (1) REGULATIONS.—The Director shall, not  
 24 later than the date that is 1 year after the date of  
 25 the enactment of this Act, issue regulations to carry

1 out chapter 32 of title 35, United States Code, as  
2 added by subsection (d) of this section.

3 (2) APPLICABILITY.—The amendments made  
4 by subsection (d) shall take effect on the date that  
5 is 1 year after the date of the enactment of this Act  
6 and, except as provided in section 18 and in para-  
7 graph (3), shall apply only to patents that are de-  
8 scribed in section 2(o)(1). The Director may impose  
9 a limit on the number of post-grant reviews that  
10 may be instituted during each of the 4 years fol-  
11 lowing the effective date of subsection (d).

12 (3) PENDING INTERFERENCES.—The Director  
13 shall determine the procedures under which inter-  
14 ferences commenced before the effective date of sub-  
15 section (d) are to proceed, including whether any  
16 such interference is to be dismissed without preju-  
17 dice to the filing of a petition for a post-grant review  
18 under chapter 32 of title 35, United States Code, or  
19 is to proceed as if this Act had not been enacted.  
20 The Director shall include such procedures in regu-  
21 lations issued under paragraph (1). For purposes of  
22 an interference that is commenced before the effec-  
23 tive date of subsection (d), the Director may deem  
24 the Patent Trial and Appeal Board to be the Board  
25 of Patent Appeals and Interferences, and may allow

1 the Patent Trial and Appeal Board to conduct any  
2 further proceedings in that interference. The author-  
3 ization to appeal or have remedy from derivation  
4 proceedings in sections 141(d) and 146 of title 35,  
5 United States Code, and the jurisdiction to entertain  
6 appeals from derivation proceedings in section  
7 1295(a)(4)(A) of title 28, United States Code, shall  
8 be deemed to extend to final decisions in inter-  
9 ferences that are commenced before the effective  
10 date of subsection (d) and that are not dismissed  
11 pursuant to this paragraph.

12 (g) CITATION OF PRIOR ART AND WRITTEN STATE-  
13 MENTS.—

14 (1) IN GENERAL.—Section 301 of title 35,  
15 United States Code, is amended to read as follows:

16 **“§ 301. Citation of prior art and written statements**

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

19 “(1) prior art consisting of patents or printed  
20 publications which that person believes to have a  
21 bearing on the patentability of any claim of a par-  
22 ticular patent; or

23 “(2) statements of the patent owner filed in a  
24 proceeding before a Federal court or the Office in

1       which the patent owner took a position on the scope  
2       of any claim of a particular patent.

3       “(b) OFFICIAL FILE.—If the person citing prior art  
4       or written statements pursuant to subsection (a) explains  
5       in writing the pertinence and manner of applying the prior  
6       art or written statements to at least 1 claim of the patent,  
7       the citation of the prior art or written statements and the  
8       explanation thereof shall become a part of the official file  
9       of the patent.

10       “(c) ADDITIONAL INFORMATION.—A party that sub-  
11       mits a written statement pursuant to subsection (a)(2)  
12       shall include any other documents, pleadings, or evidence  
13       from the proceeding in which the statement was filed that  
14       addresses the written statement.

15       “(d) LIMITATIONS.—A written statement submitted  
16       pursuant to subsection (a)(2), and additional information  
17       submitted pursuant to subsection (c), shall not be consid-  
18       ered by the Office for any purpose other than to determine  
19       the proper meaning of a patent claim in a proceeding that  
20       is ordered or instituted pursuant to section 304, 314, or  
21       324. If any such written statement or additional informa-  
22       tion is subject to an applicable protective order, it shall  
23       be redacted to exclude information that is subject to that  
24       order.

1       “(e) CONFIDENTIALITY.—Upon the written request  
2 of the person citing prior art or written statements pursu-  
3 ant to subsection (a), that person’s identity shall be ex-  
4 cluded from the patent file and kept confidential.”.

5           (2) EFFECTIVE DATE.—The amendment made  
6 by this subsection shall take effect 1 year after the  
7 date of the enactment of this Act and shall apply to  
8 patents issued before, on, or after that effective  
9 date.

10       (h) REEXAMINATION.—

11           (1) DETERMINATION BY DIRECTOR.—

12               (A) IN GENERAL.—Section 303(a) of title  
13 35, United States Code, is amended by striking  
14 “section 301 of this title” and inserting “sec-  
15 tion 301 or 302”.

16               (B) EFFECTIVE DATE.—The amendment  
17 made by this paragraph shall take effect 1 year  
18 after the date of the enactment of this Act and  
19 shall apply to patents issued before, on, or after  
20 that effective date.

21           (2) APPEAL.—

22               (A) IN GENERAL.—Section 306 of title 35,  
23 United States Code, is amended by striking  
24 “145” and inserting “144”.



1           (B) EFFECTIVE DATE.—The amendment  
2           made by this paragraph shall take effect on the  
3           date of enactment of this Act and shall apply  
4           to appeals of reexaminations that are pending  
5           before the Board of Patent Appeals and Inter-  
6           ferences or the Patent Trial and Appeal Board  
7           on or after the date of the enactment of this  
8           Act.

9 **SEC. 6. PATENT TRIAL AND APPEAL BOARD.**

10       (a) COMPOSITION AND DUTIES.—Section 6 of title  
11 35, United States Code, is amended to read as follows:

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

13       “(a) There shall be in the Office a Patent Trial and  
14 Appeal Board. The Director, the Deputy Director, the  
15 Commissioner for Patents, the Commissioner for Trade-  
16 marks, and the administrative patent judges shall con-  
17 stitute the Patent Trial and Appeal Board. The adminis-  
18 trative patent judges shall be persons of competent legal  
19 knowledge and scientific ability who are appointed by the  
20 Secretary, in consultation with the Director. Any reference  
21 in any Federal law, Executive order, rule, regulation, or  
22 delegation of authority, or any document of or pertaining  
23 to the Board of Patent Appeals and Interferences is  
24 deemed to refer to the Patent Trial and Appeal Board.

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

1           “(1) on written appeal of an applicant, review  
2           adverse decisions of examiners upon applications for  
3           patents pursuant to section 134(a);

4           “(2) review appeals of reexaminations pursuant  
5           to section 134(b);

6           “(3) conduct derivation proceedings pursuant to  
7           section 135; and

8           “(4) conduct inter partes reviews and post-  
9           grant reviews pursuant to chapters 31 and 32.

10          “(c) Each appeal, derivation proceeding, post-grant  
11          review, and inter partes review shall be heard by at least  
12          3 members of the Patent Trial and Appeal Board, who  
13          shall be designated by the Director. Only the Patent Trial  
14          and Appeal Board may grant rehearings.

15          “(d) The Secretary of Commerce may, in his discre-  
16          tion, deem the appointment of an administrative patent  
17          judge who, before the date of the enactment of this sub-  
18          section, held office pursuant to an appointment by the Di-  
19          rector to take effect on the date on which the Director  
20          initially appointed the administrative patent judge. It shall  
21          be a defense to a challenge to the appointment of an ad-  
22          ministrative patent judge on the basis of the judge’s hav-  
23          ing been originally appointed by the Director that the ad-  
24          ministrative patent judge so appointed was acting as a de  
25          facto officer.”.

1 (b) ADMINISTRATIVE APPEALS.—Section 134 of title  
2 35, United States Code, is amended—

3 (1) in subsection (b), by striking “any reexam-  
4 ination proceeding” and inserting “a reexamina-  
5 tion”; and

6 (2) by striking subsection (c).

7 (c) CIRCUIT APPEALS.—

8 (1) IN GENERAL.—Section 141 of title 35,  
9 United States Code, is amended to read as follows:  
10 **“§ 141. Appeal to the Court of Appeals for the Federal**

11 **Circuit**

12 “(a) EXAMINATIONS.—An applicant who is dissatis-  
13 fied with the final decision in an appeal to the Patent Trial  
14 and Appeal Board under section 134(a) may appeal the  
15 Board’s decision to the United States Court of Appeals  
16 for the Federal Circuit. By filing such an appeal, the ap-  
17 plicant waives his right to proceed under section 145.

18 “(b) REEXAMINATIONS.—A patent owner who is dis-  
19 satisfied with the final decision in an appeal of a reexam-  
20 ination to the Patent Trial and Appeal Board under sec-  
21 tion 134(b) may appeal the Board’s decision only to the  
22 United States Court of Appeals for the Federal Circuit.

23 “(c) POST-GRANT AND INTER PARTES REVIEWS.—  
24 A party to a post-grant or inter partes review who is dis-  
25 satisfied with the final written decision of the Patent Trial

1 and Appeal Board under section 318(a) or 328(a) may  
2 appeal the Board's decision only to the United States  
3 Court of Appeals for the Federal Circuit.

4       “(d) DERIVATION PROCEEDINGS.—A party to a deri-  
5 vation proceeding who is dissatisfied with the final deci-  
6 sion of the Patent Trial and Appeal Board on the pro-  
7 ceeding may appeal the decision to the United States  
8 Court of Appeals for the Federal Circuit, but such appeal  
9 shall be dismissed if any adverse party to such derivation  
10 proceeding, within 20 days after the appellant has filed  
11 notice of appeal in accordance with section 142, files no-  
12 tice with the Director that the party elects to have all fur-  
13 ther proceedings conducted as provided in section 146. If  
14 the appellant does not, within 30 days after the filing of  
15 such notice by the adverse party, file a civil action under  
16 section 146, the Board's decision shall govern the further  
17 proceedings in the case.”.

18       (2) JURISDICTION.—Section 1295(a)(4)(A) of  
19 title 28, United States Code, is amended to read as  
20 follows:

21       “(A) the Patent Trial and Appeal Board of  
22 the United States Patent and Trademark Office  
23 with respect to patent applications, derivation  
24 proceedings, reexaminations, post-grant reviews,  
25 and inter partes reviews at the instance of a

1 party who exercised his right to participate in  
2 a proceeding before or appeal to the Board, ex-  
3 cept that an applicant or a party to a derivation  
4 proceeding may also have remedy by civil action  
5 pursuant to section 145 or 146 of title 35. An  
6 appeal under this subparagraph of a decision of  
7 the Board with respect to an application or der-  
8 ivation proceeding shall waive the right of such  
9 applicant or party to proceed under section 145  
10 or 146 of title 35;”.

11 (3) PROCEEDINGS ON APPEAL.—Section 143 of  
12 title 35, United States Code, is amended—

13 (A) by striking the third sentence and in-  
14 serting the following: “In an ex parte case, the  
15 Director shall submit to the court in writing the  
16 grounds for the decision of the Patent and  
17 Trademark Office, addressing all of the issues  
18 raised in the appeal. The Director shall have  
19 the right to intervene in an appeal from a deci-  
20 sion entered by the Patent Trial and Appeal  
21 Board in a derivation proceeding under section  
22 135 or in an inter partes or post-grant review  
23 under chapter 31 or 32.”; and

24 (B) by repealing the second of the two  
25 identical fourth sentences.

1 (d) EFFECTIVE DATE.—The amendments made by  
2 this section shall take effect 1 year after the date of the  
3 enactment of this Act and shall apply to proceedings com-  
4 menced on or after that effective date, except that—

5 (1) the extension of jurisdiction to the United  
6 States Court of Appeals for the Federal Circuit to  
7 entertain appeals of decisions of the Patent Trial  
8 and Appeal Board in reexaminations under the  
9 amendment made by subsection (c)(2) shall be  
10 deemed to take effect on the date of enactment of  
11 this Act and shall extend to any decision of the  
12 Board of Patent Appeals and Interferences with re-  
13 spect to a reexamination that is entered before, on,  
14 or after the date of the enactment of this Act;

15 (2) the provisions of sections 6, 134, and 141  
16 of title 35, United States Code, in effect on the day  
17 prior to the date of the enactment of this Act shall  
18 continue to apply to inter partes reexaminations that  
19 are requested under section 311 prior to the date  
20 that is 1 year after the date of the enactment of this  
21 Act;

22 (3) the Patent Trial and Appeal Board may be  
23 deemed to be the Board of Patent Appeals and  
24 Interferences for purposes of appeals of inter partes  
25 reexaminations that are requested under section 311

1 prior to the date that is 1 year after the date of the  
2 enactment of this Act; and

3 (4) the Director’s right under the last sentence  
4 of section 143 of title 35, United States Code, as  
5 amended by subsection (e)(3), to intervene in an ap-  
6 peal from a decision entered by the Patent Trial and  
7 Appeal Board shall be deemed to extend to inter-  
8 partes reexaminations that are requested under sec-  
9 tion 311 prior to the date that is 1 year after the  
10 date of the enactment of this Act.

11 **SEC. 7. PREISSUANCE SUBMISSIONS BY THIRD PARTIES.**

12 (a) IN GENERAL.—Section 122 of title 35, United  
13 States Code, is amended by adding at the end the fol-  
14 lowing:

15 “(e) PREISSUANCE SUBMISSIONS BY THIRD PAR-  
16 TIES.—

17 “(1) IN GENERAL.—Any third party may sub-  
18 mit for consideration and inclusion in the record of  
19 a patent application, any patent, published patent  
20 application, or other printed publication of potential  
21 relevance to the examination of the application, if  
22 such submission is made in writing before the earlier  
23 of—

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

4           “(B) the later of—

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

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

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

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

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

18                 “(C) include a statement by the person  
19                 making such submission affirming that the sub-  
20                 mission was made in compliance with this sec-  
21                 tion.”.

22           (b) EFFECTIVE DATE.—The amendments made by  
23           this section shall take effect 1 year after the date of the  
24           enactment of this Act and shall apply to patent applica-  
25           tions filed before, on, or after that effective date.



**1 SEC. 8. VENUE.**

2 (a) TECHNICAL AMENDMENTS RELATING TO  
3 VENUE.—Sections 32, 145, 146, 154(b)(4)(A), and 293  
4 of title 35, United States Code, and section 21(b)(4) of  
5 the Act entitled “An Act to provide for the registration  
6 and protection of trademarks used in commerce, to carry  
7 out the provisions of certain international conventions,  
8 and for other purposes”, approved July 5, 1946 (com-  
9 monly referred to as the “Trademark Act of 1946” or the  
10 “Lanham Act”; 15 U.S.C. 1071(b)(4)), are each amended  
11 by striking “United States District Court for the District  
12 of Columbia” each place that term appears and inserting  
13 “United States District Court for the Eastern District of  
14 Virginia”.

15 (b) EFFECTIVE DATE.—The amendments made by  
16 this section shall take effect upon the date of the enact-  
17 ment of this Act and shall apply to civil actions com-  
18 menced on or after that date.

**19 SEC. 9. FEE SETTING AUTHORITY.**

20 (a) FEE SETTING.—

21 (1) IN GENERAL.—The Director shall have au-  
22 thority to set or adjust by rule any fee established,  
23 authorized, or charged under title 35, United States  
24 Code, and the Trademark Act of 1946 (15 U.S.C.  
25 1051 et seq.), notwithstanding the fee amounts es-  
26 tablished, authorized, or charged thereunder, for all

1 services performed by or materials furnished by, the  
2 Office, provided that patent and trademark fee  
3 amounts are in the aggregate set to recover the esti-  
4 mated cost to the Office for processing, activities,  
5 services, and materials relating to patents and trade-  
6 marks, respectively, including proportionate shares  
7 of the administrative costs of the Office.

8 (2) SMALL AND MICRO ENTITIES.—The fees es-  
9 tablished under paragraph (1) for filing, searching,  
10 examining, issuing, appealing, and maintaining pat-  
11 ent applications and patents shall be reduced by 50  
12 percent with respect to their application to any small  
13 entity that qualifies for reduced fees under section  
14 41(h)(1) of title 35, United States Code, and shall  
15 be reduced by 75 percent with respect to their appli-  
16 cation to any micro entity as defined in section 123  
17 of that title.

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

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

24 (B) after the consultation required under  
25 subparagraph (A), may reduce such fees.

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

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

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

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

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

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

1           ommendations of the committee regarding any  
2           proposed fee;

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

7           (E) notify, through the Chair and Ranking  
8           Member of the Senate and House Judiciary  
9           Committees, the Congress of any final rule set-  
10          ting or adjusting fees under paragraph (1).

11          (5) PUBLICATION IN THE FEDERAL REG-  
12          ISTER.—

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

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

18           (i) be published in the Federal Reg-  
19           ister; and

20           (ii) include, in such publication, the  
21           specific rationale and purpose for the pro-  
22           posal, including the possible expectations  
23           or benefits resulting from the proposed  
24           change.

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

6           (6) CONGRESSIONAL COMMENT PERIOD.—Fol-  
7           lowing the notification described in paragraph  
8           (3)(E), Congress shall have not more than 45 days  
9           to consider and comment on any final rule setting or  
10          adjusting fees under paragraph (1). No fee set or  
11          adjusted under paragraph (1) shall be effective prior  
12          to the end of such 45-day comment period.

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

15                 (A) an applicant’s rights under title 35,  
16                 United States Code, or the Trademark Act of  
17                 1946; or

18                 (B) any rights under a ratified treaty.

19          (b) FEES FOR PATENT SERVICES.—Division B of  
20          Public Law 108–447 is amended in title VIII of the De-  
21          partments of Commerce, Justice, and State, the Judiciary,  
22          and Related Agencies Appropriations Act, 2005—

23                 (1) in subsections (a), (b), and (c) of section  
24                 801, by—

1 (A) striking “During” and all that follows  
2 through “ 2006, subsection” and inserting  
3 “Subsection”; and

4 (B) striking “shall be administered as  
5 though that subsection reads” and inserting “is  
6 amended to read”;

7 (2) in subsection (d) of section 801, by striking  
8 “During” and all that follows through “ 2006, sub-  
9 section” and inserting “Subsection”; and

10 (3) in subsection (e) of section 801, by—

11 (A) striking “During” and all that follows  
12 through “2006, subsection” and inserting  
13 “Subsection”; and

14 (B) striking “shall be administered as  
15 though that subsection”.

16 (c) ADJUSTMENT OF TRADEMARK FEES.—Division  
17 B of Public Law 108–447 is amended in title VIII of the  
18 Departments of Commerce, Justice and State, the Judici-  
19 ary and Related Agencies Appropriations Act, 2005, in  
20 section 802(a) by striking “During fiscal years 2005,  
21 2006 and 2007”, and inserting “Until such time as the  
22 Director sets or adjusts the fees otherwise,”.

23 (d) EFFECTIVE DATE, APPLICABILITY, AND TRANSI-  
24 TION PROVISIONS.—Division B of Public Law 108–447 is  
25 amended in title VIII of the Departments of Commerce,

1 Justice and State, the Judiciary and Related Agencies Ap-  
2 propriations Act, 2005, in section 803(a) by striking “and  
3 shall apply only with respect to the remaining portion of  
4 fiscal year 2005, 2006 and 2007”.

5 (e) STATUTORY AUTHORITY.—Section 41(d)(1)(A) of  
6 title 35, United States Code, is amended by striking “,  
7 and the Director may not increase any such fee there-  
8 after”.

9 (f) RULE OF CONSTRUCTION.—Nothing in this sec-  
10 tion shall be construed to affect any other provision of Di-  
11 vision B of Public Law 108–447, including section 801(c)  
12 of title VIII of the Departments of Commerce, Justice and  
13 State, the Judiciary and Related Agencies Appropriations  
14 Act, 2005.

15 (g) DEFINITIONS.—In this section, the following defi-  
16 nitions shall apply:

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

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

22 (3) TRADEMARK ACT OF 1946.—The term  
23 “Trademark Act of 1946” means an Act entitled  
24 “Act to provide for the registration and protection  
25 of trademarks used in commerce, to carry out the

1 provisions of certain international conventions, and  
2 for other purposes”, approved July 5, 1946 (15  
3 U.S.C. 1051 et seq.) (commonly referred to as the  
4 Trademark Act of 1946 or the Lanham Act).

5 (h) ELECTRONIC FILING INCENTIVE.—

6 (1) IN GENERAL.—Notwithstanding any other  
7 provision of this section, a fee of \$400 shall be es-  
8 tablished for each application for an original patent,  
9 except for a design, plant, or provisional application,  
10 that is not filed by electronic means as prescribed by  
11 the Director. The fee established by this subsection  
12 shall be reduced 50 percent for small entities that  
13 qualify for reduced fees under section 41(h)(1) of  
14 title 35, United States Code. All fees paid under this  
15 subsection shall be deposited in the Treasury as an  
16 offsetting receipt that shall not be available for obli-  
17 gation or expenditure.

18 (2) EFFECTIVE DATE.—This subsection shall  
19 become effective 60 days after the date of the enact-  
20 ment of this Act.

21 (i) REDUCTION IN FEES FOR SMALL ENTITY PAT-  
22 ENTS.—The Director shall reduce fees for providing  
23 prioritized examination of utility and plant patent applica-  
24 tions by 50 percent for small entities that qualify for re-  
25 duced fees under section 41(h)(1) of title 35, United



1 States Code, so long as the fees of the prioritized examina-  
2 tion program are set to recover the estimated cost of the  
3 program.

4 (j) EFFECTIVE DATE.—Except as provided in sub-  
5 section (h), the provisions of this section shall take effect  
6 upon the date of the enactment of this Act.

7 **SEC. 10. SUPPLEMENTAL EXAMINATION.**

8 (a) IN GENERAL.—Chapter 25 of title 35, United  
9 States Code, is amended by adding at the end the fol-  
10 lowing:

11 **“§ 257. Supplemental examinations to consider, re-  
12 consider, or correct information**

13 “(a) IN GENERAL.—A patent owner may request  
14 supplemental examination of a patent in the Office to con-  
15 sider, reconsider, or correct information believed to be rel-  
16 evant to the patent. Within 3 months of the date a request  
17 for supplemental examination meeting the requirements of  
18 this section is received, the Director shall conduct the sup-  
19 plemental examination and shall conclude such examina-  
20 tion by issuing a certificate indicating whether the infor-  
21 mation presented in the request raises a substantial new  
22 question of patentability.

23 “(b) REEXAMINATION ORDERED.—If a substantial  
24 new question of patentability is raised by 1 or more items  
25 of information in the request, the Director shall order re-

1 examination of the patent. The reexamination shall be  
2 conducted according to procedures established by chapter  
3 30, except that the patent owner shall not have the right  
4 to file a statement pursuant to section 304. During the  
5 reexamination, the Director shall address each substantial  
6 new question of patentability identified during the supple-  
7 mental examination, notwithstanding the limitations  
8 therein relating to patents and printed publication or any  
9 other provision of chapter 30.

10 “(c) EFFECT.—

11 “(1) IN GENERAL.—A patent shall not be held  
12 unenforceable on the basis of conduct relating to in-  
13 formation that had not been considered, was inad-  
14 equately considered, or was incorrect in a prior ex-  
15 amination of the patent if the information was con-  
16 sidered, reconsidered, or corrected during a supple-  
17 mental examination of the patent. The making of a  
18 request under subsection (a), or the absence thereof,  
19 shall not be relevant to enforceability of the patent  
20 under section 282.

21 “(2) EXCEPTIONS.—

22 “(A) PRIOR ALLEGATIONS.—This sub-  
23 section shall not apply to an allegation pled  
24 with particularity, or set forth with particu-  
25 larity in a notice received by the patent owner

1 under section 505(j)(2)(B)(iv)(II) of the Fed-  
2 eral Food, Drug, and Cosmetic Act (21 U.S.C.  
3 355(j)(2)(B)(iv)(II)), before the date of a sup-  
4 plemental-examination request under subsection  
5 (a) to consider, reconsider, or correct informa-  
6 tion forming the basis for the allegation.

7 “(B) PATENT ENFORCEMENT ACTIONS.—

8 In an action brought under section 337(a) of  
9 the Tariff Act of 1930 (19 U.S.C. 1337(a)), or  
10 section 281 of this title, this subsection shall  
11 not apply to any defense raised in the action  
12 that is based upon information that was consid-  
13 ered, reconsidered, or corrected pursuant to a  
14 supplemental-examination request under sub-  
15 section (a) unless the supplemental examina-  
16 tion, and any reexamination ordered pursuant  
17 to the request, are concluded before the date on  
18 which the action is brought.

19 “(d) FEES AND REGULATIONS.—The Director shall,  
20 by regulation, establish fees for the submission of a re-  
21 quest for supplemental examination of a patent, and to  
22 consider each item of information submitted in the re-  
23 quest. If reexamination is ordered pursuant to subsection  
24 (a), fees established and applicable to ex parte reexamina-  
25 tion proceedings under chapter 30 shall be paid in addition

1 to fees applicable to supplemental examination. The Direc-  
2 tor shall promulgate regulations governing the form, con-  
3 tent, and other requirements of requests for supplemental  
4 examination, and establishing procedures for conducting  
5 review of information submitted in such requests.

6 “(e) RULE OF CONSTRUCTION.—Nothing in this sec-  
7 tion shall be construed—

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

14 “(2) to limit the authority of the Director to in-  
15 vestigate issues of possible misconduct and impose  
16 sanctions for misconduct in connection with matters  
17 or proceedings before the Office; or

18 “(3) to limit the authority of the Director to  
19 promulgate regulations under chapter 3 relating to  
20 sanctions for misconduct by representatives prac-  
21 ticing before the Office.”.

22 (b) EFFECTIVE DATE.—This section shall take effect  
23 1 year after the date of the enactment of this Act and  
24 shall apply to patents issued before, on, or after that date.

1 **SEC. 11. RESIDENCY OF FEDERAL CIRCUIT JUDGES.**

2 (a) IN GENERAL.—Section 44(c) of title 28, United  
3 States Code, is amended—

4 (1) by repealing the second sentence; and

5 (2) in the third sentence, by striking “state”  
6 and inserting “State”.

7 (b) NO PROVISION OF FACILITIES AUTHORIZED.—

8 The repeal made by the amendment in subsection (a)(1)  
9 shall not be construed to authorize the provision of any  
10 court facilities or administrative support services outside  
11 of the District of Columbia.

12 (c) EFFECTIVE DATE.—This section shall take effect  
13 on the date of enactment of this Act.

14 **SEC. 12. MICRO ENTITY DEFINED.**

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

17 **“§ 123. Micro entity defined**

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

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

23 “(2) has not been named on 5 or more pre-  
24 viously filed patent applications, not including appli-  
25 cations filed in another country, provisional applica-  
26 tions under section 111(b), or international applica-

1 tions filed under the treaty defined in section 351(a)  
2 for which the basic national fee under section 41(a)  
3 was not paid;

4 “(3) did not in the prior calendar year have a  
5 gross income, as defined in section 61(a) of the In-  
6 ternal Revenue Code (26 U.S.C. 61(a)), exceeding 3  
7 times the most recently reported median household  
8 income, as reported by the Bureau of Census; and

9 “(4) has not assigned, granted, conveyed, and is  
10 not under an obligation by contract or law to assign,  
11 grant, or convey, a license or other ownership inter-  
12 est in the particular application to an entity that  
13 had a gross income, as defined in section 61(a) of  
14 the Internal Revenue Code (26 U.S.C. 61(a)), ex-  
15 ceeding 3 times the most recently reported median  
16 household income, as reported by the Bureau of the  
17 Census, in the calendar year preceding the calendar  
18 year in which the fee is being paid, other than an  
19 entity of higher education where the applicant is not  
20 an employee, a relative of an employee, or have any  
21 affiliation with the entity of higher education.

22 “(b) APPLICATIONS RESULTING FROM PRIOR EM-  
23 PLOYMENT.—An applicant is not considered to be named  
24 on a previously filed application for purposes of subsection  
25 (a)(2) if the applicant has assigned, or is under an obliga-

1 tion by contract or law to assign, all ownership rights in  
2 the application as the result of the applicant's previous  
3 employment.

4       “(c) FOREIGN CURRENCY EXCHANGE RATE.—If an  
5 applicant's or entity's gross income in the preceding year  
6 is not in United States dollars, the average currency ex-  
7 change rate, as reported by the Internal Revenue Service,  
8 during the preceding year shall be used to determine  
9 whether the applicant's or entity's gross income exceeds  
10 the threshold specified in paragraphs (3) or (4) of sub-  
11 section (a).

12       “(d) STATE INSTITUTIONS OF HIGHER EDU-  
13 CATION.—

14               “(1) IN GENERAL.—For purposes of this sec-  
15 tion, a micro entity shall include an applicant who  
16 certifies that—

17                       “(A) the applicant's employer, from which  
18 the applicant obtains the majority of the appli-  
19 cant's income, is a State public institution of  
20 higher education, as defined in section 102 of  
21 the Higher Education Act of 1965 (20 U.S.C.  
22 1002); or

23                       “(B) the applicant has assigned, granted,  
24 conveyed, or is under an obligation by contract  
25 or law to assign, grant, or convey, a license or

1 other ownership interest in the particular appli-  
2 cation to such State public institution.

3 “(2) DIRECTOR’S AUTHORITY.—The Director  
4 may, in the Director’s discretion, impose income lim-  
5 its, annual filing limits, or other limits on who may  
6 qualify as a micro entity pursuant to this subsection  
7 if the Director determines that such additional limits  
8 are reasonably necessary to avoid an undue impact  
9 on other patent applicants or owners or are other-  
10 wise reasonably necessary and appropriate. At least  
11 3 months before any limits proposed to be imposed  
12 pursuant to this paragraph shall take effect, the Di-  
13 rector shall inform the Committee on the Judiciary  
14 of the House of Representatives and the Committee  
15 on the Judiciary of the Senate of any such proposed  
16 limits.”.

17 **SEC. 13. FUNDING AGREEMENTS.**

18 (a) IN GENERAL.—Section 202(c)(7)(E)(i) of title  
19 35, United States Code, is amended—

20 (1) by striking “75 percent” and inserting “15  
21 percent”; and

22 (2) by striking “25 percent” and inserting “85  
23 percent”.

24 (b) EFFECTIVE DATE.—The amendments made by  
25 this section shall take effect on the date of enactment of



1 this Act and shall apply to patents issued before, on, or  
2 after that date.

3 **SEC. 14. TAX STRATEGIES DEEMED WITHIN THE PRIOR**  
4 **ART.**

5 (a) **IN GENERAL.**—For purposes of evaluating an in-  
6 vention under section 102 or 103 of title 35, United States  
7 Code, any strategy for reducing, avoiding, or deferring tax  
8 liability, whether known or unknown at the time of the  
9 invention or application for patent, shall be deemed insuf-  
10 ficient to differentiate a claimed invention from the prior  
11 art.

12 (b) **DEFINITION.**—For purposes of this section, the  
13 term “tax liability” refers to any liability for a tax under  
14 any Federal, State, or local law, or the law of any foreign  
15 jurisdiction, including any statute, rule, regulation, or or-  
16 dinance that levies, imposes, or assesses such tax liability.

17 (c) **RULE OF CONSTRUCTION.**—Nothing in this sec-  
18 tion shall be construed to imply that other business meth-  
19 ods are patentable or that other business-method patents  
20 are valid.

21 (d) **EFFECTIVE DATE; APPLICABILITY.**—This section  
22 shall take effect on the date of enactment of this Act and  
23 shall apply to any patent application pending and any pat-  
24 ent issued on or after that date.

1 (e) EXCLUSION.—This section does not apply to that  
2 part of an invention that is a method, apparatus, com-  
3 puter program product, or system, that is used solely for  
4 preparing a tax or information return or other tax filing,  
5 including one that records, transmits, transfers, or orga-  
6 nizes data related to such filing.

7 **SEC. 15. BEST MODE REQUIREMENT.**

8 (a) IN GENERAL.—Section 282 of title 35, United  
9 State Code, is amended in its second undesignated para-  
10 graph by striking paragraph (3) and inserting the fol-  
11 lowing:

12 “(3) Invalidity of the patent or any claim in  
13 suit for failure to comply with—

14 “(A) any requirement of section 112, ex-  
15 cept that the failure to disclose the best mode  
16 shall not be a basis on which any claim of a  
17 patent may be canceled or held invalid or other-  
18 wise unenforceable; or

19 “(B) any requirement of section 251.”.

20 (b) CONFORMING AMENDMENT.—Sections 119(e)(1)  
21 and 120 of title 35, United States Code, are each amended  
22 by striking “the first paragraph of section 112 of this  
23 title” and inserting “section 112(a) (other than the re-  
24 quirement to disclose the best mode)”.

1       (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall take effect upon the date of the enact-  
3 ment of this Act and shall apply to proceedings com-  
4 menced on or after that date.

5 **SEC. 16. TECHNICAL AMENDMENTS.**

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

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

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

14              (3) in the third paragraph—

15                      (A) by striking “Whenever” and in-  
16                      serting “(c) CORRECTION OF ERRORS IN  
17                      APPLICATION.—Whenever”; and

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

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

23              (1) in the first paragraph—

1 (A) by striking “Except when” and insert-  
2 ing “(a) FILING IN FOREIGN COUNTRY.—Ex-  
3 cept when”; and

4 (B) by striking “and without deceptive in-  
5 tent”;

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

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

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

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

18 (1) in the first paragraph—

19 (A) by striking “Whenever” and inserting  
20 “(a) IN GENERAL.—Whenever”; and

21 (B) by striking “without any deceptive in-  
22 tentation”;

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

1           (3) in the third paragraph, by striking “The  
2 provisions” 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 any deceptive intention” and inserting  
12 “(a) 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—

20           (A) by striking “Whenever” and inserting  
21 “(a) CORRECTION.—Whenever”; and

22           (B) by striking “and such error arose with-  
23 out any deceptive intention on his part”; and

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

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

6           (1) in the first undesignated paragraph—

7                 (A) by striking “A patent” and inserting

8                 “(a) IN GENERAL.—A patent”; and

9                 (B) by striking the third sentence;

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

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

17           (h) ACTION FOR INFRINGEMENT.—Section 288 of  
18 title 35, United States Code, is amended by striking “,  
19 without deceptive intention,”.

20           (i) REVISER’S NOTES.—

21                 (1) Section 3(e)(2) of title 35, United States  
22 Code, is amended by striking “this Act,” and insert-  
23 ing “that Act,”.

24                 (2) Section 202 of title 35, United States Code,  
25 is amended—

1 (A) in subsection (b)(3), by striking “the  
2 section 203(b)” and inserting “section 203(b”;  
3 and

4 (B) in subsection (c)(7)—

5 (i) in subparagraph (D), by striking  
6 “except where it proves” and all that fol-  
7 lows through “; and” and inserting: “ex-  
8 cept where it is determined to be infeasible  
9 following a reasonable inquiry, a preference  
10 in the licensing of subject inventions shall  
11 be given to small business firms; and”;

12 (ii) in subparagraph (E)(i), by strik-  
13 ing “as described above in this clause  
14 (D);” and inserting “described above in  
15 this clause;”.

16 (3) Section 209(d)(1) of title 35, United States  
17 Code, is amended by striking “nontransferrable”  
18 and inserting “nontransferable”.

19 (4) Section 287(c)(2)(G) of title 35, United  
20 States Code, is amended by striking “any state” and  
21 inserting “any State”.

22 (5) Section 371(b) of title 35, United States  
23 Code, is amended by striking “of the treaty” and in-  
24 serting “of the treaty.”.

25 (j) UNNECESSARY REFERENCES.—

1           (1) IN GENERAL.—Title 35, United States  
2 Code, is amended by striking “of this title” each  
3 place that term appears.

4           (2) EXCEPTION.—The amendment made by  
5 paragraph (1) shall not apply to the use of such  
6 term in the following sections of title 35, United  
7 States Code:

8                   (A) Section 1(c).

9                   (B) Section 101.

10                  (C) Subsections (a) and (b) of section 105.

11                  (D) The first instance of the use of such  
12 term in section 111(b)(8).

13                  (E) Section 157(a).

14                  (F) Section 161.

15                  (G) Section 164.

16                  (H) Section 171.

17                  (I) Section 251(c), as so designated by this  
18 section.

19                  (J) Section 261.

20                  (K) Subsections (g) and (h) of section 271.

21                  (L) Section 287(b)(1).

22                  (M) Section 289.

23                  (N) The first instance of the use of such  
24 term in section 375(a).



1 (k) **EFFECTIVE DATE.**—The amendments made by  
2 this section shall take effect 1 year after the date of the  
3 enactment of this Act and shall apply to proceedings com-  
4 menced on or after that effective date.

5 **SEC. 17. CLARIFICATION OF JURISDICTION.**

6 (a) **SHORT TITLE.**—This section may be cited as the  
7 “Intellectual Property Jurisdiction Clarification Act of  
8 2011”.

9 (b) **STATE COURT JURISDICTION.**—Section 1338(a)  
10 of title 28, United States Code, is amended by striking  
11 the second sentence and inserting the following: “No State  
12 court shall have jurisdiction over any claim for relief aris-  
13 ing under any Act of Congress relating to patents, plant  
14 variety protection, or copyrights.”.

15 (c) **COURT OF APPEALS FOR THE FEDERAL CIR-**  
16 **CUIT.**—Section 1295(a)(1) of title 28, United States Code,  
17 is amended to read as follows:

18 “(1) of an appeal from a final decision of a dis-  
19 trict court of the United States, the District Court  
20 of Guam, the District Court of the Virgin Islands,  
21 or the District Court of the Northern Mariana Is-  
22 lands, in any civil action arising under, or in any  
23 civil action in which a party has asserted a compul-  
24 sory counterclaim arising under, any Act of Con-

1 gress relating to patents or plant variety protec-  
2 tion;”.

3 (d) REMOVAL.—

4 (1) IN GENERAL.—Chapter 89 of title 28,  
5 United States Code, is amended by adding at the  
6 end the following new section:

7 **“§ 1454. Patent, plant variety protection, and copy-  
8 right cases**

9 “(a) IN GENERAL.—A civil action in which any party  
10 asserts a claim for relief arising under any Act of Con-  
11 gress relating to patents, plant variety protection, or copy-  
12 rights may be removed to the district court of the United  
13 States for the district and division embracing the place  
14 where such action is pending.

15 “(b) SPECIAL RULES.—The removal of an action  
16 under this section shall be made in accordance with sec-  
17 tion 1446 of this chapter, except that if the removal is  
18 based solely on this section—

19 “(1) the action may be removed by any party;  
20 and

21 “(2) the time limitations contained in section  
22 1446(b) may be extended at any time for cause  
23 shown.

24 “(c) DERIVATIVE JURISDICTION NOT REQUIRED.—  
25 The court to which a civil action is removed under this

1 section is not precluded from hearing and determining any  
2 claim in such civil action because the State court from  
3 which such civil action is removed did not have jurisdiction  
4 over that claim.

5 “(d) REMAND.—If a civil action is removed solely  
6 under this section, the district court—

7 “(1) shall remand all claims that are neither a  
8 basis for removal under subsection (a) nor within  
9 the original or supplemental jurisdiction of the dis-  
10 trict court under any Act of Congress; and

11 “(2) may, under the circumstances specified in  
12 section 1367(c), remand any claims within the sup-  
13 plemental jurisdiction of the district court under sec-  
14 tion 1367.”.

15 (2) CONFORMING AMENDMENT.—The table of  
16 sections for chapter 89 of title 28, United States  
17 Code, is amended by adding at the end the following  
18 new item:

“1454. Patent, plant variety protection, and copyright cases.”.

19 (e) TRANSFER BY COURT OF APPEALS FOR THE  
20 FEDERAL CIRCUIT.—

21 (1) IN GENERAL.—Chapter 99 of title 28,  
22 United States Code, is amended by adding at the  
23 end the following new section:

1 **“§ 1632. Transfer by the Court of Appeals for the Fed-**  
2 **eral Circuit**

3 “When a case is appealed to the Court of Appeals  
4 for the Federal Circuit under section 1295(a)(1), and no  
5 claim for relief arising under any Act of Congress relating  
6 to patents or plant variety protection is the subject of the  
7 appeal by any party, the Court of Appeals for the Federal  
8 Circuit shall transfer the appeal to the court of appeals  
9 for the regional circuit embracing the district from which  
10 the appeal has been taken.”.

11 (2) CONFORMING AMENDMENT.—The table of  
12 sections for chapter 99 of title 28, United States  
13 Code, is amended by adding at the end the following  
14 new item:

“1632. Transfer by the Court of Appeals for the Federal Circuit.”.

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

18 **SEC. 18. TRANSITIONAL PROGRAM FOR COVERED BUSI-**  
19 **NESS-METHOD PATENTS.**

20 (a) REFERENCES.—Except as otherwise expressly  
21 provided, wherever in this section language is expressed  
22 in terms of a section or chapter, the reference shall be  
23 considered to be made to that section or chapter in title  
24 35, United States Code.

25 (b) TRANSITIONAL PROGRAM.—

1           (1) ESTABLISHMENT.—Not later than 1 year  
2 after the date of enactment of this Act, the Director  
3 shall issue regulations establishing and implementing  
4 a transitional post-grant review proceeding for re-  
5 view of the validity of covered business-method pat-  
6 ents. The transitional proceeding implemented pur-  
7 suant to this subsection shall be regarded as, and  
8 shall employ the standards and procedures of, a  
9 post-grant review under chapter 32, subject to the  
10 following exceptions and qualifications:

11           (A) Section 321(c) and subsections (e)(2),  
12           (f), and (g) of section 325 shall not apply to a  
13 transitional proceeding.

14           (B) A person may not file a petition for a  
15 transitional proceeding with respect to a cov-  
16 ered business-method patent unless the person  
17 or his real party in interest has been sued for  
18 infringement of the patent or has been charged  
19 with infringement under that patent.

20           (C) A petitioner in a transitional pro-  
21 ceeding who challenges the validity of 1 or more  
22 claims in a covered business-method patent on  
23 a ground raised under section 102 or 103 as in  
24 effect on the day prior to the date of enactment

1 of this Act may support such ground only on  
2 the basis of—

3 (i) prior art that is described by sec-  
4 tion 102(a) (as in effect on the day prior  
5 to the date of enactment of this Act); or

6 (ii) prior art that—

7 (I) discloses the invention more  
8 than 1 year prior to the date of the  
9 application for patent in the United  
10 States; and

11 (II) would be described by section  
12 102(a) (as in effect on the day prior  
13 to the date of enactment of this Act)  
14 if the disclosure had been made by an-  
15 other before the invention thereof by  
16 the applicant for patent.

17 (D) The petitioner in a transitional pro-  
18 ceeding, or his real party in interest, may not  
19 assert either in a civil action arising in whole or  
20 in part under section 1338 of title 28, United  
21 States Code, or in a proceeding before the  
22 International Trade Commission that a claim in  
23 a patent is invalid on any ground that the peti-  
24 tioner raised during a transitional proceeding  
25 that resulted in a final written decision.

1           (E) The Director may institute a transi-  
2           tional proceeding only for a patent that is a  
3           covered business-method patent.

4           (2) EFFECTIVE DATE.—The regulations issued  
5           pursuant to paragraph (1) shall take effect on the  
6           date that is 1 year after the date of enactment of  
7           this Act and shall apply to all covered business-  
8           method patents issued before, on, or after such date  
9           of enactment, except that the regulations shall not  
10          apply to a patent described in the first sentence of  
11          section 5(f)(2) of this Act during the period that a  
12          petition for post-grant review of that patent would  
13          satisfy the requirements of section 321(c).

14          (3) SUNSET.—

15               (A) IN GENERAL.—This subsection, and  
16               the regulations issued pursuant to this sub-  
17               section, are repealed effective on the date that  
18               is 4 years after the date that the regulations  
19               issued pursuant to paragraph (1) take effect.

20               (B)     APPLICABILITY.—Notwithstanding  
21               subparagraph (A), this subsection and the regu-  
22               lations implemented pursuant to this subsection  
23               shall continue to apply to any petition for a  
24               transitional proceeding that is filed prior to the

1           date that this subsection is repealed pursuant  
2           to subparagraph (A).

3           (c) REQUEST FOR STAY.—

4           (1) IN GENERAL.—If a party seeks a stay of a  
5           civil action alleging infringement of a patent under  
6           section 281 in relation to a transitional proceeding  
7           for that patent, the court shall decide whether to  
8           enter a stay based on—

9                   (A) whether a stay, or the denial thereof,  
10                   will simplify the issues in question and stream-  
11                   line the trial;

12                   (B) whether discovery is complete and  
13                   whether a trial date has been set;

14                   (C) whether a stay, or the denial thereof,  
15                   would unduly prejudice the nonmoving party or  
16                   present a clear tactical advantage for the mov-  
17                   ing party; and

18                   (D) whether a stay, or the denial thereof,  
19                   will reduce the burden of litigation on the par-  
20                   ties and on the court.

21           (2) REVIEW.—A party may take an immediate  
22           interlocutory appeal from a district court’s decision  
23           under paragraph (1). The United States Court of  
24           Appeals for the Federal Circuit shall review the dis-  
25           trict court’s decision to ensure consistent application



1 of established precedent, and such review may be de  
2 novo.

3 (d) DEFINITION.—For purposes of this section, the  
4 term “covered business method patent” means a patent  
5 that claims a method or corresponding apparatus for per-  
6 forming data processing operations utilized in the practice,  
7 administration, or management of a financial product or  
8 service, except that the term shall not include patents for  
9 technological inventions. Solely for the purpose of imple-  
10 menting the transitional proceeding authorized by this  
11 subsection, the Director shall prescribe regulations for de-  
12 termining whether a patent is for a technological inven-  
13 tion.

14 (e) RULE OF CONSTRUCTION.—Nothing in this sec-  
15 tion shall be construed as amending or interpreting cat-  
16 egories of patent-eligible subject matter set forth under  
17 section 101.

18 **SEC. 19. TRAVEL EXPENSES AND PAYMENT OF ADMINIS-**  
19 **TRATIVE JUDGES.**

20 (a) AUTHORITY TO COVER CERTAIN TRAVEL RE-  
21 LATED EXPENSES.—Section 2(b)(11) of title 35, United  
22 States Code, is amended by inserting “, and the Office  
23 is authorized to expend funds to cover the subsistence ex-  
24 penses and travel-related expenses, including per diem,

1 lodging costs, and transportation costs, of non-federal em-  
2 ployees attending such programs” after “world”.

3 (b) PAYMENT OF ADMINISTRATIVE JUDGES.—Sec-  
4 tion 3(b) of title 35, United States Code, is amended by  
5 adding at the end the following:

6 “(6) ADMINISTRATIVE PATENT JUDGES AND  
7 ADMINISTRATIVE TRADEMARK JUDGES.—The Direc-  
8 tor has the authority to fix the rate of basic pay for  
9 the administrative patent judges appointed pursuant  
10 to section 6 of this title and the administrative  
11 trademark judges appointed pursuant to section 17  
12 of the Trademark Act of 1946 (15 U.S.C. 1067) at  
13 not greater than the rate of basic pay payable for  
14 Level III of the Executive Schedule. The payment of  
15 a rate of basic pay under this paragraph shall not  
16 be subject to the pay limitation of section 5306(e)  
17 or 5373 of title 5.”.

18 **SEC. 20. PATENT AND TRADEMARK OFFICE FUNDING.**

19 (a) DEFINITIONS.—In this section, the following defi-  
20 nitions shall apply:

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

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

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

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

14          (5) UNDER SECRETARY.—The term “Under  
15      Secretary” means the Under Secretary of Commerce  
16      for Intellectual Property.

17      (b) FUNDING.—

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

20              (A) in subsection (b), by striking “Patent  
21              and Trademark Office Appropriation Account”  
22              and inserting “United States Patent and  
23              Trademark Office Public Enterprise Fund”;  
24              and

1 (B) in subsection (c), in the first sen-  
2 tence—

3 (i) by striking “To the extent” and all  
4 that follows through “fees” and inserting  
5 “Fees”; and

6 (ii) by striking “shall be collected by  
7 and shall be available to the Director” and  
8 inserting “shall be collected by the Direc-  
9 tor and shall be available until expended”.

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

12 (A) October 1, 2011; or

13 (B) the first day of the first fiscal year  
14 that begins after the date of the enactment of  
15 this Act.

16 (c) USPTO REVOLVING FUND.—

17 (1) ESTABLISHMENT.—There is established in  
18 the Treasury of the United States a revolving fund  
19 to be known as the “United States Patent and  
20 Trademark Office Public Enterprise Fund”. Any  
21 amounts in the Fund shall be available for use by  
22 the Director without fiscal year limitation.

23 (2) DERIVATION OF RESOURCES.—There shall  
24 be deposited into the Fund on or after the effective  
25 date of subsection (b)(1)—

1           (A) any fees collected under sections 41,  
2           42, and 376 of title 35, United States Code,  
3           provided that notwithstanding any other provi-  
4           sion of law, if such fees are collected by, and  
5           payable to, the Director, the Director shall  
6           transfer such amounts to the Fund, provided,  
7           however, that no funds collected pursuant to  
8           section 9(h) of this Act or section 1(a)(2) of  
9           Public Law 111–45 shall be deposited in the  
10          Fund; and

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

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

16           (A) all expenses to the extent consistent  
17           with the limitation on the use of fees set forth  
18           in section 42(c) of title 35, United States Code,  
19           including all administrative and operating ex-  
20           penses, determined in the discretion of the  
21           Under Secretary to be ordinary and reasonable,  
22           incurred by the Under Secretary and the Direc-  
23           tor for the continued operation of all services,  
24           programs, activities, and duties of the Office re-  
25           lating to patents and trademarks, as such serv-

1           ices, programs, activities, and duties are de-  
2           scribed under—

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

4                   (ii) the Trademark Act of 1946; and

5                   (B) all expenses incurred pursuant to any  
6           obligation, representation, or other commitment  
7           of the Office.

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

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

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

18                   (3) describe the long term modernization plans  
19          of the Office;

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

23                   (5) include the results of the most recent audit  
24          carried out under subsection (f).

25          (e) ANNUAL SPENDING PLAN.—

1           (1) IN GENERAL.—Not later than 30 days after  
2           the beginning of each fiscal year, the Director shall  
3           notify the Committees on Appropriations of both  
4           Houses of Congress of the plan for the obligation  
5           and expenditure of the total amount of the funds for  
6           that fiscal year in accordance with section 605 of the  
7           Science, State, Justice, Commerce, and Related  
8           Agencies Appropriations Act, 2006 (Public Law  
9           109–108; 119 Stat. 2334).

10           (2) CONTENTS.—Each plan under paragraph  
11           (1) shall—

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

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

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

24           (g) BUDGET.—The Fund shall prepare and submit  
25           each year to the President a business-type budget in a

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

3 **SEC. 21. SATELLITE OFFICES.**

4 (a) ESTABLISHMENT.—Subject to available re-  
5 sources, the Director may establish 3 or more satellite of-  
6 fices in the United States to carry out the responsibilities  
7 of the Patent and Trademark Office.

8 (b) PURPOSE.—The purpose of the satellite offices  
9 established under subsection (a) are to—

10 (1) increase outreach activities to better connect  
11 patent filers and innovators with the Patent and  
12 Trademark Office;

13 (2) enhance patent examiner retention;

14 (3) improve recruitment of patent examiners;

15 and

16 (4) decrease the number of patent applications  
17 waiting for examination and improve the quality of  
18 patent examination.

19 (c) REQUIRED CONSIDERATIONS.—In selecting the  
20 locale of each satellite office to be established under sub-  
21 section (a), the Director—

22 (1) shall ensure geographic diversity among the  
23 offices, including by ensuring that such offices are  
24 established in different States and regions through-  
25 out the Nation;



1           (2) may rely upon any previous evaluations by  
2           the Patent and Trademark Office of potential locales  
3           for satellite offices, including any evaluations pre-  
4           pared as part of the Patent and Trademark Office’s  
5           Nationwide Workforce Program that resulted in the  
6           2010 selection of Detroit, Michigan as the first ever  
7           satellite office of the Patent and Trademark Office;  
8           and

9           (3) nothing in the preceding paragraph shall  
10          constrain the Patent and Trademark Office to only  
11          consider its prior work from 2010. The process for  
12          site selection shall be open.

13          (d) PHASE-IN.—The Director shall satisfy the re-  
14          quirements of subsection (a) over the 3-year period begin-  
15          ning on the date of enactment of this Act.

16          (e) REPORT TO CONGRESS.—Not later than the end  
17          of the first fiscal year that occurs after the date of the  
18          enactment of this Act, and each fiscal year thereafter, the  
19          Director shall submit a report to Congress on—

20                 (1) the rationale of the Director in selecting the  
21                 locale of any satellite office required under sub-  
22                 section (a);

23                 (2) the progress of the Director in establishing  
24                 all such satellite offices; and

1           (3) whether the operation of existing satellite  
2           offices is achieving the purposes required under sub-  
3           section (b).

4           (f) DEFINITIONS.—In this section, the following defi-  
5           nitions shall apply:

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

9           (2) PATENT AND TRADEMARK OFFICE.—The  
10          term “Patent and Trademark Office” means the  
11          United States Patent and Trademark Office.

12       **SEC. 22. PATENT OMBUDSMAN PROGRAM FOR SMALL BUSI-**  
13       **NESS CONCERNS.**

14          Subject to available resources, the Director may es-  
15          tablish in the United States Patent and Trademark Office  
16          a Patent Ombudsman Program. The duties of the Pro-  
17          gram’s staff shall include providing support and services  
18          relating to patent filings to small business concerns.

19       **SEC. 23. PRIORITY EXAMINATION FOR TECHNOLOGIES IM-**  
20       **PORTANT TO AMERICAN COMPETITIVENESS.**

21          Section 2(b)(2) of title 35, United States Code, is  
22          amended—

23               (1) in subparagraph (E), by striking “; and”  
24               and inserting a semicolon;

1           (2) in subparagraph (F), by striking the semi-  
2 colon and inserting “; and”; and

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

4           “(G) may, subject to any conditions pre-  
5 scribed by the Director and at the request of  
6 the patent applicant, provide for prioritization  
7 of examination of applications for products,  
8 processes, or technologies that are important to  
9 the national economy or national competitive-  
10 ness without recovering the aggregate extra cost  
11 of providing such prioritization, notwith-  
12 standing section 41 or any other provision of  
13 law;”.

14 **SEC. 24. DESIGNATION OF DETROIT SATELLITE OFFICE.**

15           (a) DESIGNATION.—The satellite office of the United  
16 States Patent and Trademark Office to be located in De-  
17 troit, Michigan shall be known and designated as the “Eli-  
18 jah J. McCoy United States Patent and Trademark Of-  
19 fice”.

20           (b) REFERENCES.—Any reference in a law, map, reg-  
21 ulation, document, paper, or other record of the United  
22 States to the satellite office of the United States Patent  
23 and Trademark Office to be located in Detroit, Michigan  
24 referred to in subsection (a) shall be deemed to be a ref-

1 erence to the “Elijah J. McCoy United States Patent and  
2 Trademark Office”.

3 **SEC. 25. EFFECTIVE DATE.**

4 Except as otherwise provided in this Act, the provi-  
5 sions of this Act shall take effect 1 year after the date  
6 of the enactment of this Act and shall apply to any patent  
7 issued on or after that effective date.

8 **SEC. 26. BUDGETARY EFFECTS.**

9 The budgetary effects of this Act, for the purpose of  
10 complying with the Statutory Pay-As-You-Go-Act of 2010,  
11 shall be determined by reference to the latest statement  
12 titled “Budgetary Effects of PAYGO Legislation” for this  
13 Act, submitted for printing in the Congressional Record  
14 by the Chairman of the Senate Budget Committee, pro-  
15 vided that such statement has been submitted prior to the  
16 vote on passage.

Passed the Senate March 8, 2011.

Attest:

*Secretary.*



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

**S. 23**

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**AN ACT**

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