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

IN THE SENATE OF THE UNITED STATES

AUGUST 3, 2006

Mr. HATCH (for himself and Mr. LEAHY) introduced the following bill; which was read twice and referred to the Committee on the Judiciary

A BILL

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

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Patent Reform Act of 2006”.

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

Sec. 1. Short title; table of contents.
Sec. 2. Reference to title 35, United States Code.
Sec. 3. Right of the first inventor to file.
Sec. 4. Inventor’s oath or declaration.
Sec. 5. Remedies for infringement and affirmative defenses thereto.
Sec. 6. Post-grant procedures.
Sec. 7. Submissions by third parties and other quality enhancements.
Sec. 8. Venue and jurisdiction.
Sec. 9. Other statutory and conforming amendments.
Sec. 10. Effective date.

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

Whenever in this Act a section or other provision is amended or repealed, that amendment or repeal shall be considered to be made to that section or other provision of title 35, United States Code.

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

(a) DEFINITIONS.—Section 100 is amended by adding at the end the following:

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

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

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

“(1) the filing date of the patent or the application for patent containing the claim to the invention; or

“(2) if the patent or application for patent is entitled to a right of priority of any other application under section 119, 365(a), or 365(b) or to the benefit of an earlier filing date in the United States under section 120, 121, or 365(c), the filing date of
the earliest such application in which the claimed in-
vention is disclosed in the manner provided by the
first paragraph of section 112.

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

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

(b) CONDITIONS FOR PATENTABILITY.—

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

“§ 102. Conditions for patentability; novelty

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

“(1) the claimed invention was patented, de-
scribed in a printed publication, or otherwise pub-
licly known—

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

“(B) 1 year or less before the effective fil-
ing date of the claimed invention, if the inven-
tion was patented or described in a printed pub-
lication or otherwise publicly known before the
invention thereof by the applicant for a patent; or

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

“(b) LIMITATION ON PRIOR ART.—

“(1) DERIVATION AND COMMON ASSIGNMENT EXCEPTIONS.—Subject matter that would otherwise qualify as prior art only under subsection (a)(2) shall not be prior art to a claimed invention if—

“(A) the subject matter was obtained directly or indirectly from the inventor or a joint inventor; or

“(B) the subject matter and the claimed invention were, not later than the effective filing date of the claimed invention, owned by the same person or subject to an obligation of assignment to the same person.

“(2) GRACE PERIOD.—Subject matter disclosed in the prior art less than 1 year before the effective filing date of the claimed invention shall not pre-
clude the patenting of a claimed invention under subsection (a) or section 103 if the claimed invention was made prior to the date the subject matter becomes prior art pursuant to section 102(b), if the subject matter disclosed was obtained directly or indirectly from an inventor of the claimed subject matter or the applicant.

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

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

“(B) if the patent or application for patent is entitled to claim a right of priority under section 119, 365(a), or 365(b) or to claim the benefit of an earlier filing date under section 120, 121, or 365(c), based upon 1 or more prior filed applications for patent, as of the filing date of the earliest such application that describes the subject matter.”.

(2) CONFORMING AMENDMENT.—The item relating to section 102 in the table of sections for chapter 10 is amended to read as follows:

“102. Conditions for patentability; novelty.”.
(c) Conditions for Patentability; Nonobvious Subject Matter.—Section 103 is amended—

(1) in subsection (a)—

(A) by striking “A patent may not be obtained through the invention” and inserting “A patent for the claimed invention may not be obtained through the claimed invention”; 

(B) by striking “sought to be patented” and inserting “of the claimed invention”; and 

(C) by striking “at the time the invention was made” and inserting “before the effective filing date of the claimed invention”; 

(2) by striking subsection (b) and redesignating subsection (c) as subsection (b); 

(3) by amending subsection (b)(1), as so redesignated, to read as follows:

“(d)(1) Subject matter developed by another person, which is disqualified as prior art under section 102(b), shall not preclude patentability under this section if the subject matter and the claimed invention were owned by the same person, or subject to an obligation of assignment to the same person, on or before the effective filing date of the claimed invention.”; and 

(4) in subsection (b)(2)(A), as so redesignated, by striking “the date the claimed invention was
made” and inserting “the effective filing date of the
claimed invention”.

(d) Repeal of Requirements for Inventions
Made Abroad.—Section 104, and the item relating to
that section in the table of sections for chapter 10, are
repealed.

(e) Repeal of Statutory Invention Registration.—

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

(2) Removal of Cross References.—Section
111(b)(8) is amended by striking “sections 115,
131, 135, and 157” and inserting “sections 131 and
135”.

(f) Earlier Filing Date for Inventor and
Joint Inventor.—Section 120 is amended by striking
“which is filed by an inventor or inventors named” and
inserting “which names an inventor or joint inventor”.

(g) Conforming Amendments.—

(1) Right of Priority.—Section 172 is
amended by striking “and the time specified in sec-
tion 102(d)”.

(2) Limitation on Remedies.—Section
287(c)(4) is amended by striking “the earliest effec-
tive filing date of which is prior to” and inserting “which has an effective filing date before”.

(3) INTERNATIONAL APPLICATION DESIGNATING THE UNITED STATES: EFFECT.—Section 363 is amended by striking “except as otherwise provided in section 102(e) of this title”.

(4) PUBLICATION OF INTERNATIONAL APPLICATION: EFFECT.—Section 374 is amended by striking “sections 102(e) and 154(d)” and inserting “section 154(d)”.

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

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

(7) INVENTIONS MADE WITH FEDERAL ASSISTANCE.—Section 202(c) is amended—

(A) in paragraph (2)—

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

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

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

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

(i) ACTION FOR CLAIM TO PATENT ON DERIVED INVENTION.—Section 135(a) is amended to read as follows:

“(a) DISPUTE OVER RIGHT TO PATENT.—

“(1) INSTITUTION OF INVENTOR’S RIGHTS CONTEST.—An applicant may request initiation of a derivation proceeding to determine the right of the applicant to a patent by filing a request which sets forth with particularity the basis for finding that an earlier applicant derived the claimed invention and without authorization filed an application claiming such invention. Any such request shall be made within 12 months of the date of first publication of an application containing a claim that is the same
or is substantially the same as the claimed invention, under oath and supported by substantial evidence. Whenever patents or applications for patent naming different individuals as the inventor are determined by the Director to interfere because of a dispute over the right to patent under section 101, the Director shall institute an inventor’s rights contest for the purpose of determining which applicant is entitled to a patent.

“(2) REQUIREMENTS.—No proceeding shall be commenced under this subsection unless the party requesting the proceeding has filed an application that—

“(A) was filed not later than 18 months after the effective filing date of the application or patent deemed to interfere with the subsequent application or patent; and

“(B) did not, within 1 year of the earliest effective filing date of the application, contain a claim that is the same or substantially the same as the invention claimed in the earlier filed application;

“(3) DETERMINATION BY PATENT TRIAL AND APPEAL BOARD.—In any proceeding under this subsection, the Patent Trial and Appeal Board—
“(A) shall determine the question of the right to patent;

“(B) in appropriate circumstances, may correct the naming of the inventor in any application or patent at issue; and

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

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

“(5) EFFECT OF FINAL DECISION.—The final decision of the Patent Trials and Appeal Board, if adverse to the claim of an applicant, shall constitute the final refusal by the Patent and Trademark Office on the claims involved. The Director may issue a patent to an applicant who is judged to have the right to patent. The final decision of the Board, if adverse to a patentee, shall, if no appeal or other review of the decision has been or can be taken or had, constitute cancellation of the claims involved in the patent, and notice of such cancellation shall be endorsed on copies of the patent distributed after such cancellation by the Patent and Trademark Office.”
(j) **Patent Trial and Appeal Board.**—

(1) **Elimination of references to interferences.**—

(A) Sections 6, 41, 134, 141, 145, 146, 154, 305, and 314 are each amended by striking “Board of Patent Appeals” each place it appears and inserting “Patent Trial and Appeal Board”.

(B) Sections 135, 141, 146, and 154 are each amended by striking “interference” each place it appears and inserting “inventor’s rights contest”.

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

“146. Civil action in case of inventor’s rights contest.”.

(2) **Technical and conforming amendments.**—Section 135(c) is amended—

(A) by striking “(c) Any” and inserting “(c)(1) Any”;

(B) in the second paragraph, by striking “The Director” and inserting “(2) The Director”; and

(C) in the third paragraph, by striking “Any discretionary” and inserting “(3) Any discretionary”.
SEC. 4. INVENTOR’S OATH OR DECLARATION.

(a) Inventor’s Oath or Declaration.—

(1) In general.—Section 115 is amended to read as follows:

“§ 115. Inventor’s oath or declaration

“(a) Naming the Inventor; Inventor’s Oath or Declaration.—An application for patent that is filed under section 111(a), that commences the national stage under section 363, or that is filed by an inventor for an invention for which an application has previously been filed under this title by that inventor shall include, or be amended to include, the name of the inventor of any claimed invention in the application. Except as otherwise provided in this section, an individual who is the inventor or a joint inventor of a claimed invention in an application for patent shall execute an oath or declaration in connection with the application.

“(b) Required Statements.—An oath or declaration under subsection (a) shall contain statements that—

“(1) the application was made or was authorized to be made by the affiant or declarant; and

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

“(c) Additional Requirements.—The Director may specify additional information relating to the inventor
and the invention that is required to be included in an oath or declaration under subsection (a).

“(d) SUBSTITUTE STATEMENT.—

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

“(2) PERMITTED CIRCUMSTANCES.—A substitute statement under paragraph (1) shall be permitted with respect to any individual who, at the time the substitute statement is filed—

“(A) is deceased;

“(B) is under legal incapacity;

“(C) is under an obligation to assign the invention, but has refused to make the oath or declaration required under subsection (a); or

“(D) cannot be found or reached after diligent effort.

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

“(A) identify the individual with respect to whom the statement applies;
“(B) set forth the circumstances representing the permitted basis for the filing of the substitute statement in lieu of the oath or declaration under subsection (a); and

“(C) contain any additional information, including any showing, required by the Director.

“(e) Making Required Statements in Assignment of Record.—An individual who is under an obligation of assignment of an application for patent may include the required statements under subsections (b) and (c) in the assignment executed by the individual, in lieu of filing such statements separately.

“(f) Time for Filing.—A notice of allowance under section 151 may be provided to an applicant for patent only if the applicant for patent has filed each required oath or declaration under subsection (a) or has filed a substitute statement under subsection (d) or recorded an assignment meeting the requirements of subsection (e).

“(g) Earlier-File Application Containing Required Statements or Substitute Statement.—The requirements under this section shall not apply to an individual with respect to an application for patent in which the individual is named as the inventor or a joint
inventor and that claims the benefit under section 120 or
section 365(e) of the filing of an earlier-filed application, if—

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

“(2) a substitute statement meeting the requirements of subsection (d) was filed in the earlier filed application with respect to the individual; or

“(3) an assignment meeting the requirements of subsection (e) was executed with respect to the earlier-filed application by the individual and was recorded in connection with the earlier-filed application.

“(h) SUPPLEMENTAL AND CORRECTED STATEMENTS; FILING ADDITIONAL STATEMENTS.—

“(1) IN GENERAL.—A statement made under this section may be withdrawn, replaced, or otherwise corrected at any time. If a change is made in the naming of the inventor requiring the filing of 1 or more additional statements under this section, the Director shall establish regulations under which such additional statements may be filed.

“(2) SUPPLEMENTAL STATEMENTS NOT REQUIRED.—If an individual has executed an oath or
declaration under subsection (a) or an assignment
meeting the requirements of subsection (e) with re-
spect to an application for patent, no supplemental
oath or declaration or further substitute statement
shall thereafter be required in connection with the
application for patent or any patent issuing thereon.

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

(2) RELATIONSHIP TO DIVISIONAL APPLICATIONS.—Section 121 is amended by striking “If a 3
divisional application” and all that follows through
“inventor.”.

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

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

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

“§118. Filing by other than inventor

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

(e) SPECIFICATION.—Section 112 is amended—

(1) in the first paragraph by striking “The
specification” and inserting “(a) IN GENERAL.—The
specification”;

(2) in the second paragraph—

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

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

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

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

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

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

SEC. 5. REMEDIES FOR INFRINGEMENT AND AFFIRMATIVE DEFENSES THERETO.

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

(1) in the first paragraph—

(A) by striking “Upon” and inserting “(a) AWARD OF DAMAGES.—(1) Upon”; and

(B) by adding at the end the following:

“(2) In determining a reasonable royalty consideration shall be given to—

“(A) the economic value that should be attributed to the novel and non-obvious feature or features of the invention, as distinguished from the economic value attributable to other features, improvements added by the infringer, and the business risks the infringer undertook in commercialization;

“(B) the terms of non-exclusive marketplace licensing of the invention; and
“(C) other relevant factors in applicable law.”;

(2) by amending the second paragraph to read as follows:

“(b) WILLFUL INFRINGEMENT.—

“(1) INCREASED DAMAGES.—A court that has determined that the infringer has willfully infringed a patent or patents may increase the damages up to 3 times the amount of damages found or assessed under subsection (a), except that increased damages under this paragraph shall not apply to provisional rights under section 154(d).

“(2) PERMITTED GROUNDS FOR WILLFULNESS.—A court may find that an infringer has willfully infringed a patent only if the patent owner presents clear and convincing evidence that—

“(A) the infringer, having received adequate written notice from the patentee, after a reasonable opportunity to investigate, thereafter performed 1 or more of the alleged acts of infringement;

“(B) the infringer intentionally copied the patented invention with knowledge that it was patented; or
“(C) after having been found by a court to have infringed that patent, the infringer engaged in conduct that was not colorably different from the conduct previously found to have infringed the patent, and which resulted in a separate finding of infringement of the same patent.

“(3) WRITTEN NOTICE.—For purposes of paragraph (2), written notice shall be adequate only if such notice—

“(A) alleges acts of infringement in a manner sufficient to give the infringer an objectively reasonable apprehension of suit on such patent, and

“(B) identifies with particularity each claim of the patent, each product or process that the patent owner alleges infringes the patent, and the relationship of such product or process to such claim, the infringer.

“(4) LIMITATIONS ON WILLFULNESS.—

“(A) IN GENERAL.—A court shall not find that an infringer has willfully infringed a patent under paragraph (2) for any period of time during which the infringer had an informed good faith belief that the patent was invalid or unen-
forceable, or would not be infringed by the conduct later shown to constitute infringement of the patent.

“(B) INFORMED GOOD FAITH BELIEF.—
For purposes of this paragraph, an informed good faith belief may be established by—

“(i) reasonable reliance on advice of counsel;

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

“(iii) other evidence a court may find sufficient to establish such good faith belief.

“(C) EVIDENCE.—The decision of the infringer not to present evidence of advice of counsel shall have no relevance to a determination of willful infringement under paragraph (2).

“(5) LIMITATION ON PLEADING.—Before the date on which a determination has been made that the patent in suit is not invalid, is enforceable, and has been infringed by the infringer, a patentee may not plead, and a court may not determine, that an
infringer has willfully infringed the patent. The
court’s determination of an infringer’s willfulness
shall be made without a jury.’’; and

(3) in the third paragraph, by striking “The
court” and inserting “(c) EXPERT TESTIMONY.—
The court”.

(b) ATTORNEY’S FEES.—Section 285 is amended to
read:

“(a) The court shall award, to a prevailing party, fees
and other expenses incurred by that party in connection
with that proceeding, unless the court finds that the posi-
tion of the nonprevailing party or parties was substantially
justified or that special circumstances make an award un-
just.”.

(c) UNENFORCEABILITY.—Section 282 of title 35,
United States Code, is amended—

(1) by inserting “(a) IN GENERAL.—” before
“A patent shall be presumed valid.”; and

(2) by adding at the end the following:

“(b) UNENFORCEABILITY.—

“(1) PERMITTED GROUNDS FOR UNENFORCE-
ABILITY.—A court may find that a patent is unen-
forceable only if the patent owner presents clear and
convincing evidence that, with respect to the patent
at issue the patentee, or a patentee’s agent, or privy before issuance of the patent—

“(A) failed to disclose material information, or submitted false material information or statements; and

“(B) did so with an intent to mislead or deceive the United States Patent and Trademark Office.

“(2) LIMITATIONS ON UNENFORCEABILITY.—A court shall not find that a patent in unenforceable under paragraph (1) if—

“(A) the patentee, agent, or privy had an informed good faith belief that the specific information that was not disclosed was not material;

“(B) the patentee had no actual or constructive knowledge of the misconduct of an agent or privy, exercised due care in selecting and supervising such agent or privy, and reasonably relied on counsel in obtaining the patent;

“(C) establishes good faith by other evidence a court may find sufficient; or
“(D) the court has not determined 1 or more claims in the patent at issue in the action to be invalid.

“(3) LIMITATION ON PLEADING.—Before the date on which a determination has been made that the patent in suit is not invalid in whole and has been infringed by the infringer, a defendant may not plead, and a court may not determine, that the patent in question is unenforceable.”.

(d) DEFENSE TO INFRINGEMENT BASED ON EARLIER INVENTOR.—Section 273 of title 35, United States Code, is amended—

(1) in subsection (a)—

(A) in paragraph (1)—

(i) by striking “of a method”; and

(ii) by striking “review period;” and inserting “review period; and”;

(B) in paragraph (2)(B), by striking the semicolon at the end and inserting a period; and

(C) by striking paragraphs (3) and (4);

(2) in subsection (b)—

(A) in paragraph (1)—

(i) by striking “for a method”; and
(ii) by striking “at least 1 year before the effective filing date of such patent, and” and all that follows through the period and inserting “and commercially used, or made substantial preparations for commercial use of, the subject matter before the effective filing date of the claimed invention.”;

(B) in paragraph (2)—

(i) by striking “The sale or other disposition of a useful end result produced by a patented method” and inserting “The sale or other disposition of subject matter that qualifies for the defense set forth in this section”; and

(ii) by striking “a defense under this section with respect to that useful end result” and inserting “such defense”; and

(C) in paragraph (3)—

(i) by striking subparagraph (A); and

(ii) by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively;

(3) in paragraph (7), by striking “of the patent” and inserting “of the claimed invention”; and
(4) by amending the heading to read as follows:

“§ 273. Special defenses to and exemptions from infringement”.

(e) Table of Sections.—The item related to section 273 in the table of sections for chapter 28 is amended to read as follows:

“Sec. 273. Special defenses to and exemptions from infringement.”.

(f) Effect of extraterritorial infringement.—Section 271(f) is repealed.

SEC. 6. POST-GRANT PROCEDURES.

(a) Post-Grant Opposition Procedures.—

(1) In general.—Chapter 31 is amended to read as follows:

“CHAPTER 31—POST-GRANT REVIEW PROCEEDINGS

“Sec.

“311. Petition for post-grant review.

“312. Timing of petition.

“313. Submission of petition.


“315. Conduct of post-grant review proceedings.

“316. Proof and evidentiary standards.

“317. Showing of sufficient grounds; institution of post-grant review proceedings.

“318. Amendment of the patent.

“319. Decision of the Patent Trial and Appeal Board.

“320. Effect of decision.

“321. Relationship to other pending proceedings.

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

“323. Effect of final decision on future proceedings.

“§ 311. Petition for post-grant review

“Any person who is not the patent owner may file a petition for cancellation seeking to institute a post-grant
review proceeding before the Patent Trial and Appeal Board to cancel as unpatentable any claim of a patent on any ground which might be raised under section 282(a) (2) and (3) (relating to invalidity of the patent or any claim).

§312. Timing of petition

“A post-grant review proceeding may be instituted only if the petition for cancellation is filed by a cancellation petitioner—

“(1) not later than 12 months after the date the patent was issued or reissued; or

“(2) who establishes a substantial reason to believe that the continued existence of the challenged claim causes or is likely to cause the petitioner significant economic harm.

§313. Submission of petition

“The petition for cancellation shall—

“(1) be accompanied by payment of the post-grant review fee set forth in subsection 41(a);

“(2) identify the cancellation petitioner; and

“(3) set forth in writing the basis for the cancellation, identifying each claim challenged and providing such information as the Director may require by regulation.
§ 314. Prohibited filings

No post-grant review proceeding shall be instituted—

“(1) under subsection (a) of section 312 if the petition for cancellation identifies the same cancellation petitioner and the same patent as a previous petition for cancellation filed under subsection (a) of section 312; or

“(2) under subsection (b) of section 312 if the petition for cancellation identifies the same cancellation petitioner and the same patent as a previous petition for cancellation filed under subsection (b) of section 312.

§ 315. Conduct of post-grant review proceedings

“(a) In General.—The Director shall—

“(1) establish regulations, in accordance with section 2(b)(2), to govern post-grant review proceedings and their relationship to other proceedings;

“(2) prescribe regulations setting forth the standards for showings of substantial reason to believe and significant economic harm under section 312(b) and sufficient grounds in section 317; and

“(3) prescribe regulations setting forth procedures for discovery of relevant evidence, including that such discovery shall be limited to evidence directly related to factual assertions advanced by ei-
ther party in the proceeding, and the procedures for obtaining such evidence shall be consistent with the purpose and nature of the proceeding.

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

“(1) shall be designed to result in a final decision on a petition for cancellation within 12 months of the institution of the post-grant review proceeding;

“(2) shall provide for discovery upon order of the Board;

“(3) may prescribe sanctions for abuse of discovery or abuse of process to the extent authorized in United States district courts by rule 11 and rule 37 of the Federal Rules of Civil Procedure;

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

“(5) shall ensure that any information submitted by the patent owner in support of any amendment entered under section 318 shall be made available to the public as part of the prosecution history of the patent.

“(c) CONSIDERATIONS.—In prescribing regulations under this section, the Director shall take into consider-
§ 316. Proof and evidentiary standards

(a) In General.—The presumption of validity set forth in section 282 shall not apply in a challenge to any patent claim under this chapter.

(b) Burden of Proof.—The party advancing a proposition under this chapter shall have the burden of proving that proposition.

§ 317. Showing of sufficient grounds; institution of post-grant review proceedings

Within such time as may be prescribed by regulation, the cancellation petitioner shall file any information known to it that supports its allegation of the unpatentability of any challenged claim. The Patent Trial and Appeal Board shall not institute a post-grant review proceeding unless it determines that the information presented provides sufficient grounds to proceed. If the Patent Trial and Appeal Board does not institute a post-grant review proceeding under this section then the cancellation petitioner may not assert the same grounds against the same claims in any other proceeding within the Office.

§ 318. Amendment of the patent

(a) In General.—In response to a challenge in a petition for cancellation, the patent owner may file 1 mo-
tion to amend the patent in 1 or more of the following ways:

“(1) Cancel any challenged patent claim.

“(2) For each challenged claim, propose a substitute claim that includes all the limitations of the challenged claim.

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

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

“(c) SCOPE OF CLAIMS.—No amendment shall enlarge the scope of the claims of the patent. No amendment shall introduce new matter.

“§ 319. Decision of the Patent Trial and Appeal Board

“If the post-grant review proceeding is instituted under section 317 and not dismissed under section 320 or subsection (b) of section 323, the Patent Trial and Appeal Board shall issue a final decision with respect to patentability of any patent claim challenged and any new claim added under this section 318.

“§ 320. Effect of decision

“(a) IN GENERAL.—Where a final decision of the Patent Trial and Appeal Board is issued under section 319 and the time for appeal has expired or any appeal proceeding has terminated, the Director shall issue and
publish a certificate canceling any claim of the patent finally determined to be unpatentable and incorporating in the patent by operation of the certificate any new claim determined to be patentable.

“(b) New Claims.—Any new claim held to be patentable and incorporated into a patent in a post-grant review proceeding shall have the same effect as that specified in section 252 for reissued patents on the right of any person who made, purchased, offered to sell, or used within the United States, or imported into the United States, anything patented by such new claim, or who made substantial preparations therefore, prior to issuance of a certificate under the provisions of subsection (a) of this section.

“§321. Relationship to other pending proceedings

“Notwithstanding subsection 135(a), sections 251 and 252, and chapter 30, the Director may determine the manner in which any reexamination proceeding, reissue proceeding, interference proceeding, or post-grant review proceeding that is pending during a post-grant review proceeding, may proceed, including providing for stay, transfer, consolidation, or termination of such proceedings.
§ 322. Effect of decisions rendered in civil action on future post-grant review proceedings

“If a final decision has been entered against a party in a civil action arising in whole or in part under section 1338 of title 28 establishing that the party has not sustained its burden of proving the invalidity of any patent claim—

“(1) that party to the civil action and the privies of that party may not thereafter request a post-grant review proceeding on such patent claim on the basis of any grounds, under the provisions of section 311, which that party or the privies of that party raised or could have raised in such civil action; and

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

§ 323. Effect of final decision on future proceedings

“(a) In general.—If a final decision under section 319 is favorable to the patentability of any original or new claim of the patent, the cancellation petitioner may not thereafter, based on any ground which the cancellation petitioner raised during the post-grant review proceeding—

“(1) request or pursue a reexamination of such claims;
“(2) request or pursue an interference of such claims;

“(3) request or pursue a post-grant review proceeding of such claims; or

“(4) assert the invalidity of any such claims, in any civil action arising in whole or in part under section 1338 of title 28.

“(b) EXTENSION OF PROHIBITION.—If the final decision is the result of a petition for cancellation under section 312(b), the prohibition under this section shall extend to any ground which the cancellation petitioner raised or could have raised during the post-grant review proceeding.”.

(b) TECHNICAL AND CONFORMING AMENDMENT.—The table of chapters is amended to read as follows:

“31. Post-grant review proceedings.”.

SEC. 7. SUBMISSIONS BY THIRD PARTIES AND OTHER QUALITY ENHANCEMENTS.

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

(1) by striking subparagraph (B); and

(2) in subparagraph (A)—

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

(B) by redesignating clauses (i) through (iv) as subparagraphs (A) through (D), respectively.
(b) Reexamination.—Subsection 303(a) is amended to read as follows:

"(a) Within 3 months following the filing of a request for reexamination under the provisions of section 302, by the owner of the patent, the Director shall determine whether a substantial new question of patentability affecting any claim of the patent concerned is raised by the request, with or without consideration of other patents or printed publications. On his own initiative, and at any time, the Director may determine whether a substantial new question of patentability is raised by patents and publications discovered by him, cited under the provisions of section 301, or cited by any person other than the owner of the patent under the provisions of section 302 or section 311. The existence of a substantial new question of patentability is not precluded by the fact that a patent or printed publication was previously cited by or to the Office or considered by the Office."

(c) Preissuance Submissions by Third Parties.—Section 122 is amended by adding at the end the following:

"(e) Preissuance Submissions by Third Parties.—

"(1) In general.—Any person may submit for consideration and inclusion in the record of a patent
application, any patent, published patent application, or other publication of potential relevance to the examination of the application, if such submission is made in writing before the earlier of—

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

“(B) either—

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

“(ii) the date of the first rejection under section 132 of any claim by the examiner during the examination of the application for patent, whichever occurs later.

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

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

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

“(C) include a statement by the submitter affirming that the submission was made in compliance with this section.”.
(d) **Effective Dates.**—Notwithstanding any other provision of law, sections 311 through 318 of title 35, United States Code, as amended by this Act, shall apply to any patent that issues from an original application filed on any date.

**SEC. 8. Venue and Jurisdiction.**

(a) **Venue for Patent Cases.**—Section 1400 of title 28, United States Code, is amended by striking subsection (b) and inserting the following:

“(b) Any civil action arising under any Act of Congress relating to patents, other than an action for declaratory judgment or an action seeking review of a decision of the Patent Trial and Appeal Board under chapter 13 of title 35, may be brought only—

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

“(2) in the judicial district where the defendant has committed acts of infringement and has a regular and established place of business.

“(c) Notwithstanding section 1391(e) of this title, for purposes of venue under subsection (b), a corporation shall be deemed to reside in the judicial district in which the corporation has its principal place of business or in the State in which the corporation is incorporated.”.
(b) INTERLOCUTORY APPEALS.—Subsection (c)(2) of section 1292 of title 28, United States Code, is amended by adding at the end:

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

“(A) Application for an appeal hereunder shall be made to the court within 10 days after entry of the order or decree.

“(B) Proceedings in the district court shall be stayed during pendency of the appeal.”.

SEC. 9. OTHER STATUTORY AND CONFORMING AMENDMENTS.

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

(1) by redesignating paragraphs (8), (9), (10), (11), (12), (13), (14), and (15) as paragraphs (10), (11), (12), (13), (14), (15), (16), and (17) respectively; and

(2) by inserting after paragraph (7) the following:

“(8) On filing a petition for cancellation under subsection (a) of section 312, a fee established by
the Director to recover \( \frac{1}{2} \) the estimated average cost
to the Office of a post-grant review proceeding.

“(9) On filing a petition for cancellation under
subsection (b) of section 312, a fee established by
the Director to recover the estimated average cost to
the Office of a post-grant review proceeding.”.

(b) DEFINITIONS.—Section 100 (as amended by this
Act) is further amended—

(1) in subsection (e), by striking “or inter
parties reexamination under section 311’’;

(2) by inserting the following:

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

(c) PATENT TRIAL AND APPEAL BOARD.—

(1) Section 6 is amended to read as follows:

“§ 6. Patent Trial and Appeal Board

“(a) Establishment and Composition.—There
shall be in the Office a Patent Trial and Appeal Board.
The Director, the Deputy Director, the Commissioner for
Patents, the Commissioner for Trademarks, and the ad-
ministrative patent judges shall constitute the Patent
Trial and Appeal Board. The administrative patent judges
shall be persons of competent legal knowledge and sci-
entific ability who are appointed by the Director. Any ref-
ence in any Federal law, Executive order, rule, regula-
tion, or delegation of authority, or any document of or
pertaining to the Board of Patent Appeals and Inter-
tferences is deemed to refer to the Patent Trial and Appeal
Board.

“(b) Duties.—The Patent Trial and Appeal Board
shall, on written appeal of an applicant, review adverse
decisions of examiners upon application for patents; shall,
on written appeal of a patent owner, review adverse deci-
sions of examiners upon patents in reexamination pro-
cedings under chapter 30; shall determine priority and
patentability of invention in inventor’s rights contests de-
cclared under subsection 135(a); and shall preside over
post-grant review proceedings under chapter 31. Each ap-
peal, inventor’s rights contest, and post-grant review pro-
cceeding shall be heard by at least 3 members of the Patent
Trial and Appeal Board, who shall be designated by the
Director. Only the Patent Trial and Appeal Board may
grant rehearings.”.

(2) Title 35, United States Code, is amended by
striking “Board of Patent Appeals” each place it ap-
ppears and inserting in its place “Patent Trial and
Appeal Board”.

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(d) Authority of Panels of Administrative Patent Judges.—Section 6 (as amended by this section) is further amended by adding at the end the following:

“(c) Additional Responsibilities of Administrative Patent Judges.—Panels of administrative patent judges, once assigned by the Director, shall have the responsibilities under chapter 32 in connection with post-grant opposition proceedings.”.

(e) Rulemaking Authority.—Section 3(a) is amended by adding at the end the following:

“(5) Rulemaking authority.—In addition to the authority conferred by other provisions of this title, the Director may promulgate such rules, regulations, and orders as the Director determines appropriate to carry out the provisions of this title or any other law applicable to the United States Patent and Trademark Office or that the Director determines necessary to govern the operation and organization of the Office.”.

(f) Reexamination.—

(1) Section 304 is amended by striking the final 3 sentences.

(2) Section 305 is amended by striking, in the first sentence, “and reply” and also striking “have” and inserting “has” in its place.
(3) Section 315(c) is amended by striking “or could have raised”.

(4) Section 4607 of the Intellectual Property and Communications Omnibus Reform Act of 1999, as enacted by section 1000(a)(9) of Public Law 106–113, is repealed.

(g) Appeal to the Court of Appeals for the Federal Circuit.—

(1) In general.—Section 141 is amended to read as follows:

“§ 141. Appeal to the Court of Appeals for the Federal Circuit

“(a) Examinations.—An applicant dissatisfied with the final decision in an appeal to the Patent Trial and Appeal Board under section 134 may appeal the decision to the United States Court of Appeals for the Federal Circuit. By filing such an appeal, the applicant waives his right to proceed under section 145.

“(b) Reexaminations.—A patent owner in any re-examination proceeding who is dissatisfied with the final decision in an appeal to the Patent Trial and Appeal Board under section 134 may appeal the decision to the United States Court of Appeals for the Federal Circuit.

“(c) Inventor’s Rights Contest.—A party to an inventor’s rights contest dissatisfied with the final decision
of the Patent Trial and Appeal Board on the interference
may appeal the decision to the United States Court of Ap-
peals for the Federal Circuit.

“(d) POST-GRANT REVIEW.—A party to a post-grant
review proceeding dissatisfied with the final decision of the
Patent Trial and Appeal Board under section 319 may
appeal the decision only to the United States Court of Ap-
peals for the Federal Circuit. Any decision of the Patent
Trial and Appeal Board under subsection 312(b) or sec-
tion 317 shall be final and nonappealable. A decision by
the Board under section 320 not to issue a final decision
under subsection 319 as a result of settlement shall also
be final and nonappealable.”.

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

“(A) the Patent Trial and Appeal Board of
the United States Patent and Trademark Office
with respect to patent applications, reexamina-
tions, and inventor’s rights contests, at the in-
stance of an applicant for a patent or any party
to a patent interference, reexamination, or post-
grant review proceeding, and any such appeal
shall waive any right of such applicant or party
to proceed under section 145 or 146 of title 35;’’.

SEC. 10. EFFECTIVE DATE.

Except as otherwise provided in this Act, the provisions of this Act shall take effect 12 months after the date of enactment of this Act and shall apply to any patent issued on or after that effective date.