

**A COALITION FOR 21ST CENTURY PATENT LAW REFORM:
BALANCED INITIATIVES TO ADVANCE QUALITY AND PROVIDE LITIGATION REFORMS
SEPTEMBER 1, 2005**

Agreement exists today on the need for significant patent law reform. Following a rapid surge of activity on Capitol Hill, lack of agreement on a small number of important issues has frustrated legislative progress on such reforms. A coalition of major U.S. corporations has now lent support to a reform package that is closely aligned with Chairman Smith's July 26, 2005 Substitute Amendment to H.R. 2795. It encompasses a balanced and achievable set of reforms that will not harm the interests of patent owners and will advance the interests of the public. The H.R. 2795-inspired reform package offers the following improvements to the patent laws:

Promote Patent Quality Enhancements. *Simplify the administration of patent laws and allow new avenues for challenging patents of questionable merit by providing:*

- a first-inventor-to-file priority system to eliminate the subjective, discovery-laden issues that arise from the current first-to-invent system
- a grace period to preserve the ability to publish before filing and to protect inventors against self-collision with their own disclosures
- objective prior art rules requiring patent-defeating information to be publicly accessible, and preserving exemptions for common assignment and joint research
- deletion of the best mode disclosure requirement
- universal 18-month publication of applications to disclose all new technology
- a 9-month post-grant opposition window to augment the examination process
- pre-grant prior art submissions to ensure examiners have complete information
- an expanded *inter partes* reexamination procedure that applies to all patents

Provide Litigation Reforms. *Limit the threat of patent enforcement from being used to intimidate accused infringers by:*

- codifying common law requirements relating to apportionment of damages
- codifying the duty of candor and limiting the ability to plead unenforceability to cases of actual fraud attributable to the patent owner
- limiting the ability to seek treble damages for willful infringement to situations where, *inter alia*, the patent owner has provided specific notice of the infringement
- allowing transfer of venue when needed to prevent unbridled forum shopping in patent cases
- expanding the "prior user rights" defense to apply to all U.S. manufacturers of all inventions once they complete substantial preparation for and/or begin commercialization

This reform package would provide significant advantages for owners of valid patents. Sustaining the validity in court of a patent that results from the new patent quality measures should be more predictable and certain. Subjective and intent-based invalidity issues would be removed. Knowledge that is not publicly accessible could not be used to assert that a patented invention is merely obvious.

A balanced, achievable patent reform bill – with the quality enhancements and litigation reforms described above – has the support of a wide spectrum of U.S. industry. Its foundation rests on the thoughtful and carefully crafted recommendations made by the National Academy of Sciences and the Federal Trade Commission following their multi-year studies of the patent system.

We urge the Congress to move forward to enact these needed, fair, balanced, and broadly supported changes into law.

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 2795**

OFFERED BY MR. SMITH OF TEXAS

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Patent Reform Act of 2005”.

(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. Right to a patent.
- Sec. 5. Duty of candor.
- Sec. 6. Right of the inventor to obtain damages.
- Sec. 7. Post-grant procedures and other quality enhancements.
- Sec. 8. Submissions by third parties.
- Sec. 9. ~~Venue~~ Transfer of venue.
- Sec. 10. Applicability; transitional provisions.

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.

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 one 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 invention is disclosed in the manner provided by the first paragraph of section 112 of this title.

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

(b) CONDITIONS FOR PATENTABILITY.—

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

“§102. Conditions for patentability; prior art defined; novelty

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

“(1) the claimed invention was patented, described in a printed publication, or otherwise publicly known—

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

“(B) before the effective filing date of the claimed invention, other than through disclosures made by the inventor or a joint inventor or by others who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor one year or less before the effective filing date of the claimed invention, if the invention was patented or described in a printed publication 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.—~~“(1) PRIOR INVENTOR DISCLOSURE EXCEPTION.—Subject matter that would otherwise qualify as prior art ~~only~~ under subparagraph (B) of subsection (a)(~~21~~) shall not be prior art to a claimed invention under such subsection if—

~~“(A) the such subject matter was obtained directly or indirectly from had previously been made publicly known by the inventor or a joint inventor or others who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor.~~

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

~~“(2) DERIVATION, PRIOR DISCLOSURE AND COMMON ASSIGNMENT EXCEPTIONS.— Subject matter that would otherwise qualify as prior art only under subsection (a)(2), after taking into account the exception under paragraph (1), 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;~~

~~“(B) subject matter had previously been made publicly known by the inventor or a joint inventor or others who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or~~

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

~~“(3) JOINT RESEARCH AGREEMENT EXCEPTION.—~~

~~“(A) IN GENERAL.—Subject matter and a claimed invention shall be deemed to have been owned by the same person or subject to an obligation of assignment to the same person in applying the provisions in paragraph (2) of this subsection (b) if—~~

~~“(i) the claimed invention was made by or on behalf of parties to a joint research agreement that was in effect on or before the effective filing date of the claimed invention;~~

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

~~“(iii) the application for patent for the claimed invention discloses or is amended to disclose the names of the parties to the joint research agreement.~~

“(B) For purposes of subparagraph (A), the term “joint research agreement” means a written contract, grant, or cooperative agreement entered into by two or more persons or entities for the performance of experimental, developmental, or research work in the field of the claimed invention.

“(24) REASONABLE AND EFFECTIVE ACCESSIBILITY REQUIREMENT.—

“(A) IN GENERAL.—Subject matter is publicly known for the purposes of subsection (a)(1) only when—

“(i) it becomes reasonably and effectively accessible through its use, sale, or disclosure by other means; or

“(ii) it is embodied in or otherwise inherent in subject matter that has become reasonably and effectively accessible.

“(B) REASONABLE AND EFFECTIVE ACCESSIBILITY.—For purposes of subparagraph (A)—

“(i) subject matter is reasonably accessible if persons of ordinary skill in the art to which the subject matter pertains are able to gain access to the subject matter without resort to undue efforts; and

“(ii) subject matter is effectively accessible if persons of ordinary skill in the art to which the subject matter pertains are able to comprehend the content of the subject matter without resort to undue efforts.

“(35) 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 one 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; prior art defined; novelty.”.

(c) CONDITIONS FOR PATENTABILITY; NON-OBVIOUS SUBJECT MATTER.—Section 103 is amended—

(1) in subsection (a)—

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

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

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

(2) by striking subsection (b) and ~~re-designating~~ subsection (c) ~~as subsection (b)~~;

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

~~“(b)(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.”~~

~~“(b)(1) For purposes of determining whether subject matter is prior art to a claimed invention under subsection (a), subject matter and a claimed invention shall be deemed to have been owned by the same person or subject to an obligation of assignment to the same person in applying the provisions in subparagraph () of paragraph () of subsection 102(b) if—~~

~~“(A) the claimed invention was made by or on behalf of parties to a joint research agreement that was in effect on or before the ;~~

~~“(B) the claimed invention was made as a result of activities undertaken within the scope of the joint research agreement~~

~~“(C) the application for patent for the claimed invention discloses or is amended to disclose the names of the parties to the joint research agreement.~~

~~“(2) For purposes of paragraph (1), the term “joint research agreement” means a written contract, grant, or cooperative agreement entered into by two or more persons or~~

entities for the performance of experimental, developmental, or research work in the field 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-REFERENCE.—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 section 102(d)”.

(2) LIMITATION ON REMEDIES.—Section 287(c)(4) is amended by striking “the earliest effective 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) INVENTOR’S RIGHTS CONTESTS.—Section 135(a) is amended to read as follows:

“(a) DISPUTE OVER RIGHT TO PATENT.—

“(1) INSTITUTION OF INVENTOR’S RIGHTS CONTEST.—Whenever patents or applications for patent naming different individuals as the inventor are deemed 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 the right to patent.

“(2) DETERMINATION BY BOARD OF PATENT APPEALS.—The Board of Patent Appeals—

“(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.

“(3) EFFECT OF FINAL DECISION.—The final decision of the Board of Patent Appeals under paragraph (2), 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 adjudged 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) BOARD OF PATENT APPEALS.—

(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 and Interferences” each place it appears and inserting “Board of Patent Appeals”.

(B) Sections 6, 135, 141, 146, and 154 are each amended by striking “interference” each place it appears and inserting “inventor’s rights contest”.

(C) The section heading for section 6 is amended to read as follows:

“§6. Board of Patent Appeals”.

(D) The section heading for section 134 is amended to read as follows:

“134. Appeal to the Board of Patent Appeals”.

(E) The section heading for section 135 is amended to read as follows:

“135. Inventor’s rights contests”.

(F) The section heading for section 146 is amended to read as follows:

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

(G) Section 154(b)(1)(C) is amended by striking “interferences” and inserting “inventor’s rights contests”.

(H) The item relating to section 6 in the table of sections for chapter 1 is amended to read as follows:

“6. Board of Patent Appeals.”.

(I) The items relating to sections 134 and 135 in the table of sections for chapter 12 are amended to read as follows:

“134. Appeal to the Board of Patent Appeals.

“135. Inventor’s rights contests.”.

(J) 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. RIGHT TO A PATENT.

(a) RIGHT TO PATENT.—

(1) IN GENERAL.—Section 101 is amended to read as follows:

“§101. Right to patent; subject matter eligible for patenting

“The inventor of any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, has the right to apply for and to obtain a patent therefor, subject to the conditions and requirements of this title.”.

(2) CONFORMING AMENDMENT.—The item relating to section 101 in the table of sections for chapter 10 is amended to read as follows:

“101. Right to patent; subject matter eligible for patenting.”.

(b) 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); ~~or~~ 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 claimed invention that must 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 such 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; and

“(D) contain a warning that willful false statements and the like are punishable by fine or imprisonment or both.

“(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, if the assignment contains a

warning that willful false statements and the like are punishable by fine or imprisonment or both.

“(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, in lieu thereof, has filed a substitute statement under subsection (d) or recorded an assignment meeting the requirements of subsection (e).

“(g) EARLIER-FILED 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, for each claimed invention, is entitled to~~claims~~ the benefit under section 120 or 365(c) 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 one 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 respect 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 invalid 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 divisional application” and all that follows through “inventor.”.

(3) REQUIREMENTS FOR NON-PROVISIONAL APPLICATIONS.—Section 111(a) is amended by striking “by the applicant” and inserting “or declaration” and by striking each occurrence of “and oath”.

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

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

(c) 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 sufficient proprietary interest in the matter may make an application for patent on behalf of and as agent for the inventor 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 inventor, the patent shall be granted to the real party in interest and upon such notice to the inventor as the Director considers to be sufficient.”.

(d) SPECIFICATION.—Section 112 is amended—

(1) in the first paragraph—

(A) by striking “The specification” and inserting “(a) IN GENERAL.—The specification”; and

(B) by striking “, and shall set forth the best mode contemplated by the inventor of carrying out his invention”;

(2) in the second paragraph—

(A) by striking “The specification” and inserting “(b) CONCLUSION.—The specification”; and

(B) by striking “applicant regards as his invention” and inserting “inventor or a joint inventor 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 “Subject to the following paragraph,” and inserting “(d) REFERENCE IN DEPENDENT FORMS.—Subject to subsection (e),”;

(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. DUTY OF CANDOR.

(a) IN GENERAL—Chapter 12 of title 35, United States Code, is amended by adding at the end the following:

“§136. Duty of candor: patents and applications for patent

“(a) DUTY.—The Director shall by regulation impose a duty of candor and good faith on individuals associated with the filing and prosecution of an application for patent and on individuals assisting a patent owner in proceedings before the Office involving a patent. The duty shall require each such individual to timely disclose information known to that individual to be material to any issue before the Office in connection with the application or patent, and to not materially misrepresent information. The duty may further address the types of information for which disclosure is required and the standards upon which a finding of misrepresentation or concealment on the part of such individuals could be based. Any allegation of any type of violation of the duty of candor and good faith under this subsection shall be governed exclusively by this chapter.

“(b) MISCONDUCT DEFINED.—An individual has engaged in misconduct under this section only if, by clear and convincing evidence, findings are made that—

“(1) the individual knowingly failed to disclose information or knowingly misrepresented information;

“(2) the information not disclosed was material or, in the case of a misrepresentation, the misrepresentation was material;

“(3) the individual had knowledge of the materiality of the information not disclosed or, in the case of a misrepresentation, had knowledge of the materiality of the misrepresentation; and

“(4) the individual’s intent was to deceive or mislead.”

“(c) LIMITS ON THE ADJUDICATION OF MISCONDUCT ISSUES.—

“(1) FORA PRECLUDED FROM MISCONDUCT DETERMINATIONS AND ADJUDICATIONS.—No court or Federal department or agency other than the Office, and no other Federal or State governmental entity, may investigate or make a determination or an adjudication with respect to an alleged violation of the duty of candor and good faith under subsection (a) or with respect to an alleged fraud, inequitable conduct, or other misconduct in any proceeding before the Office involving a patent or in connection with the filing or examination of an application for patent, except as expressly permitted in this section.

“(2) AUTHORITY OF DIRECTOR.—Nothing in this subsection shall limit the authority of the Director to enforce regulations concerning pending applications for patent or proceedings before the Office involving a patent, including regulations relating to misconduct.

“(3) LIMITATION ON DEFENSES TO ENFORCEMENT OF PATENT.— No defense of invalidity of a patent or other defense to the enforcement of a patent may be based in whole or in part upon a violation of the duty of candor and good faith under subsection (a) or on any fraud, inequitable conduct, or other misconduct, except as expressly permitted in this section.

“(4) REFERRAL BY COURT.—In any matter before a court involving an issue of validity or infringement of a patent, if the court determines that an issue of possible misconduct under subsection (b) exists, the court shall refer the matter to the Office for investigation under this section. If such referral is made, the matter shall be resolved as provided in this section.

“(d) UNENFORCEABILITY ACTION.—

“(1) IN GENERAL.—A patent may be held unenforceable if a court determines, pursuant to a pleading permitted under paragraph (2), that—

“(A) misconduct under subsection (b) has occurred and constitutes fraud by reason of reliance by the Office on the misconduct which has resulted in the issuance of, or a certificate affirming patentability of, one or more invalid claims in a patent; and

“(B) the fraud is attributable to the patent owner.

“(2) REQUIRED MOTION TO PLEAD UNENFORCEABILITY.—The defense of unenforceability described in paragraph (1) may be pled in an action before a court only upon a motion to amend the pleadings in the action. The court shall not grant the motion unless—

“(A) the validity of one or more claims in the patent is at issue in the action;

“(B) the court has previously entered a judgment in the action that a claim in the patent is invalid;

“(C) the motion to amend the pleadings is brought by a party to the action adverse to the patent owner within 3 months after a judgment is entered by the court invalidating the claim; and

“(D) the motion sets out with particularity a substantial basis for findings that—

“(i) because of the reliance of the Office on the misconduct, fraud took place in a proceeding before the Office involving the patent or in connection with the filing or examination of the application for patent, and as a result at least 1 claim in the patent invalidated in the action was issued as a result of the reliance on the misconduct; and

“(ii) the alleged fraud is attributable to the patent owner.

“(3) REQUIRED FINDINGS FOR UNENFORCEABILITY.—

“(A) LIABILITY OF PATENT OWNER.—In determining the unenforceability of a patent, no misconduct under subsection (b) by an individual registered to practice before the Office and acting in a representative capacity before the Office in a proceeding before the Office involving the patent or in connection with the filing or examination of the application for patent shall be attributable to the patent owner unless the patent owner, or another individual who—

“(i) is subject to the duty of candor and good faith with respect to the patent,

“(ii) is not registered to practice before the Office, and

“(iii) was acting on the patent owner’s behalf,

is determined to have violated the duty of candor and good faith.

“(B) RELIANCE OF THE PATENT EXAMINER.—No misconduct may be determined to constitute fraud sufficient to support a finding that a patent is unenforceable without clear and convincing evidence of reliance of the Office on the alleged misconduct, resulting in the issuance of a claim invalidated by the court because a competent patent examiner either—

“(i) would not have issued the invalidated claim, acting reasonably, in the absence of the misconduct; or

“(ii) based upon the prosecution history as a whole objectively considered, would have done so based upon in whole or in part on account of the misconduct.

“(4) PRESUMPTION OF ATTRIBUTION TO THE PATENT OWNER.—For purposes of applying subsection 3(A), it shall be presumed that a decision to take action or a decision not to take an action in connection with a matter before the Office was undertaken with the knowledge and consent of the patent owner, if undertaken by an individual who—

“(A) was registered to practice before the Office and

“(B) was determined to have engaged in misconduct under subsection (b) on account of such action taken or such failure to take action.

“(e) REFERRAL TO OFFICE.—The Director shall establish a special office to receive referrals made under paragraph (c)(4). The special office, following a referral and after such investigation of the matter that the Director determines is appropriate, shall report to the Director whether probable cause exists to believe that an individual subject to the duty under subsection (a) may have engaged in misconduct under subsection (b). If such probable cause exists, the Director shall—

“(1) take such action, if any, that the Director determines is appropriate under section 32 and

“(2) if a violation of section 1001(a) of title 18 may have ~~occurred~~taken place, refer the matter to the Attorney General for appropriate action.

“(f) OTHER ACTIONS NOT SUBJECT TO PREEMPTION.—

“(1) IN GENERAL.—Nothing in this section shall in any manner operate to—

“(A) prevent or otherwise obstruct a criminal investigation, or an investigation by the Attorney General of any provision of the antitrust laws, or preempt any enforcement action resulting therefrom;

“(B) limit the ability of the courts of any State or the District of Columbia to investigate and make determinations with respect to issues of attorney malpractice and impose sanctions on an attorney for malpractice; or

“(C) limit the ability of any entity before which an individual is registered or otherwise entitled to practice a profession to investigate and sanction such individual based upon professional misconduct.

“(2) DEFINITION.—For purposes of paragraph (1), the term ‘antitrust laws’ has the meaning given that term in the first section of the Clayton Act and includes section 5 of the Federal Trade Commission Act to the extent that section relates to unfair methods of competition.

“(g) ADDITIONAL REMEDIES AVAILABLE BASED UPON PRIOR MISCONDUCT ADJUDICATION.—

(1) FURTHER REMEDIES.—If a final, nonappealable adjudication of misconduct based upon a pleading or an action permitted under this section has been made, it may be used as a basis for pursuit of further remedies under any Federal or State law, including common law.

(2) EXCEPTION.—Nothing in paragraph (1) shall authorize any pleading or holding of unenforceability of a patent that is not expressly permitted under subsection (d).

“§137. Duty of candor: parties adverse to a patent or application

“(a) DUTY.—The Director shall prescribe by regulation a duty of candor and good faith applicable to individuals who are parties adverse to a patent or application for patent in contested cases before the Office. The duty shall apply to individuals associated with such a proceeding on behalf of a party adverse to the patent or application. Each such individual shall timely disclose information known to that individual to be material to issues raised or responded to by the adverse party on whose behalf the individual is involved and shall not materially misrepresent information.

“(b) MISCONDUCT.—Misconduct under this section shall be defined with respect to individuals described in subsection (a) in the same manner as that provided in section 136(b) with respect to individuals under that section. The Director may conduct an investigation of possible misconduct by an individual based upon a violation of the duty described in subsection (a) in the manner provided in section 136(e).”.

(b) TABLE OF SECTIONS.—The table of sections for chapter 12 is amended by adding at the end the following new items:

“136. Duty of candor: patents and applications for patent.

“137. Duty of candor: parties adverse to a patent or application.”.

(c) REMOVAL OF DECEPTIVE INTENT RESTRICTION.—

(1) INVENTOR.—

(A) IN GENERAL.—The third paragraph of section 116 is amended—

(i) by striking “Whenever” and inserting “(c) CORRECTION OF ERRORS IN APPLICATION.—Whenever”; and

(ii) by striking “, and such error arose without any deceptive intention on his part”.

(B) CORRECTION OF NAMED INVENTOR.—Section 256 is amended—

(i) in the first paragraph—

(I) by striking “Whenever” and inserting “(a) CORRECTION.—Whenever”; and

(II) by striking “and such error arose without any deceptive intention on his part”;

and

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

(2) FILING.—

(A) FILING OF APPLICATION IN FOREIGN COUNTRY.—The first paragraph of section 184 is amended—

(i) by striking “Except when” and inserting “(a) FILING IN FOREIGN COUNTRY.—Except when”; and

(ii) by striking “and without deceptive intent”.

(B) PATENT BARRED FOR FILING WITHOUT LICENSE.—Section 185 is amended by striking “and without deceptive intent”.

(3) REISSUE OF DEFECTIVE PATENTS.—The first paragraph of section 251 is amended—

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

(B) by striking “, through error without any deceptive intention,”.

(4) DISCLAIMER.—The first paragraph of section 253 is amended—

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

(B) by striking “, without any deceptive intention,”.

(5) ACTION FOR INFRINGEMENT.—Section 288 is amended by striking “, without deceptive intention,”.

(d) JURISDICTION OVER CLAIMS.—Section 281 is amended—

(1) by striking “A patentee” and inserting “(a) IN GENERAL.—A patentee”; and

(2) by adding at the end the following:

“(b) CLAIMS ALLEGED TO HAVE BEEN INFRINGED.—The court shall have jurisdiction to determine the validity of any claim specifically alleged in an action under subsection (a) to have been infringed, even if the allegation of infringement is later withdrawn with respect to the such claim.”

(e) MISCONDUCT PROCEEDINGS.—Section 32 is amended by inserting at the end the following: “A suit or proceeding under this section may be brought if commenced—

“(1) during the 5-year period beginning on the date of the conduct at issue; or

“(2) if the conduct at issue relates to a patent or to an application that issued as a patent, before the date that is the later of—

“(A) six years from the end of the statutory term of the patent; or

“(B) the end of the 2-year period beginning on the date on which the first judgment is entered that the conduct at issue represented misconduct under any provision of this title.”

(f) TECHNICAL AMENDMENTS.—(1) Section 116 is amended—

(A) in the first paragraph, by striking “When” and inserting “(a) JOINT INVENTIONS.—When”; and

(B) in the second paragraph, by striking “If a joint inventor” and inserting “(b) OMITTED INVENTOR.—If a joint inventor”.

(2) Section 184 is amended—

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

(B) in the third paragraph, by striking “The scope” and inserting “(c) SUBSEQUENT MODIFICATIONS, AMENDMENTS, AND SUPPLEMENTS.—The scope”.

(3) Section 251 is amended—

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

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

(C) in the last paragraph, by striking “No reissued patent” and inserting “(d) REISSUE PATENT ENLARGING SCOPE OF CLAIMS.—No reissued patent”.

(4) Section 253 is amended in the second paragraph, by striking “in like manner” and inserting “(b) ADDITIONAL DISCLAIMER OR DEDICATION.—In the manner set forth in subsection (a),”.

SEC. 6. RIGHT OF THE INVENTOR TO OBTAIN DAMAGES.

(a) Section 284 is amended—

(1) in the first paragraph—

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

(B) by adding at the end the following: “In determining a reasonable royalty ~~in the case of a combination, the court shall~~ consideration shall be given to, if relevant and among other relevant factors, the portion of the realizable profit or value that should be credited to the ~~inventive~~ contributions arising from the claimed invention as distinguished from ~~other features of the combination, the manufacturing process, business risks, or significant~~ contributions arising from features, manufacturing processes or improvements added by the infringer and from the business risks the infringer undertook in commercialization.”;

(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 three 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) of this title.

“(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) after receiving written notice from the patentee–

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

“(ii) identifying 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, after a reasonable opportunity to investigate, thereafter performed one 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) LIMITATIONS ON WILLFULNESS.–(A) 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 unenforceable, or would not be infringed by the conduct later shown to constitute infringement of the patent.

“(B) An informed good faith belief within the meaning of subparagraph (A) may be established by reasonable reliance on advice of counsel.

“(C) 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).

“(4) LIMITATION ON PLEADING.– Prior to the date that 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 a patent. The court’s determination of an infringer’s willfulness shall be made without the involvement of a jury.’’; and

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

(b) Section 271(f) is repealed and reserved.

SEC. 7. POST-GRANT PROCEDURES 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) 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”.

(c) TABLE OF SECTIONS.—The item related to section 273 in the table of sections for chapter 28 is amended to read as follows:

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

(d) REEXAMINATION.—Section 315(c) is amended by striking “or could have raised”.

(e) 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.

(f) POST-GRANT OPPOSITION PROCEDURES.—

(1) IN GENERAL.—Part III is amended by adding at the end the following new chapter:

“CHAPTER 32—POST-GRANT OPPOSITION PROCEDURES

“321. Right to oppose patent; opposition request.

“322. Real party in interest.

“323. Timing of opposition request.

“324. Limits on scope of validity issues raised.

“325. Institution of the opposition proceeding.

“326. Patent owner response.

“327. Amendment of claims.

“328. Discovery and sanctions.

“329. Supplemental submissions.

“330. Hearing and briefs.

“331. Written decision.

“332. Burden of proof and evidence.

“333. Reconsideration.

“334. Appeal.

“335. Certificate.

“336. Estoppel.

“337. Duration of opposition.

“338. Settlement.

“339. Intervening rights.

“340. Relationship with reexamination proceedings.

“§321. Right to oppose patent; opposition request

“(a) FILING OF OPPOSITION.—A person may request that the grant or reissue of a patent be reconsidered by the Office by filing an opposition seeking to cancel one or more claims in the patent. The request shall identify with particularity the reasons why one or more claims of the patent do not comply with the requirements of this title specified in Section 324, and shall identify the evidence that supports the reasons set forth in the request. The Director shall establish, by regulation, fees to be paid by the opposer. Copies of patents and printed publications to be relied upon in support of the request must be filed with the request. If an opposer relies on other factual evidence or on expert opinions in support of the opposition, such evidence and opinions must be filed with the request through one or more accompanying affidavits or declarations.

“(b) COPIES PROVIDED TO PATENT OWNER.—Copies of any documents filed under subsection (a) must be provided to the patent owner or, if applicable, the designated representative of the patent owner, at the time of filing under subsection (a), except that if a request is made under section 322(b) that the identity of a real party in interest be kept separate, then the identity of the real party in interest may be redacted from the copies provided.

“(c) FILE AVAILABLE TO THE PUBLIC.—The file of any opposition proceeding shall be made available to the public except as provided in section 322.

“§322. Real party in interest

“(a) IDENTIFICATION.—The person making the request under section 321 shall identify in writing each real party in interest, and the opposition shall proceed in the name of the real party in interest.

“(b) IDENTITY KEPT SECRET UPON REQUEST.—

“(1) IN GENERAL.—Subject to paragraph (2), if requested by the opposer, the identity of a real party in interest shall be kept separate from the file of the opposition and made available only to Government agencies upon written request, or to any person upon a showing of good cause. If the identity of a real party in interest is kept separate from the file under this subsection, then the opposition shall proceed in the name of the individual filing the request as representative of the real party in interest.

“(2) EXCEPTION.—No request under this paragraph (1) to keep the identity of a real party in interest separate from the file of the opposition may be made or maintained if the opposer relies upon factual evidence or expert opinions in the form of affidavits or declarations during the opposition proceeding or if the opposer becomes a party to an appeal under section 141.

“§323. Timing of opposition request

“A person may not make an opposition request under section 321 later than 9 months after the grant of the patent or issuance of a reissue patent, or, if the patent owner consents in writing, an opposition request may be filed at any time during the period of enforceability of the patent. A court having jurisdiction over an issue of validity of a patent may not require the patent owner to consent to such a request.

“§324. Limits on scope of validity issues raised

“An opposition request must identify with particularity the claims that are alleged to be unpatentable and, as to each claim, one or more questions of patentability on which the opposition is based. The questions of patentability that may be considered during the opposition proceeding are double patenting and any of the conditions or requirements for patentability set forth in sections 101, 102, 103, 112, and 251(d).

“§325. Institution of the opposition proceeding; stay upon timely filed suit

“(a) DETERMINATION ON OPPOSITION REQUEST; INSTITUTION OF OPPOSITION PROCEEDING.—

“(1) DETERMINATION BY THE DIRECTOR.—For each opposition request submitted under section 321(a) with respect to a patent, the Director shall determine if the written statement, and any evidence submitted with the request, establish that a substantial question of patentability exists for at least one claim in the patent. The Director shall notify the patent owner and each opposer in writing of the Director’s findings, not later than the date in which an opposition proceeding is instituted pursuant to the request. Any determination made by the Director under this paragraph shall not be appealable.

“(2) INSTITUTION.—If the Director makes a determination under paragraph (1) that a substantial question of patentability exists, the Director shall commence an opposition proceeding. The Director shall institute such proceeding not earlier than the date on which the 9-month period specified in section 323 expires, and not later than the date that

is three months after such date or, where an opposition request is filed after the 9-month period with the written consent of the patent owner, not later than the date that is three months after the date such opposition request is filed. Absent a showing of good cause, the opposition proceeding shall be limited to review of the claim or claims and the substantial questions of patentability ~~identified in the opposition request~~ that are determined to exist by the Director.

“(3) CONSOLIDATED PROCEEDING.—If an opposition is instituted based upon more than one opposition request, the opposition shall proceed as a single consolidated proceeding, unless later divided under subsection (c).

“(b) PARTIES.—The parties to the opposition proceeding shall be the patent owner and each opposer who has filed a request that results in a determination under subsection (a)(2) to institute the opposition proceeding.

“(c) ASSIGNMENT TO PANEL.—The Director shall assign the opposition proceeding to a panel of three administrative patent judges (in this chapter referred to as the ‘panel’). The panel shall decide the questions of patentability raised in the opposition request. The decision shall be based upon the prosecution record that was the basis for the grant or reissue of the patent and the additional submissions by the parties to the opposition proceeding authorized under this chapter. The panel may, in appropriate cases, divide the opposition into separate proceedings if the opposition involves multiple opposition requests by different parties.

“(d) RELATIONSHIP TO COURT ACTIONS.—

“(1) STAY OF OPPOSITION.—The determination by the Director under subsection (a)(1) shall not be made, and an opposition proceeding shall not be instituted under subsection (a)(2), with respect to a patent, until after an action alleging infringement of the patent is finally concluded if—

“(A) such a stay is requested by the patent owner,

“(B) the infringement action is filed within of 3 months after the grant of the patent ,

“(C) the Director determines that the infringement action is likely to address the same or substantially the same questions of patentability that would be addressed in the opposition proceeding, and

“(D) the Director determines that staying the opposition would not be contrary to the interests of justice.

“(2) INSTITUTING OPPOSITION FOLLOWING STAY.—Within three months after the date on which a stay under paragraph (1) ends, the Director shall determine whether a substantial question of patentability that was set forth in an opposition request continues to exist. The Director may institute an opposition proceeding following a stay under paragraph (1) only with respect to a substantial question of patentability identified in an opposition request that continues to exist because it was not decided by the court in the infringement action.

“(3) NO STAY OF CONCURRENT COURT ACTION.—A court may not stay an action for infringement.—

“(A) pending a determination of whether to institute an opposition proceeding; or

“(B) if an opposition proceeding is commenced under this chapter, during the pendency of the opposition proceeding.

“(4) EFFECT OF CLAIM INTERPRETATION BY A COURT.—If a court has entered an order interpreting a claim of a patent involved in an opposition proceeding, the order has become final and non-appealable, and the patent owner disclaims any broader interpretation of the claim, the patent owner may elect to have the claim interpretation of the court govern proceedings in the opposition.”

“§326. Patent owner response

“After the Director has instituted an opposition proceeding under section 325 with respect to a patent, the patent owner shall have the right to file, within a time period set by the Director, a response to each opposition request that results in a determination under section 325(a)(2) to institute an opposition proceeding. The patent owner shall file with the response, through affidavits or declarations, any additional factual evidence and expert opinions on which the patent owner relies in support of the response.

“§327. Amendment of claims

“The patent owner is entitled to request amendment of any claims that are the subject of an opposition proceeding under this chapter, including by the addition of new claims. Any such request for amendment shall be filed with the patent owner’s response to the opposition proceeding. The panel may permit further requests for amendment of

the claims only upon good cause shown by the patent owner. No amendment enlarging the scope of the claims of the patent shall be permitted in the opposition proceeding.

“§328. Discovery and sanctions

“(a) DEPOSITIONS.—After an opposition proceeding under this chapter is instituted, the patent owner shall have the right to depose each person submitting an affidavit or declaration on behalf of any opposer, and each opposer shall have the right to depose each person submitting an affidavit or declaration on behalf of the patent owner. Such depositions shall be limited to cross-examination on matters relevant to the affidavit or declaration.

“(b) ADDITIONAL DISCOVERY.—No discovery other than that provided for in subsection (a) shall be permitted unless the panel determines that additional discovery is required in the interest of justice.

“(c) SCHEDULE.—The panel shall determine the schedule for the taking of discovery under subsections (a) and (b).

“(d) CONSEQUENCES FOR FAILURE TO RESPOND PROPERLY.—If any party to an opposition proceeding fails to properly respond to any discovery under subsection (a) or (b), the panel may draw appropriate adverse inferences and take other action permitted by statute, rule, or regulation.

“§329. Supplemental submissions

“The panel may permit one or more supplemental submissions to be made by any party to an opposition proceeding under this chapter, subject to the rights and limitations on discovery under section 328.

“§330. Hearing and briefs

“A party to an opposition proceeding under this chapter may request an oral hearing by the date set by the panel. If a hearing is requested or the panel determines sua sponte that a hearing is warranted, the panel shall set a time for the hearing. The panel may permit the parties to file briefs for the hearing, and shall permit cross-examination of all affiants and declarants in the hearing, either before the panel or by deposition taken under section 328.

“§331. Written decision

“The panel shall issue a written decision on each issue of patentability with respect to each claim that is the subject of an opposition proceeding under this chapter. The written decision shall consist of findings of fact and conclusions of law. The written decision shall become a final determination of the Office on the questions raised in the opposition unless a party to the opposition files a request for reconsideration and modification of the written decision within a period of time set by the panel. Such time period shall not be less than two weeks after the date of the written decision.

“§332. Burden of proof and evidence

“(a) BURDEN OF PROOF.—The opposer in an opposition proceeding under this chapter shall have the burden to prove the invalidity of a claim by a preponderance of the evidence. The determination of patentability shall be based upon the broadest reasonable construction of the claim.

“(b) EVIDENCE.—The Federal Rules of Evidence shall apply to the opposition proceeding, except to the extent inconsistent with any provision of this chapter.

“§333. Reconsideration

“If a request is filed for reconsideration of the written decision in an opposition proceeding under this chapter, the panel may authorize a party to the proceeding who did not file such a request to file a response to the request for reconsideration. Following any reconsideration, the panel shall either deny the request for modification of the written decision or grant the request and issue a modified written decision, which shall constitute the final determination of the Office on the questions raised in the opposition proceeding.

“§334. Appeal

“A party dissatisfied with the final determination of the panel in an opposition proceeding under this chapter may appeal the determination under sections 141 through 144. Any party to the opposition proceeding shall have the right to be a party to the appeal.

“§335. Certificate

“When a decision of a panel in an opposition proceeding under this chapter has become final under section 331, 333, or 334, the Director shall issue and publish a certificate in accordance with the decision, canceling any claim of the patent determined to be unpatentable, and shall incorporate into the patent any new or amended claims

determined to be patentable. The issuance of the certificate shall terminate the opposition proceeding.

“§336. Estoppel

“(a) ESTOPPEL.—

“(1) IN GENERAL.—Subject to paragraph (2), after a certificate has been issued under section 335 in accordance with the decision of the panel in an opposition proceeding, the determination with respect to a question of patentability raised by an opposer shall bar the opposer from asserting, in any subsequent proceeding before the Office or a court involving that opposer under this title, that any claim of that patent addressed in the opposition proceeding is invalid on the basis of any issue of fact or law actually decided by the panel and necessary to the determination of that issue.

“(2) EXCEPTION.—If an opposer in an opposition proceeding demonstrates in a subsequent proceeding referred to in paragraph (1) that there is additional factual evidence that is material to an issue of fact actually decided and necessary to the final determination in the opposition proceeding, that could not reasonably have been discovered by that opposer, the opposer may raise, in that subsequent proceeding, that issue of fact and any determined issue of law for which the issue of fact was necessary.

“(b) EXPANDED DEFINITION OF OPPOSER.—For purposes of this section, the term ‘opposer’ includes the person making the request under section 321, any real party in interest, and their successors in interest.

“(c) NEW PARTY IN INTEREST.—If a proceeding arising by reason of additional factual evidence raised under subsection (a)(2) involves a real party in interest not identified to the patent owner under section 322, the real party in interest shall notify the Director and the patent owner of that fact and of the subsequent proceeding, within 30 days after receiving notice that the subsequent proceeding has been filed.

“§337. Duration of opposition

“The final determination of a panel described in section 333 shall issue not later than one year after the date on which the opposition proceeding is instituted under section 325. Upon good cause shown, the Director may extend the 1-year period by not more than six months.

“§338. Settlement

“(a) IN GENERAL.—An opposition proceeding under this chapter shall be terminated with respect to any opposer upon the joint request of the opposer and the patent owner, unless the panel has issued a written decision under section 331 before the request for termination is filed. If the opposition is terminated with respect to an opposer under this section, no estoppel under section 336 shall apply to that opposer. If no opposer remains in the proceeding, the panel may terminate the proceeding or proceed in the absence of an opposer to issue a written decision under section 331.

“(b) AGREEMENTS IN WRITING.—Any agreement or understanding between the patent owner and an opposer, including any collateral agreements referred to therein, that is made in connection with or in contemplation of the termination of an opposition proceeding, shall be in writing. An opposition proceeding as between the parties to the agreement or understanding shall not be terminated until a true copy of the agreement or understanding, including any such collateral agreements, has been filed in the Office. If any party filing an agreement or understanding requests, the agreement or understanding shall be kept separate from the file of the opposition, and shall be made available only to Government agencies on written request, or to any person on a showing of good cause.

“(c) DISCRETIONARY ACTIONS REVIEWABLE.—Any discretionary action of the Director under subsection (b) shall be reviewable under chapter 7 of title 5.

“§339. Intervening rights

“Any proposed amended or new claim determined to be patentable and incorporated into a patent following an opposition proceeding under this chapter shall have the same effect as that specified in section 252 of this title for reissued patents on the right of any person who made, purchased, or used within the United States, or imported into the United States, anything patented by such proposed amended or new claim, or who made substantial preparation therefor, before the certificate is issued under section 335 with respect to that amended or new claim.

“§340. Relationship with reexamination proceedings

“A patent for which an opposition proceeding has been instituted under this chapter may not thereafter be made the subject of a request under section 302 or 311 for reexamination by the same opposer or on behalf of the same real party in interest, on the same claim and on the same issue that was the basis of the opposition proceeding. An ex

parte reexamination request made by a person other than the patent owner during the 9-month period specified in section 323, or an inter partes reexamination request made during the 9-month period specified in section 323, shall be treated as a request under section 321, and no ex parte reexamination or inter partes reexamination may be ordered based on such request. A request for ex parte reexamination or inter partes reexamination made after the 9-month period specified in section 323, and a request for ex parte reexamination made by the patent owner at any time, shall be stayed during the pendency of any opposition proceeding under this chapter.”.

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

“32. Post-Grant Opposition Procedures.....321”.

(h) AUTHORITY OF PANELS OF ADMINISTRATIVE PATENT JUDGES.—Section 6 is amended by inserting at the end:

“(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.”

SEC. 8. 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) six 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.”.

SEC. 9. TRANSFER OF VENUE.

~~(a) VENUE GENERALLY.—Section 1391(e) of title 28, United States Code 281, as amended by Section 5, is further amended by inserting “except for section 1400(b),” after “this chapter”.~~

~~(b) VENUE FOR PATENT CASES.—
(1) IN GENERAL.—Section 1400 of title 28, United States Code, is amended by striking sub-section (b) and inserting at the end 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 Board of Patent Appeals under chapter 13 of title 35, may be brought only—~~

~~“(1) in the judicial district where the defendant resides;~~

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

~~“(3) if the plaintiff is a not for profit educational institution that owned the rights of the patents in suit as of the effective filing date of those patents, in any judicial district in which the defendant is subject to personal jurisdiction at the time the action is commenced.~~

~~“(c) Notwithstanding section 1391(e) of this title, for purposes of venue under this section, a defendant that is a corporation shall be deemed to reside in the judicial district in which the corporation has its principal place of business.”.~~

~~(2) CLERICAL AMENDMENT.—The item relating to section 1400 in the table of sections for chapter 87 of title 28, United States Code, is amended to read as follows:~~

~~“1400. Patents and copyrights, mask works, and designs.”.~~

“(c) TRANSFER OF VENUE.—A court shall grant a motion to transfer an action under subsection (a) to a judicial district or division in which the action could have been brought and that is a more appropriate forum for the action, which includes any judicial district or division where a party to the action has substantial evidence or witnesses, if—

“(1) the action was not brought in a district or division —

“(A) in which the patentee resides or maintains its principal place of business,

“(B) in which an accused infringer maintains its principal place of business, or

“(C) in the State in which an accused infringer, if a domestic corporation, is incorporated;

“(2) at the time the action was brought, neither the patentee nor an accused infringer had substantial evidence or witnesses in the judicial district in which the action was brought, and

“(3) the action has not been previously transferred under this subsection.

“(d) For purposes of this section (c), use or sale of allegedly infringing subject matter in a judicial district shall not, by itself, establish the existence of substantial evidence or witnesses in such a judicial district.”

SEC. 10. APPLICABILITY; TRANSITIONAL PROVISIONS.

(a) SECTION 3.—The amendments made by section 3 shall apply to applications for patent, and any patents issued thereon, that contain a claim to a claimed invention that has an effective filing date (as defined in section 100(h) of title 35, United States Code) that is one year or more after the date of the enactment of this Act. With respect to any patent or application for patent to which the amendments made by section 3 apply, no claim in the patent or in the application shall be entitled to an effective filing date that is before the date of the enactment of this Act.

(b) SECTIONS 4 AND ~~65~~.—The amendments made by sections 4 and ~~56~~ shall take effect on the date of the enactment of this Act, except that such amendments shall not apply to any action brought in any court before such date of the enactment.

(c) SECTION ~~65~~.—The amendments made by section ~~65~~ shall take effect on the date of the enactment of this Act ~~and shall apply to patents issued on or after such date of enactment, except that, in any action brought on or after the date of the enactment of this~~

~~Act in any court involving a patent issued before the date of the enactment of this Act, the patent owner may consent to—~~

~~(1) the jurisdiction of the United States Patent and Trademark Office based on a referral by the court under section 136(e)(4) of title 35, United States Code; and~~

~~(2) any penalty imposed by the Patent and Trademark Office under section 136(e) of such title pursuant to such referral, except that the amendments made by section 6(b) shall not apply to any claimed invention with an effective filing date before such date of enactment.~~

(d) SECTION 7.—(1) The amendments made by subsection (a) of section 7 shall apply to applications for patent filed on or after the date of the enactment of this Act.

(2) The amendments made by subsection (b) of section 7 shall apply to patents issuing on applications filed on or after the date of the enactment of this Act.

(3) The amendment made by subsection (c) of section 7, and the provisions of subsection (e) of section 7, shall take effect on the date of enactment of this Act.

(4) The amendments made by subsection (d) of section 7 shall apply to any request made under section 311 of title 35, United States Code, on or after the date of the enactment of this Act.

(5) The amendments made by subsection (f) of section 7 shall take effect on the date of the enactment of this Act, except that—

(A) no request for institution of an opposition proceeding under chapter 32 of title 35, United States Code, may be made until—

(i) the end of the 1-year period beginning on the date of the enactment of this Act; or

(ii) such later date that the Director may establish through notice published in the Federal Register; and

(B) any such request may be made only with respect to a patent to which the amendments made by section 3 apply.

(e) SECTION 8.—The amendments made by section 8 shall take effect at the end of the 1-year period beginning on the date of the enactment of this Act.

(f) Section 9.—The amendments made by section 9 shall apply to any action filed on or after the date of the enactment of this Act.

(g) DETERMINING VALIDITY OF CLAIMS.—For the purpose of determining the validity of a claim in any patent or the patentability of any claim in a nonprovisional application for patent that is made before the effective date of the amendments made by section 3, other than in an action brought in a court before the date of the enactment of this Act—

(1) the provisions of subsections (c) and (d) of section 102 of title 35, United States Code, shall be deemed to be repealed;

(2) the provisions of sections 102(f) of title 35, United States Code, shall be deemed to be repealed and replaced by the provisions of section 101 of title 35, United States Code, as amended by section 4(a) of this Act, relating to the inventor’s right to seek and obtain a patent, except that a claim in a patent that is otherwise valid shall not be invalidated by reason of this paragraph; and

(3) the term “in public use or on sale” as used in section 102(b) of title 35, United States Code, shall be deemed to exclude the use, sale, or offer for sale of any subject matter that had not become reasonably and effectively accessible to persons of ordinary skill in the art to which the subject matter pertains, as defined in the amendments made by section 3 of this Act.

(h) EFFECT OF EUROPEAN PATENT CONVENTION AND PATENT LAWS OF JAPAN.—Before the date, if ever, that the Director of the United States Patent and Trademark Office publishes a notice in the Official Gazette of the Office declaring that both the European Patent Convention and the patent laws of Japan afford inventors seeking patents a 1-year period prior to the effective filing date of a claimed invention during which disclosures made by the inventor or by others who obtained the subject matter disclosed directly or indirectly from the inventor do not constitute prior art, the term “effective filing date” as used in section 102(a)(1)(A) of title 35, United States Code, shall be construed by disregarding any right of priority under section 119 or 365 of title 35, United States Code, except that provided under section 119(e) of title 35, United States Code.

(i) ADDITIONAL TRANSITIONAL AUTHORITY OF DIRECTOR.—For a patent that issues more than one year after the date of the enactment of this Act and for which the

amendments made by section 3 do not apply, the amendments made by section 7(f) shall apply to such patent, subject to the following:

(1) the Director shall establish by regulation the conditions or requirements for patentability that may be addressed in a request for opposition to such patent under chapter 32 of title 35, United States Code, provided that no such request may raise a question of patentability arising under section 102(g) of title 35, United States Code;

(2) during the period ending six years after the date of the enactment of this Act and to the extent required based upon availability of administrative patent judges within the United States Patent and Trademark Office to conduct opposition proceedings, the Director shall establish priorities for the patents that may be subject to a request for opposition under this subsection based the following criteria:

(A) the number of applications for which the patent contains a claim for benefit under section 120 of title 35, United States Code,

(B) the duration of the pendency of the patent in the United States Patent and Trademark Office prior its issuance,

(C) the patent examining group within the United States Patent and Trademark Office that was involved with the examination of the patent, and

(D) any classification of the patent under the Patent Classification System as established by the United States Patent and Trademark Office; and

(3) subject to paragraphs (1) and (2) of this subsection and provided that sufficient requests for opposition are made that the Director determines raise a substantial question of patentability, at least 100 oppositions shall be initiated during each of the second and third years after the date of enactment of this Act, and at least 400 oppositions during each of the subsequent four years.

(j) CONTINUITY OF INTENT UNDER THE CREATE ACT.—The enactment section 102(b)(3) of title 35, United States Code under Section (3)(b) of this Act is done with the same intent to promote joint research activities that was expressed, including in the legislative history, through the enactment of the Cooperative Research and Technology Enhancement Act of 2004, Pub. L. 108-453 (CREATE Act), concurrently repealed under Section 3(c)(2) of this Act. The United States Patent and Trademark Office shall administer section 102(b)(3) of title 35, United States Code, in a manner consistent with

the legislative history of the CREATE Act that was relevant to its administration by the Office.

SUMMARY OF CHANGES TO CHAIRMAN'S SUBSTITUTE TO HR 2795 OF JULY 26, 2005

- p. 1 – Sec. 9 is amended to reference a new provision on transfer of venue.
- p. 2 – 35 U.S.C. §102(a)(1)(B) is amended to remove the reference to invention dates and restore the original text of HR 2795.
- pp. 3-4 – 35 U.S.C. §102(b) is amended to strengthen the inventor's one-year "grace period" and assure full benefits of the CREATE Act will continue to exist.
- pp. 5-6 – 35 U.S.C. §103 is amended to remove provisions related to the CREATE Act, which are instead codified at pp. 3-5 as part of 35 U.S.C. §102(b).
- pp. 9-12 – 35 U.S.C. §115 is amended by adding a series of clarifying changes and reaffirming the existing requirement that any statement made in lieu of an oath must contain a suitable warning referencing 18 U.S.C. §1001.
- p. 16 – 35 U.S.C. §136, the new provision on the duty of candor and inequitable conduct, is amended to provide a rebuttable presumption that knowledge of fraudulent conduct by a registered attorney or agent was known to the patent owner and was undertaken with the patent owner's consent.
- p. 19 – 35 U.S.C. §281 is amended to afford the court jurisdiction over validity of a claim specifically alleged to have been infringed in an infringement action.
- p. 19 – 35 U.S.C. §32 is amended to provide a statute of limitations for registered attorney disciplinary actions that extends for six years after patent expiration.
- p. 20 – Apportionment language is changed to better align with *Georgia-Pacific*.
- p. 21 – 35 U.S.C. §271(f) is repealed. (p. 34-35 – new "effective date" provision for this repeal.)
- p. 24 – 35 U.S.C. §321 is amended to clarify the particularity needed in a post-grant opposition request.
- p. 26 – 35 U.S.C. §325(a)(2) is made the subject of a technical correction to account for oppositions commenced based upon consent of the patent owner and is amended to clarify that the substantial issues of patentability that can be made the subject of the opposition are those determined to exist by the Director.
- pp. 33-34 – 35 U.S.C. §281 is amended to add a provision on transfer of venue.
- pp. 36-38 – Additional transitional authority is given to the Director to conduct post-grant oppositions for patents issuing after the effective date; provisions assuring the continuity of the CREATE Act are set forth.