

[Ed. Note: This is a red line of S. 515 showing amendments approved April 2, 2009 by the Senate Judiciary Committee]

111th CONGRESS

1st Session

S. 515

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

IN THE SENATE OF THE UNITED STATES

March 3, 2009

Mr. LEAHY (for himself, Mr. HATCH, Mr. SCHUMER, Mr. CRAPO, Mr. WHITEHOUSE, Mr. RISCH, and Mrs. GILLIBRAND) 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 2009'.

(b) Table of Contents- The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Right of the first inventor to file.

Sec. 3. Inventor's oath or declaration.

Sec. 4. Right of the inventor to obtain damages.

Sec. 5. Post-grant procedures and other quality enhancements.

Sec. 6. Definitions; patent trial and appeal board.

Sec. 7. Preissuance submissions by third parties.

Sec. 8. Venue and jurisdiction.

Sec. 9. Patent and Trademark Office regulatory authority.

Sec. 10. Residency of Federal Circuit judges.

Sec. 11. Micro-entity defined.

~~Sec. 12. Technical amendments~~ Sec. 12 Funding agreements.

~~Sec. 13. Effective date; rule of construction~~ Sec.13. Patent and Trademark Office travel expenses test program.

Sec. 14. Technical amendments.

Sec. 15. Effective date; rule of construction.

Sec. 16. Severability

Sec.17. Best mode requirement.

Sec.18. Pilot program in certain district courts. ~~Sec. 14. Severability.~~

SEC. 2. RIGHT OF THE FIRST INVENTOR TO FILE.

(a) Definitions- Section 100 of title 35, United States Code, 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 the patent containing ~~the a~~ 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.

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

(b) Conditions for Patentability-

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

‘Sec. 102. Conditions for patentability; novelty

‘(a) Novelty; Prior Art- A person shall be entitled to a patent unless A patent for a claimed invention may not be obtained if--

‘(1) the claimed invention was patented, described in a printed publication, or in public use, on sale, or otherwise available to the public-

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

‘(B) 1 year or less 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; 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) Exceptions-

‘(1) PRIOR INVENTOR DISCLOSURE EXCEPTION- Subject matter that would otherwise qualify as prior art based upon a disclosure under subparagraph (B) of subsection (a)(1) shall not be prior art to a claimed invention under that subparagraph if the subject matter had, before such

disclosure, been publicly disclosed 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.

‘(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) the subject matter had been publicly disclosed before the effective filing date of the application or patent set forth under subsection (a)(2) by the inventor or a joint inventor, or by others who obtained the subject matter disclosed, directly or indirectly, from the inventor or joint inventor; or’

~~‘(B) the subject matter had been publicly disclosed 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 before the effective filing date of the application or patent set forth under subsection (a)(2); 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 of paragraph (2) if--

‘(i) the subject matter and the claimed invention were~~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 2 or more persons or entities for the performance of experimental, developmental, or research work in the field of the claimed invention.

‘(4) 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 of title 35, United States Code, is amended to read as follows:

‘102. Conditions for patentability; novelty.’.

(c) Conditions for Patentability; Nonobvious Subject Matter- Section 103 of title 35, United States Code, is amended to read as follows:

‘Sec. 103. Conditions for patentability; nonobvious subject matter

‘A patent for a claimed invention may not be obtained though the claimed invention is not identically disclosed as set forth in section 102, if the differences between the claimed invention and the prior art are such that the claimed invention as a whole would have been obvious before the effective filing date of the claimed invention to a person having ordinary skill in the art to which the claimed invention pertains. Patentability shall not be negated by the manner in which the invention was made.’.

(d) Repeal of Requirements for Inventions Made Abroad- Section 104 of title 35, United States Code, and the item relating to that section in the table of sections for chapter 10 of title 35, United States Code, are repealed.

(e) Repeal of Statutory Invention Registration-

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

(2) REMOVAL OF CROSS REFERENCES- Section 111(b)(8) of title 35, United States Code, 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 of title 35, United States Code, 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 of title 35, United States Code, is amended by striking ‘and the time specified in section 102(d)’.

(2) LIMITATION ON REMEDIES- Section 287(c)(4) of title 35, United States Code, 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 of title 35, United States Code, is amended by striking ‘except as otherwise provided in section 102(e) of this title’.

(4) PUBLICATION OF INTERNATIONAL APPLICATION: EFFECT- Section 374 of title 35, United States Code, 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) of title 35, United States Code, 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) of title 35, United States Code, 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) of title 35, United States Code, 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 that 2-year period’; and

(ii) by striking ‘the statutory’ and inserting ‘that 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 of title 35, United States Code, and the item relating to that section in the table of sections for chapter 29 of title 35, United States Code, are repealed.

(i) Action for Claim to Patent on Derived Invention- Section 135 of title 35, United States Code, is amended to read as follows:

‘(a) Dispute Over Right to Patent-

‘(1) INSTITUTION OF DERIVATION PROCEEDING- 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 from the applicant requesting the proceeding and, without authorization, filed an application claiming such invention. Any such request may only be made within 12 months after the date of first publication of an application containing a claim that is the same or is substantially the same as the claimed invention, must be made under oath, and must be supported by substantial evidence. Whenever the Director determines that patents or applications for patent naming different individuals as the inventor interfere with one another because of a dispute over the right to patent under ~~section 101~~section 102(a), the Director shall institute a derivation proceeding for the purpose of determining which applicant is entitled to a patent.

‘(2) DETERMINATION BY PATENT TRIAL AND APPEAL BOARD- In any proceeding instituted by the Director under this subsection, the Patent Trial and Appeal Board--

“(A) shall determine which applicant or patent owner is entitled to a patent on the claimed invention that is the subject of the request;”

~~“(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) DERIVATION 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 whose application has the earlier effective filing date~~that filed the earlier application.~~

‘(4) EFFECT OF FINAL DECISION- The final decision of the Patent Trial and Appeal Board, if adverse to the claim of an applicant, shall constitute the final refusal by the United States Patent and Trademark Office on the claims involved. The Director may issue a patent to an applicant who is determined by the Patent Trial and Appeal Board 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 United States Patent and Trademark Office.

‘(b) Settlement- Parties to a derivation proceeding may terminate the proceeding by filing a written statement reflecting the agreement of the parties as to the correct inventors of the claimed invention in dispute. Unless the Patent Trial and Appeal Board finds the agreement to be inconsistent with the evidence of record, it shall take action consistent with the agreement. Any written settlement or understanding of the parties shall be filed with the Director. At the request of a party to the proceeding, the agreement or understanding shall be treated as business confidential information, shall be kept separate from the file of the involved patents or applications, and shall be made available only to Government agencies on written request, or to any person on a showing of good cause.

‘(c) Arbitration- Parties to a derivation proceeding, within such time as may be specified by the Director by regulation, may determine such contest or any aspect thereof by arbitration. Such arbitration shall be governed by the provisions of title 9 to the extent such title is not inconsistent with this section. The parties shall give notice of any arbitration award to the Director, and such award shall, as between the parties to the arbitration, be dispositive of the issues to which it relates. The arbitration award shall be unenforceable until such notice is given. Nothing in this subsection shall preclude the Director from determining patentability of the invention involved in the derivation proceeding.’.

(j) Elimination of References to Interferences-

(1) Sections 6, 41, 134, 141, 145, 146, 154, 305, and 314 of title 35, United States Code, are each amended by striking ‘Board of Patent Appeals and Interferences’ each place it appears and inserting ‘Patent Trial and Appeal Board’.

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

(A) by striking ‘an interference’ each place it appears and inserting ‘a derivation proceeding’; and

(B) by striking ‘interference’ each additional place it appears and inserting ‘derivation proceeding’.

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

‘Sec. 134. Appeal to the Patent Trial and Appeal Board’.

(4) The section heading for section 135 of title 35, United States Code, is amended to read as follows:

‘Sec. 135. Derivation proceedings’.

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

‘Sec. 146. Civil action in case of derivation proceeding’.

(6) Section 154(b)(1)(C) of title 35, United States Code, is amended by striking ‘INTERFERENCES’ and inserting ‘DERIVATION PROCEEDINGS’.

(7) The item relating to section 6 in the table of sections for chapter 1 of title 35, United States Code, is amended to read as follows:

‘6. Patent Trial and Appeal Board.’.

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

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

‘135. Derivation proceedings.’.

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

‘146. Civil action in case of derivation proceeding.’.

(10) Certain Appeals- Section 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, interference proceedings ~~(commenced before the date of enactment of the Patent Reform Act of 2009)~~, derivation proceedings, and post-grant review proceedings, at the instance of an applicant for a patent or any party to a patent interference (commenced before the effective date of the Patent Reform Act of 2009), derivation proceeding, 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;’.

(k) Search and Examination Functions- Section 131 of title 35, United States Code, is amended by--

(1) by striking ‘The Director shall cause’ and inserting ‘(a) In General- The Director shall cause’; and

(2) by adding at the end the following:

‘(b) Search and Examination Functions- To the extent consistent with United States obligations under international agreements, examination and search duties for the grant of a United States patent are sovereign functions which shall be performed within the United States by United States citizens who are employees of the United States Government.’.

SEC. 3. INVENTOR’S OATH OR DECLARATION.

(a) Inventor’s Oath or Declaration-

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

‘Sec. 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 371 (including an application under section 111 that is filed by an inventor for an invention for which an application has previously been filed under this title by that inventor)~~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) is permitted with respect to any individual who--

‘(A) is unable to file the oath or declaration under subsection (a) because the individual--

‘(i) is deceased;

‘(ii) is under legal incapacity; or

‘(iii) cannot be found or reached after diligent effort; or

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

‘(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-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 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- Any person making a statement required under this section may withdraw, replace, or otherwise correct the statement 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 respect to an

application for patent, the Director may not thereafter require that individual to make any additional oath, declaration, or other statement equivalent to those required by this section 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).

‘(i) Acknowledgment of Penalties- Any declaration or statement filed pursuant to this section shall contain an acknowledgment that any willful false statement made in such declaration or statement is punishable under section 1001 of title 18 by fine or imprisonment of not more than 5 years, or both.’.

(2) RELATIONSHIP TO DIVISIONAL APPLICATIONS- Section 121 of title 35, United States Code, is amended by striking ‘If a divisional application’ and all that follows through ‘inventor.’.

(3) REQUIREMENTS FOR NONPROVISIONAL APPLICATIONS- Section 111(a) of title 35, United States Code, is amended--

(A) in paragraph (2)(C), by striking ‘by the applicant’ and inserting ‘or declaration’;

(B) in the heading for paragraph (3), by striking ‘AND OATH’; and

(C) by striking ‘and oath’ each place it appears.

(4) CONFORMING AMENDMENT- The item relating to section 115 in the table of sections for chapter 11 of title 35, United States Code, is amended to read as follows:

‘115. Inventor’s oath or declaration.’.

(b) Filing by Other Than Inventor- Section 118 of title 35, United States Code, is amended to read as follows:

‘Sec. 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.’.

(c) Specification- Section 112 of title 35, United States Code, is amended--

(1) in the first paragraph--

(A) by striking ‘The specification’ and inserting ‘(a) In General- The specification’; and

(B) by striking ‘of carrying out his invention’ and inserting ‘or joint inventor of carrying out the invention’;

(2) in the second paragraph--

(A) by striking ‘The ~~specifications~~ specification’ and inserting ‘(b) Conclusion- The ~~specifications~~ 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. 4. RIGHT OF THE INVENTOR TO OBTAIN DAMAGES.

(a) Damages- Section 284 of title 35, United States Code, is amended to read as follows:

“§ 284. Damages

“(a) IN GENERAL.—

“(1) COMPENSATORY DAMAGES AUTHORIZED.—Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court.

“(2) USE OF EXPERTS PERMITTED.—The court may receive expert testimony as an aid to the determination of damages or of what royalty would be reasonable under the circumstances.

“(b) PROCEDURE FOR DETERMINING DAMAGES.—

“(1) IN GENERAL.—The court shall identify the methodologies and factors that are relevant to the determination of damages, and the court or jury, shall consider only those methodologies and factors relevant to making such determination.

“(2) DISCLOSURE OF CLAIMS.—By no later than the entry of the final pretrial order, unless otherwise ordered by the court, the parties shall state, in writing and with particularity, the methodologies and factors the parties propose for instruction to the jury in determining damages under this section, specifying the relevant underlying legal and factual bases for their assertions.

“(3) SUFFICIENCY OF EVIDENCE.—Prior to the introduction of any evidence concerning the determination of damages, upon motion of either party or sua sponte, the court shall consider whether one or more of a party’s damages contentions lacks a legally sufficient evidentiary basis. After providing a nonmovant the opportunity to be heard, and after any further proffer of evidence, briefing, or argument that the court may deem appropriate, the court shall identify on the record those methodologies and factors as to which there is a legally sufficient evidentiary basis, and the court or jury shall consider only those methodologies and factors in making the determination of damages under this section. The court shall only permit the introduction of evidence relating to the determination of damages that is relevant to the methodologies and factors that the court determines may be considered in making the damages determination.”.

‘Sec. 284. Damages

‘(a) In General—Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court, subject to the provisions of this section.

‘(b) Determination of Damages; Evidence Considered; Procedure—The court may receive expert testimony as an aid to the determination of damages or of what royalty would be reasonable under the circumstances. The admissibility of such testimony shall be governed by the rules of evidence governing expert testimony. When the damages are not found by a jury, the court shall assess them.

‘(c) Standard for Calculating Reasonable Royalty—

‘(1) IN GENERAL—The court shall determine, based on the facts of the case and after adducing any further evidence the court deems necessary, which of the following

~~methods shall be used by the court or the jury in calculating a reasonable royalty pursuant to subsection (a). The court shall also identify the factors that are relevant to the determination of a reasonable royalty, and the court or jury, as the case may be, shall consider only those factors in making such determination.~~

~~‘(A) ENTIRE MARKET VALUE—Upon a showing to the satisfaction of the court that the claimed invention’s specific contribution over the prior art is the predominant basis for market demand for an infringing product or process, damages may be based upon the entire market value of that infringing product or process.~~

~~‘(B) ESTABLISHED ROYALTY BASED ON MARKETPLACE LICENSING—Upon a showing to the satisfaction of the court that the claimed invention has been the subject of a nonexclusive license for the use made of the invention by the infringer, to a number of persons sufficient to indicate a general marketplace recognition of the reasonableness of the licensing terms, if the license was secured prior to the filing of the case before the court, and the court determines that the infringer’s use is of substantially the same scope, volume, and benefit of the rights granted under such license, damages may be determined on the basis of the terms of such license. Upon a showing to the satisfaction of the court that the claimed invention has sufficiently similar noninfringing substitutes in the relevant market, which have themselves been the subject of such nonexclusive licenses, and the court determines that the infringer’s use is of substantially the same scope, volume, and benefit of the rights granted under such licenses, damages may be determined on the basis of the terms of such licenses.~~

~~‘(C) VALUATION CALCULATION—Upon a determination by the court that the showings required under subparagraphs (A) and (B) have not been made, the court shall conduct an analysis to ensure that a reasonable royalty is applied only to the portion of the economic value of the infringing product or process properly attributable to the claimed invention’s specific contribution over the prior art. In the case of a combination invention whose elements are present individually in the prior art, the contribution over the prior art may include the value of the additional function resulting from the combination, as well as the enhanced value, if any, of some or all of the prior art elements as part of the combination, if the patentee demonstrates that value.~~

~~‘(2) ADDITIONAL FACTORS—Where the court determines it to be appropriate in determining a reasonable royalty under paragraph (1), the court may also consider, or direct the jury to consider, any other relevant factors under applicable law.~~

~~‘(d) Inapplicability to Other Damages Analysis—The methods for calculating a reasonable royalty described in subsection (c) shall have no application to the calculation of an award of damages that does not necessitate the determination of a reasonable royalty as a basis for monetary relief sought by the claimant.~~

~~‘(ce) Willful Infringement-~~

‘(1) INCREASED DAMAGES- A court that has determined that an infringer has willfully infringed a patent or patents may increase damages up to 3 times the amount of the 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~~ proves by clear and convincing evidence that acting with objective recklessness--

‘(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 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) LIMITATIONS ON WILLFULNESS-

“(A) IN GENERAL.—Notwithstanding paragraph (2), an infringer may not be found to have acted with objective recklessness where 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, and—

“(i) there was reasonable reliance on advice of counsel;

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

“(iii) there is sufficient evidence that the infringer had a good faith belief that the patent was invalid or unenforceable, or would not be infringed by conduct later shown to constitute infringement of the patent.”

~~“(A) IN GENERAL—A court may 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) GOOD FAITH ESTABLISHED—An informed good faith belief within the meaning of subparagraph (A) 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.~~

~~“(B) RELEVANCE OF NOT PRESENTING CERTAIN EVIDENCE—The decision of the infringer not to present evidence of advice of counsel is not relevant to a determination of willful infringement under paragraph (2).~~

~~“(4) LIMITATION ON PLEADING— Before the date on which a court determines 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 a jury.”~~

(b) Report to Congressional Committees-

(1) IN GENERAL- Not later than 2 years after the date of enactment of this Act, the Director shall report to the Committee on the Judiciary of the Senate and the Committee on the Judiciary of the House of Representatives, the findings and recommendations of the Director on the operation of prior user rights in selected countries in the industrialized world. The report shall include the following:

(A) A comparison between patent laws of the United States and the laws of other industrialized countries, including the European Union, Japan, Canada, and Australia.

(B) An analysis of the effect of prior user rights on innovation rates in the selected countries.

(C) An analysis of the correlation, if any, between prior user rights and start-up enterprises and the ability to attract venture capital to start new companies.

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

(E) An analysis of legal and constitutional issues, if any, that arise from placing trade secret law in patent law.

(2) CONSULTATION WITH OTHER AGENCIES- In preparing the report required under paragraph (1), the Director shall consult with the United States Trade Representative, the Secretary of State and the Attorney General.

(c) Defense to Infringement Based on Earlier Inventor- Section 273(b)(6) of title 35, United States Code, is amended to read as follows:

‘(6) PERSONAL DEFENSE- The defense under this section may be asserted only by the person who performed or caused the performance of the acts necessary to establish the defense as well as any other entity that controls, is controlled by, or is under common control with such person and, except for any transfer to the patent owner, the right to assert the defense shall not be licensed or assigned or transferred to another person except as an ancillary and subordinate part of a good faith assignment or transfer for other reasons of the entire enterprise or line of business to which the defense relates. Notwithstanding the preceding sentence, any person may, on its own behalf, assert a defense based on the exhaustion of rights provided under paragraph (3), including any necessary elements thereof.’.

(d) Effective Date- The amendments made by this section shall apply to any civil action commenced on or after the date of enactment of this Act.

(e) VIRTUAL MARKING.—Section 287(a) of title 35, United States Code, is amended by inserting “, or by fixing thereon the word ‘patent’ or the abbreviation ‘pat.’ together with an address of a posting on the Internet, accessible to the public without charge for accessing the address, that associates the patented article with the number of the patent” before “, or when”.

SEC. 5. POST-GRANT PROCEDURES AND OTHER QUALITY ENHANCEMENTS.

(a) Citation of Prior Art- Section 301 of title 35, United States Code, is amended to read as follows:

‘Sec. 301. Citation of prior art

‘(a) In General- Any person at any time may cite to the Office in writing--

“(1) prior art consisting of patents or printed publications which that person believes to have a bearing on the patentability of any claim of a particular patent; or”

~~“(1) prior art consisting of patents, printed publications, or evidence that the claimed invention was in public use or sale in the United States more than 1 year prior to the date of the application for patent in the United States, which that person believes to have a bearing on the patentability of any claim of a particular patent; or~~

‘(2) written statements of the patent owner filed in a proceeding before a Federal court or the Patent and Trademark Office in which the patent owner takes a position on the scope of one or more patent claims.

‘(b) Submissions Part of Official File- If the person citing prior art or written submissions under subsection (a) explains in writing the pertinence and manner of applying the prior art or written submission to at least one claim of the patent, the citation of the prior art or written submissions (as the case may be) or ~~documentary evidence (as the case may be)~~ and the explanation thereof shall become a part of the official file of the patent.

‘(c) Procedures for Written Statements-

‘(1) SUBMISSION OF ADDITIONAL MATERIALS- A party that submits written statements under subsection (a)(2) in a proceeding shall include any other documents, pleadings, or evidence from the proceeding that address the patent owner’s statements or the claims addressed by the written statements.

‘(2) LIMITATION ON USE OF STATEMENTS- Written statements submitted under subsection (a)(2) shall not be considered for any purpose other than to determine the proper meaning of the claims that are the subject of the request in a proceeding ordered pursuant to section 304 or 313. Any such written statements, and any materials submitted under paragraph (1), that are subject to an applicable protective order shall be redacted to exclude information subject to the order.

‘(d) Identity Withheld- Upon the written request of the person citing prior art or written statements~~making the citation~~ under subsection (a), the person’s identity shall be excluded from the patent file and kept confidential.’.

~~(b) Request for Reexamination—The first sentence of section 302 of title 35, United States Code, is amended to read as follows: ‘Any person at any time may file a request for reexamination by the Office of any claim on a patent on the basis of any prior art or~~

~~documentary evidence cited under paragraph (1) or (3) of subsection (a) of section 301 of this title.’.~~

(be) Reexamination- Section 303(a) of title 35, United States Code, is amended to read as follows:

‘(a) Within three months following the filing of a request for reexamination under section 302, 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 the Director’s own initiative, and at any time, the Director may determine whether a substantial new question of patentability is raised by patents or publications~~patents, publications, or other evidence~~ discovered by the Director, is cited under section 301, or is cited by any person other than the owner of the patent under 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~~patent, printed publication, or other evidence~~ was previously considered by the Office.’.

~~(d) Request for Inter Partes Reexamination- Section 311(a) of title 35, United States Code, is amended to read as follows:~~

~~‘(a) In General- Any third-party requester at any time may file a request for inter partes reexamination by the Office of a patent on the basis of any prior art or documentary evidence cited under paragraph (1) or (3) of subsection (a) of section 301 of this title.’.~~

(ce) Conduct of Inter Partes Proceedings- Section 314 of title 35, United States Code, is amended--

(1) in the first sentence of subsection (a), by striking ‘conducted according to the procedures established for initial examination under the provisions of sections 132 and 133’ and inserting ‘heard by an administrative patent judge in accordance with procedures which the Director shall establish’;

(2) in subsection (b), by striking paragraph (2) and inserting the following:

‘(2) The third-party requester shall have the opportunity to file written comments on any action on the merits by the Office in the inter partes reexamination proceeding, and on any response that the patent owner files to such an action, if those written comments are received by the Office within 60 days after the date of service on the third-party requester of the Office action or patent owner response, as the case may be.’; and

(3) by adding at the end the following:

‘(d) Oral Hearing- At the request of a third-party requestor or the patent owner, the administrative patent judge shall conduct an oral hearing, unless the judge finds cause lacking for such hearing.’.

| (~~fd~~) Estoppel- Section 315(c) of title 35, United States Code, is amended by striking ‘or could have raised’.

| (~~ge~~) Reexamination Prohibited After District Court Decision- Section 317(b) of title 35, United States Code, is amended--

(1) in the subsection heading, by striking ‘Final Decision’ and inserting ‘District Court Decision’; and

(2) by striking ‘Once a final decision has been entered’ and inserting ‘Once the judgment of the district court has been entered’.

| (~~hf~~) Post-Grant Opposition Procedures-

(1) IN GENERAL- Part III of title 35, United States Code, is amended by adding at the end the following new chapter:

‘CHAPTER 32--POST-GRANT REVIEW PROCEDURES

‘Sec.

‘321. Petition for post-grant review.

‘322. Timing and bases of petition.

‘323. Requirements of petition.

‘324. Prohibited filings.

‘325. Submission of additional information; showing of sufficient grounds.

‘326. Conduct of post-grant review proceedings.

‘327. Patent owner response.

‘328. Proof and evidentiary standards.

‘329. Amendment of the patent.

‘330. Decision of the Board.

‘331. Effect of decision.

‘332. Settlement.

‘333. Relationship to other pending proceedings.

‘334. Effect of decisions rendered in civil action on post-grant review proceedings.

‘335. Effect of final decision on future proceedings.

‘336. Appeal.

‘Sec. 321. Petition for post-grant review

‘Subject to sections 322, 324, 332, and 333, a person who is not the patent owner may file with the Office a petition for cancellation seeking to institute a post-grant review proceeding to cancel as unpatentable any claim of a patent on any ground that could be raised under ~~paragraph (2) or (3) of section 282(b)~~section 282 (relating to invalidity of the patent or any claim). The Director shall establish, by regulation, fees to be paid by the person requesting the proceeding, in such amounts as the Director determines to be reasonable.

‘Sec. 322. Timing and bases of petition

‘A post-grant proceeding may be instituted by the Director under this chapter pursuant to a cancellation petition filed under section 321. Such proceeding may be instituted only if—

‘(1) the petition is filed not later than 12 months after the issuance of the patent or a reissue patent, as the case may be; or

‘(2) the patent owner consents in writing to the proceeding.

‘Sec. 323. Requirements of petition

‘A cancellation petition filed under section 321 may be considered only if--

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

‘(2) the petition identifies the cancellation petitioner;

‘(3) for each claim sought to be canceled, the petition sets forth in writing the basis for cancellation and provides the evidence in support thereof, including copies of patents and printed publications, or written testimony of a witness attested to under oath or declaration by the witness, or any other information that the Director may require by regulation; and

‘(4) the petitioner provides copies of the petition, including any evidence submitted with the petition and any other information submitted under paragraph (3), to the patent owner or, if applicable, the designated representative of the patent owner.

‘Sec. 324. Prohibited filings

‘A post-grant review proceeding may not be instituted under section 322 if the petition for cancellation requesting the proceeding--

‘(1) identifies the same cancellation petitioner and the same patent as a previous petition for cancellation filed under such section; or

‘(2) is based on the best mode requirement contained in section 112.

‘Sec. 325. Submission of additional information; showing of sufficient grounds

‘(a) In General- The cancellation petitioner shall file such additional information with respect to the petition as the Director may require. For each petition submitted under section 321, 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 may ~~initiate~~institute a post-grant review proceeding if the Director determines that the information presented provides sufficient grounds to believe that there is a substantial question of patentability concerning one or more claims of the patent at issue.

‘(b) Notification; Determinations Not Reviewable- The Director shall notify the patent owner and each petitioner in writing of the Director’s determination under subsection (a), including a determination to deny the petition. The Director shall make that determination in writing not later than 60 days after receiving the petition. Any determination made by the Director under subsection (a), including whether or not to institute a post-grant review proceeding or to deny the petition, shall not be reviewable.

‘Sec. 326. Conduct of post-grant review proceedings

‘(a) In General- The Director shall prescribe regulations, in accordance with section 2(b)(2)--

‘(1) establishing and governing post-grant review proceedings under this chapter and their relationship to other proceedings under this title;

‘(2) establishing procedures for the submission of supplemental information after the petition for cancellation is filed; and

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

In carrying out paragraph (3), the Director shall bear in mind that discovery must be in the interests of justice.

‘(b) Post-Grant Regulations- Regulations under subsection (a)(1)--

‘(1) shall require that the final determination in a post-grant proceeding issue not later than one year after the date on which the post-grant review proceeding is instituted under this chapter, except that, for good cause shown, the Director may extend the 1-year period by not more than six months;

‘(2) shall provide for discovery upon order of the Director;

‘(3) shall provide for publication of notice in the Federal Register of the filing of a petition for post-grant review under this chapter, for publication of the petition, and documents, orders, and decisions relating to the petition, on the website of the Patent and Trademark Office, and for filings under seal exempt from publication requirements;

‘(4) shall prescribe sanctions for abuse of discovery, abuse of process, or any other improper use of the proceeding, such as to harass or to cause unnecessary delay or unnecessary increase in the cost of the proceeding;

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

‘(6) shall ensure that any information submitted by the patent owner in support of any amendment entered under section 329 is 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 consider the effect on the economy, the integrity of the patent system, and the efficient administration of the Office.

‘(d) Conduct of Proceeding- The Patent Trial and Appeal Board shall, in accordance with section 6(b), conduct each post-grant review proceeding ~~authorized~~ instituted by the Director.

‘Sec. 327. Patent owner response

‘After a post-grant proceeding under this chapter has been instituted 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 the cancellation petition. 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.

‘Sec. 328. 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 by a preponderance of the evidence.

‘Sec. 329. Amendment of the patent

‘(a) In General- In response to a challenge in a petition for cancellation, the patent owner may file one motion to amend the patent in one or more of the following ways:

‘(1) Cancel any challenged patent claim.

‘(2) For each challenged claim, propose a substitute 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- An amendment under this section may not enlarge the scope of the claims of the patent or introduce new matter.

‘Sec. 330. Decision of the Board

‘If the post-grant review proceeding is instituted and not dismissed under this chapter, the Patent Trial and Appeal Board shall issue a final written decision addressing the patentability of any patent claim challenged and any new claim added under section 329.

‘Sec. 331. Effect of decision

‘(a) In General- If the Patent Trial and Appeal Board issues a final decision under section 330 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 therefor, before a certificate under subsection (a) of this section is issued.

‘Sec. 332. Settlement

‘(a) In General- A post-grant review proceeding shall be terminated with respect to any petitioner upon the joint request of the petitioner and the patent owner, unless the Patent Trial and Appeal Board has issued a written decision before the request for termination is filed. If the post-grant review proceeding is terminated with respect to a petitioner under this paragraph, no estoppel shall apply to that petitioner. If no petitioner remains in the proceeding, the panel of administrative patent judges assigned to the proceeding shall terminate the proceeding.

‘(b) Agreement in Writing- Any agreement or understanding between the patent owner and a petitioner, including any collateral agreements referred to in the agreement or understanding, that is made in connection with or in contemplation of the termination of a post-grant review proceeding, must be in writing. A post-grant review proceeding as between the parties to the agreement or understanding may not be terminated until a copy of the agreement or understanding, including any such collateral agreements, has been filed in the Office. If any party filing such an agreement or understanding requests, the agreement or understanding shall be kept separate from the file of the post-grant review proceeding, and shall be made available only to Government agencies on written request, or to any person on a showing of good cause.

‘Sec. 333. Relationship to other proceedings

‘(a) In General- 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 (commenced with respect to an application for patent filed before the effective date provided in ~~section 3(k)~~section 5(k) of the Patent Reform Act of 2009), derivation 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 any such proceeding.

‘(b) Stays- The Director may stay a post-grant review proceeding if a pending civil action for infringement of a patent addresses the same or substantially the same questions of patentability raised against the patent in a petition for the post-grant review proceeding.

‘(c) Effect of Commencement of Proceeding- The commencement of a post-grant review proceeding--

‘(1) shall not limit in any way the right of the patent owner to commence an action for infringement of the patent; and

‘(2) shall not be cited as evidence relating to the validity of any claim of the patent in any proceeding before a court or the International Trade Commission concerning the patent.

‘Sec. 334. Effect of decisions rendered in civil action on post-grant review proceedings

‘If a final decision is 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 that patent claim on the basis of any grounds, under the provisions of section 321, which that party or the privies of that party raised or could have raised; and

‘(2) the Director may not thereafter maintain a post-grant review proceeding that was requested, before the final decision was so entered, by that party or the privies of that party on the basis of such grounds.

‘Sec. 335. Effect of final decision on future proceedings

‘If a final decision under section 330 is favorable to the patentability of any original or new claim of the patent challenged by the cancellation petitioner, the cancellation petitioner may not thereafter, based on any ground that the cancellation petitioner raised during the post-grant review proceeding--

‘(1) request or pursue a reexamination of such claim under chapter 31;

‘(2) request or pursue a derivation proceeding with respect to such claim;

‘(3) request or pursue a post-grant review proceeding under this chapter with respect to such claim;

‘(4) assert the invalidity of any such claim in any civil action arising in whole or in part under section 1338 of title 28; or

‘(5) assert the invalidity of any such claim in defense to an action brought under section 337 of the Tariff Act of 1930 (19 U.S.C. 1337).

‘Sec. 336. Appeal

‘A party dissatisfied with the final determination of the Patent Trial and Appeal Board in a post-grant proceeding under this chapter may appeal the determination under sections 141 through 144. Any party to the post-grant proceeding shall have the right to be a party to the appeal.’.

(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:
321’.

(h) Repeal- 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.

(i) Effective Dates-

(1) IN GENERAL- The amendments and repeal made by this section shall take effect at the end of the 1-year period beginning on the date of the enactment of this Act.

(2) APPLICABILITY TO EX PARTE AND INTER PARTES PROCEEDINGS- Notwithstanding any other provision of law, sections 301 and 311 through 318 of title 35, United States Code, as amended by this section, shall apply to any patent that issues before, on, or after the effective date under paragraph (1) from an original application filed on any date.

(3) APPLICABILITY TO POST-GRANT PROCEEDINGS- The amendments made by subsections (h) and (g) shall apply to patents issued on or after the effective date under paragraph (1).

(j) Regulations- The Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office (in this subsection referred to as the ‘Director’) shall, not later than the date that is 1 year after the date of the enactment of this Act, issue regulations to carry out chapter 32 of title 35, United States Code, as added by subsection (h) of this section.

SEC. 6. DEFINITIONS; PATENT TRIAL AND APPEAL BOARD.

(a) Definitions- Section 100 of title 35, United States Code, (as amended by section 2 of this Act) is further amended by adding at the end the following:~~amended—~~

~~(1) in subsection (e), by striking ‘or inter partes reexamination under section 311’; and~~

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

‘(k) The term ‘cancellation petitioner’ means the real party in interest requesting cancellation of any claim of a patent under chapter ~~31-32~~ of this title and the privies of the real party in interest.’.

(b) Patent Trial and Appeal Board- Section 6 of title 35, United States Code, is amended to read as follows:

‘Sec. 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 administrative patent judges shall constitute the Patent Trial and Appeal Board. The administrative patent judges shall be persons of competent legal knowledge and scientific ability who are appointed by the Secretary of Commerce. Any reference in any Federal law, Executive order, rule, regulation, or delegation of authority, or any document of or pertaining to the Board of Patent Appeals and Interferences is deemed to refer to the Patent Trial and Appeal Board.

‘(b) Duties- The Patent Trial and Appeal Board shall--

‘(1) on written appeal of an applicant, review adverse decisions of examiners upon application for patents;

‘(2) on written appeal of a patent owner, review adverse decisions ~~of examiners~~ upon patents in reexamination proceedings under chapter 30;

‘(3) conduct derivation proceedings under subsection 135(a); and

‘(4) conduct post-grant opposition proceedings under chapter 32.

~~Each appeal and derivation proceeding~~ Each appeal, derivation, and post-grant review proceeding 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. The Director shall assign each post-grant review proceeding to a panel of 3 administrative patent judges. Once assigned, each such panel of administrative patent judges shall have the responsibilities under chapter 32 in connection with post-grant review proceedings.’.

SEC. 7. PREISSUANCE SUBMISSIONS BY THIRD PARTIES.

Section 122 of title 35, United States Code, 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 person making such submission affirming that the submission was made in compliance with this section.’.

SEC. 8. VENUE AND JURISDICTION.

(a) CHANGE OF VENUE.—Section 1400 of title 28, United States Code, is amended by adding at the end the following:

“(c) CHANGE OF VENUE.—For the convenience of parties and witnesses, in the interest of justice, a district court shall transfer any civil action arising under any Act of Congress relating to patents upon a showing that the transferee venue is clearly more convenient than the venue in which the civil action is pending.”.

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

~~“(b) Notwithstanding section 1391 of this title, in any civil action arising under any Act of Congress relating to patents, a party shall not manufacture venue by assignment, incorporation, or otherwise to invoke the venue of a specific district court.~~

~~“(c) Notwithstanding section 1391 of this title, any civil action for patent infringement or any action for declaratory judgment may be brought only in a judicial district—~~

~~“(1) where the defendant has its principal place of business or in the location or place in which the defendant is incorporated or formed, or, for foreign corporations with a United States subsidiary, where the defendant’s primary~~

~~United States subsidiary has its principal place of business or is incorporated or formed;~~

~~‘(2) where the defendant has committed substantial acts of infringement and has a regular and established physical facility that the defendant controls and that constitutes a substantial portion of the operations of the defendant;~~

~~‘(3) where the primary plaintiff resides, if the primary plaintiff in the action is—~~

~~‘(A) an institution of higher education as defined under section 101(a) of the Higher Education Act of 1965 (20 U.S.C. 1001(a)); or~~

~~‘(B) a nonprofit organization that—~~

~~‘(i) qualifies for treatment under section 501(c)(3) of the Internal Revenue Code (26 U.S.C. 501(c)(3));~~

~~‘(ii) is exempt from taxation under section 501(a) of such Code; and~~

~~‘(iii) serves as the patent and licensing organization for an institution of higher education as defined under section 101(a) of the Higher Education Act of 1965 (20 U.S.C. 1001(a)); or~~

~~‘(4) where the plaintiff resides, if the sole plaintiff in the action is an individual inventor who is a natural person and who qualifies at the time such action is filed as a micro entity pursuant to section 123 of title 35.~~

~~‘(d) If a plaintiff brings a civil action for patent infringement or declaratory judgment relief under subsection (c), then the defendant may request the district court to transfer that action to another district or division where, in the court’s determination—~~

~~‘(1) any of the parties has substantial evidence or witnesses that otherwise would present considerable evidentiary burdens to the defendant if such transfer were not granted;~~

~~‘(2) such transfer would not cause undue hardship to the plaintiff; and~~

~~‘(3) venue would be otherwise appropriate under section 1391 of this title.’.~~

(b) INTERLOCUTORY APPEALS.—Section 1292(c) of title 28, United States Code, is amended—

(1) in paragraph (1), by striking “and” after the semicolon;

(2) in paragraph (2), by striking the period and inserting “; and”; and

(3) by adding at the end the following:

“(3) of a final order or decree of a district court determining construction of a patent claim in a civil action for patent infringement under section 271 of title 35, if the district court finds that there is a sufficient evidentiary record and an immediate appeal from the order (A) may materially advance the ultimate termination of the litigation, or (B) will likely control the outcome of the case, unless such certification is clearly erroneous.”.

~~(b) Interlocutory Appeals- Subsection (c)(2) of section 1292 of title 28, United States Code, is amended by adding at the end the following:~~

~~‘(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.~~

~~Application for an appeal under paragraph (3) shall be made to the court within 10 days after entry of the order or decree. The district court shall have discretion whether to approve the application and, if so, whether to stay proceedings in the district court during the pendency of such appeal.’.~~

(c) Technical Amendments Relating to Venue- Sections 32, 145, 146, 154(b)(4)(A), and 293 of title 35, United States Code, and section 21(b)(4) of the Act entitled ‘An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes’, approved July 5, 1946 (commonly referred to as the ‘Trademark Act of 1946’ or the ‘Lanham Act’; 15 U.S.C. 1071(b)(4)), are each amended by striking ‘United States District Court for the District of Columbia’ each place that term appears and inserting ‘United States District Court for the Eastern District of Virginia’.

SEC. 9. PATENT AND TRADEMARK OFFICE REGULATORY AUTHORITY.

(a) Fee Setting-

(1) IN GENERAL- The Director shall have authority to set or adjust by rule any fee established or charged by the Office under sections 41 and 376 of title 35, United States Code or under section 31 of the Trademark Act of 1946 (15 U.S.C. 1113) for the filing or processing of any submission to, and for all other services performed by or materials furnished by, the Office, provided that such fee amounts are set to reasonably compensate the Office for the services performed.

(2) REDUCTION OF FEES IN CERTAIN FISCAL YEARS- In any fiscal year, the Director--

(A) shall consult with the Patent Public Advisory Committee and the Trademark Public Advisory Committee on the advisability of reducing any fees described in paragraph (1); and

(B) after that consultation may reduce such fees.

(3) ROLE OF THE PUBLIC ADVISORY COMMITTEE- The Director shall--

(A) submit to the Patent or Trademark Public Advisory Committee, or both, as appropriate, any proposed fee under paragraph (1) not less than 45 days before publishing any proposed fee in the Federal Register;

(B) provide the relevant advisory committee described in subparagraph (A) a 30-day period following the submission of any proposed fee, on which to deliberate, consider, and comment on such proposal, and require that--

(i) during such 30-day period, the relevant advisory committee hold a public hearing related to such proposal; and

(ii) the Director shall assist the relevant advisory committee in carrying out such public hearing, including by offering the use of Office resources to notify and promote the hearing to the public and interested stakeholders;

(C) require the relevant advisory committee to make available to the public a written report detailing the comments, advice, and recommendations of the committee regarding any proposed fee;

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

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

(4) PUBLICATION IN THE FEDERAL REGISTER-

(A) IN GENERAL- Any rules prescribed under this subsection shall be published in the Federal Register.

(B) RATIONALE- Any proposal for a change in fees under this section shall--

(i) be published in the Federal Register; and

(ii) include, in such publication, the specific rationale and purpose for the proposal, including the possible expectations or benefits resulting from the proposed change.

(C) PUBLIC COMMENT PERIOD- Following the publication of any proposed fee in the Federal Register pursuant to subparagraph (A), the Director shall seek public comment for a period of not less than 45 days.

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

(6) RULE OF CONSTRUCTION- No rules prescribed under this subsection may diminish--

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

(B) any rights under a ratified treaty.

(b) Fees for Patent Services- Division B of Public Law 108-447 is amended in title VIII of the Departments of Commerce, Justice and State, the Judiciary, and Related Agencies Appropriations Act, 2005, in section 801(a) by striking 'During fiscal years 2005 and 2006~~2005, 2006 and 2007~~', and inserting 'Until such time as the Director sets or adjusts the fees otherwise,'.

(c) Adjustment of Trademark Fees- Division B of Public Law 108-447 is amended in title VIII of the Departments of Commerce, Justice and State, the Judiciary and Related Agencies Appropriations Act, 2005, in section 802(a) by striking 'During fiscal years 2005 and 2006~~2005, 2006 and 2007~~', and inserting 'Until such time as the Director sets or adjusts the fees otherwise,'.

(d) Effective Date, Applicability, and Transitional Provision- Division B of Public Law 108-447 is amended in title VIII of the Departments of Commerce, Justice and State, the Judiciary and Related Agencies Appropriations Act, 2005, in section 803(a) by striking 'and shall apply only with respect to the remaining portion of fiscal year 2005 and 2006~~2005, 2006 and 2007~~'.

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

(f) Rule of Construction- Nothing in this section shall be construed to affect any other provision of Division B of Public Law 108-447, including section 801(c) of title VII of the Departments of Commerce, Justice and State, the Judiciary and Related Agencies Appropriations Act, 2005.

| (gf) Definitions- In this section:

(1) DIRECTOR- The term ‘Director’ means the Director of the United States Patent and Trademark Office.

(2) OFFICE- The term ‘Office’ means the United States Patent and Trademark Office.

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

SEC. 10. RESIDENCY OF FEDERAL CIRCUIT JUDGES.

(a) Residency- The second sentence of section 44(c) of title 28, United States Code, is repealed.

(b) Facilities- Section 44 of title 28, United States Code, is amended by adding at the end the following:

‘(e)(1) The Director of the Administrative Office of the United States Courts shall provide--

‘(A) a judge of the Federal judicial circuit who lives within 50 miles of the District of Columbia with appropriate facilities and administrative support services in the District of the District of Columbia; and

‘(B) a judge of the Federal judicial circuit who does not live within 50 miles of the District of Columbia with appropriate facilities and administrative support services--

‘(i) in the district and division in which that judge resides; or

‘(ii) if appropriate facilities are not available in the district and division in which that judge resides, in the district and division closest to the residence of that judge in which such facilities are available, as determined by the Director.

‘(2) Nothing in this subsection may be construed to authorize or require the construction of new facilities.’.

SEC. 11. MICRO-ENTITY DEFINED.

Chapter 11 of title 35, United States Code, is amended by adding at the end the following new section:

‘Sec. 123. Micro-entity defined

‘(a) In General- For purposes of this title, the term ‘micro-entity’ means an applicant who makes a certification under either ~~subsections~~ subsection (b) or (c).

‘(b) Unassigned Application- For an unassigned application, each applicant shall certify that the applicant--

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

‘(2) has not been named on 5 or more previously filed patent applications;

‘(3) has not assigned, granted, or conveyed, and is not under an obligation by contract or law to assign, grant, or convey, a license or any other ownership interest in the particular application; and

‘(4) does not have a gross income, as defined in section 61(a) of the Internal Revenue Code (26 U.S.C. 61(a)), exceeding 2.5 times the average gross income, as reported by the Department of Labor, in the calendar year immediately preceding the calendar year in which the examination fee is being paid.

‘(c) Assigned Application- For an assigned application, each applicant shall certify that the applicant--

‘(1) qualifies as a small entity, as defined in regulations issued by the Director, and meets the requirements of subsection (b)(4);

‘(2) has not been named on 5 or more previously filed patent applications; and

‘(3) has assigned, granted, conveyed, or is under an obligation by contract or law to assign, grant, or convey, a license or other ownership interest in the particular application to an entity that has 5 or fewer employees and that such entity has a gross income, as defined in section 61(a) of the Internal Revenue Code (26 U.S.C. 61(a)), that does not exceed 2.5 times the average gross income, as reported by the Department of Labor, in the calendar year immediately preceding the calendar year in which the examination fee is being paid.

‘(d) Income Level Adjustment- The gross income levels established under subsections (b) and (c) shall be adjusted by the Director on October 1, 2009, and every year thereafter, to reflect any fluctuations occurring during the previous 12 months in the Consumer Price Index, as determined by the Secretary of Labor.’

SEC. 12. FUNDING AGREEMENTS.

Section 202(c)(7)(E)(i) of title 35, United States Code, is amended—

(1) by striking “75 percent” and inserting “15 percent”; and (2) by striking “25 percent” and inserting “85 percent”.

SEC. 13. PATENT AND TRADEMARK OFFICE TRAVEL EXPENSES TEST PROGRAM.

(a) IN GENERAL.—Section 5710 of title 5, United States Code, is amended—

(1) in subsection (a)(1), by striking “for a period not to exceed 24 months”; and

(2) by striking subsection (e) and inserting the following:

“(e)(1) The Patent and Trademark Office shall conduct a test program under this section.

“(2) In conducting the program under this subsection, the Patent and Trademark Office may pay any travel expenses of an employee for travel to and from a Patent and Trademark Office worksite, if—

“(A) the employee is employed at a Patent and Trademark Office worksite and enters into an approved telework arrangement;

“(B) the employee requests to telework from a location beyond the local commuting area of the Patent and Trademark Office worksite; and

“(C) the Patent and Trademark Office approves the requested arrangement for reasons of employee convenience instead of an agency need for the employee to relocate in order to perform duties specific to the new location.

“(3) (A) The Patent and Trademark Office shall establish an oversight committee comprising an equal number of members representing management and labor, including representatives from each collective bargaining unit.

“(B) The oversight committee shall develop the operating procedures for the program under this subsection to—

“(i) provide for the effective and appropriate functioning of the program; and

“(ii) ensure that—

“(I) reasonable technological or other alternatives to employee travel are used before requiring employee travel, including teleconferencing, videoconferencing or internet-based technologies;

“(II) the program is applied consistently and equitably throughout the Patent and Trademark Office; and

“(III) an optimal operating standard is developed and implemented for maximizing the use of the telework arrangement described under paragraph (2) while minimizing agency travel expenses and employee travel requirements.

“(4) (A) The test program under this subsection shall be designed to enhance cost savings or other efficiencies that accrue to the Government.

“(B) The Director of the Patent and Trademark Office shall—

“(i) prepare an analysis of the expected costs and benefits and a set of criteria for evaluating the effectiveness of the program; and

“(ii) before the test program is implemented, submit the analysis and criteria to the Administrator of General Services and to the appropriate committees of Congress.

“(C) With respect to an employee of the Patent and Trademark Office who voluntarily relocates from the preexisting duty station of that employee, the operating procedures of the program may include a reasonable maximum number of occasional visits to the pre-existing duty station before that employee is eligible for payment of any accrued travel expenses by the Office.

“(D) (i) Not later than 3 months after completion of the test program under this subsection, the Director of the Patent and Trademark Office shall provide a report on the results of the program to the Administrator of General Services and to the appropriate committees of Congress.

“(ii) The results in the report described under paragraph (1) may include—

“(I) the number of visits an employee makes to the pre-existing duty station of that employee;

“(II) the travel expenses paid by the Office;

“(III) the travel expenses paid by the employee; or

“(IV) any other information that the Director determines may be useful to aid the Administrator and Congress in understanding the test program and the impact of the program.

“(E) In this paragraph, the term ‘appropriate committees of Congress’ means—

“(i) the Committees on Homeland Security and Governmental Affairs and on the Judiciary of the Senate; and

“(ii) the Committees on Government Oversight and Reform and on the Judiciary of the House of Representatives.

“(f) (1) Except as provided under paragraph (2), the authority to conduct test programs under this section shall expire 7 years after the date of the enactment of the Travel and Transportation Reform Act of 1998.

“(2) The authority to conduct a test program by the Patent and Trademark Office under this section shall expire 20 years after the date of the enactment of the Travel and Transportation Reform Act of 1998.”.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as though enacted as part of the Travel and Transportation Reform Act of 1998 (Public Law 105–264; 112 Stat. 2350).

| SEC. ~~1214~~. TECHNICAL AMENDMENTS.

(a) Joint Inventions- Section 116 of title 35, United States Code, is amended--

(1) in the first paragraph, by striking 'When' and inserting '(a) Joint Inventions- When';

(2) in the second paragraph, by striking 'If a joint inventor' and inserting '(b) Omitted Inventor- If a joint inventor'; and

(3) in the third paragraph, by striking 'Whenever' and inserting '(c) Correction of Errors in Application- Whenever'.

(b) Filing of Application in Foreign Country- Section 184 of title 35, United States Code, is amended--

(1) in the first paragraph, by striking 'Except when' and inserting '(a) Filing in Foreign Country- Except when';

(2) in the second paragraph, by striking 'The term' and inserting '(b) Application- The term'; and

(3) in the third paragraph, by striking 'The scope' and inserting '(c) Subsequent Modifications, Amendments, and Supplements- The scope'.

(c) Reissue of Defective Patents- Section 251 of title 35, United States Code, is amended—

(1) in the first paragraph, by striking 'Whenever' and inserting '(a) In General- Whenever';

(2) in the second paragraph, by striking 'The Director' and inserting '(b) Multiple Reissued Patents- The Director';

(3) in the third paragraph, by striking 'The provision' and inserting '(c) Applicability of This Title- The provisions'; and

(4) in the last paragraph, by striking 'No reissued patent' and inserting '(d) Reissue Patent Enlarging Scope of Claims- No reissued patent'.

(d) Effect of Reissue- Section 253 of title 35, United States Code, is amended--

(1) in the first paragraph, by striking 'Whenever' and inserting '(a) In General- Whenever'; and

(2) in the second paragraph, by striking ‘in like manner’ and inserting ‘(b) Additional Disclaimer or Dedication- In the manner set forth in subsection (a),’.

(e) Correction of Named Inventor- Section 256 of title 35, United States Code, is amended--

(1) in the first paragraph, by striking ‘Whenever’ and inserting ‘(a) Correction- Whenever’; and

(2) in the second paragraph, by striking ‘The error’ and inserting ‘(b) Patent Valid if Error Corrected- The error’.

(f) Presumption of Validity- Section 282 of title 35, United States Code, is amended--

(1) in the first undesignated paragraph, by striking ‘A patent’ and inserting ‘(a) In General- A patent’;

(2) in the second undesignated paragraph, by striking ‘The following’ and inserting ‘(b) Defenses- The following’; and

(3) in the third undesignated paragraph, by striking ‘In actions’ and inserting ‘(c) Notice of Actions; Actions During Extension of Patent Term- In actions’.

| SEC. ~~1315~~. EFFECTIVE DATE; RULE OF CONSTRUCTION.

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

(b) Continuity of Intent Under the Create Act- The enactment of section 102(b)(3) of title 35, United States Code, under section (2)(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 (Public Law 108-453; the ‘CREATE Act’), the amendments of which are stricken by section 2(c) 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 United States Patent and Trademark Office.

| SEC. ~~1614~~. SEVERABILITY.

If any provision of this Act or of any amendment or repeals made by this Act, or the application of such a provision to any person or circumstance, is held to be invalid or unenforceable, the remainder of this Act and the amendments and repeals made by this Act, and the application of this Act and such amendments and repeals to any other person or circumstance, shall not be affected by such holding.

SEC. 17. BEST MODE REQUIREMENT.

Section 282(b), as so designated and amended by section 12(f), is further amended by striking paragraph (3) and inserting the following:

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

“(A) any requirement of section 112 of this title, except that the failure to disclose the best mode shall not be a basis on which any claim of a patent may be canceled or held in valid or otherwise unenforceable; or

“(B) any requirement of section 251 of this title.”.

SEC. 18. PILOT PROGRAM IN CERTAIN DISTRICT COURTS.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—There is established a program, in each of the United States district courts designated under subsection (b), under which—

(A) those district judges of that district court who request to hear cases under which 3 or more issues arising under any Act of Congress relating to patents or plant variety protection are required to be decided, are designated by the chief judge of the court to hear those cases;

(B) cases described in subparagraph (A) are randomly assigned to the judges of the district court, regardless of whether the judges are designated under subparagraph (A);

(C) a judge not designated under subparagraph (A) to whom a case is assigned under subparagraph (B) may decline to accept the case; and (D) a case declined under subparagraph (C) is randomly reassigned to 1 of those judges of the court designated under subparagraph (A).

(2) SENIOR JUDGES.—Senior judges of a district court may be designated under paragraph (1)(A) if at least 1 judge of the court in regular active service is also so designated.

(3) RIGHT TO TRANSFER CASES PRESERVED.— This section shall not be construed to limit the ability of a judge to request the reassignment of or otherwise transfer a case to which the judge is assigned under this section, in accordance with otherwise applicable rules of the court.

(b) DESIGNATION.—

(1) IN GENERAL.—Not later than 6 months after the date of the enactment of this Act, the Director of the Administrative Office of the United States Courts shall designate not less than 6 United States district courts, in at least 3 different judicial circuits, in which the program established under subsection (a) will be carried out.

(2) CRITERIA FOR DESIGNATIONS.—

(A) IN GENERAL.—The Director shall make designations under paragraph (1) from—

(i) the 15 district courts in which the largest number of patent and plant variety protection cases were filed in the most recent calendar year that has ended; or

(ii) the district courts that have adopted local rules for patent and plant variety protection cases.

(B) SELECTION OF COURTS.—From amongst the district courts that satisfy the criteria for designation under this subsection, the Director shall select—

(i) 3 district courts that each have at least 10 district judges authorized to be appointed by the President, whether under section 133(a) of title 28, United States Code, or on a temporary basis under any other provision of law, and at least 3 judges of the court have made the request under subsection (a)(1)(A); and

(ii) 3 district courts that each have fewer than 10 district judges authorized to be appointed by the President, whether under section 133(a) of title 28, United States Code, or on a temporary basis under any other provision of law, and at least 2 judges of the court have made the request under subsection (a)(1)(A).

(c) DURATION.—The program established under subsection (a) shall terminate 10 years after the end of the 6-month period described in subsection (b).

(d) APPLICABILITY.—The program established under subsection (a) shall apply in a district court designated under subsection (b) only to cases commenced on or after the date of such designation.

(e) REPORTS TO CONGRESS.—

(1) IN GENERAL.—At the times specified in paragraph (2), the Director of the Administrative Office of the United States Courts, in consultation with the chief

judge of each of the district courts designated under subsection (b) and the Director of the Federal Judicial Center, shall submit to the Committee on the Judiciary of the House of Representatives and the Committee on the Judiciary of the Senate a report on the pilot program established under subsection (a). The report shall include—

(A) an analysis of the extent to which the program has succeeded in developing expertise in patent and plant variety protection cases among the district judges of the district courts so designated;

(B) an analysis of the extent to which the program has improved the efficiency of the courts involved by reason of such expertise;

(C) with respect to patent cases handled by the judges designated pursuant to subsection (a)(1)(A) and judges not so designated, a comparison between the 2 groups of judges with respect to—

(i) the rate of reversal by the Court of Appeals for the Federal Circuit, of such cases on the issues of claim construction and substantive patent law; and

(ii) the period of time elapsed from the date on which a case is filed to the date on which trial begins or summary judgment is entered;

(D) a discussion of any evidence indicating that litigants select certain of the judicial districts designated under subsection (b) in an attempt to ensure a given outcome; and

(E) an analysis of whether the pilot program should be extended to other district courts, or should be made permanent and apply to all district courts.

(2) TIMETABLE FOR REPORTS.—The times referred to in paragraph (1) are—

(A) not later than the date that is 5 years and 3 months after the end of the 6-month period described in subsection (b); and

(B) not later than 5 years after the date described in subparagraph (A).

(3) PERIODIC REPORTS.—The Director of the Administrative Office of the United States Courts, in consultation with the chief judge of each of the district courts designated under subsection (b) and the Director of the Federal Judicial Center, shall keep the committees referred to in paragraph (1) informed, on a periodic basis while the pilot program is in effect, with respect to the matters referred to in subparagraphs (A) through (E) of paragraph (1).

(f) AUTHORIZATION FOR TRAINING AND CLERKSHIPS.—

(1) IN GENERAL.—In addition to any other funds made available to carry out this section, there are authorized to be appropriated not less than \$5,000,000 in each fiscal year for—

(A) educational and professional development of those district judges designated under subsection (a)(1)(A) in matters relating to patents and plant variety protection; and

(B) compensation of law clerks with expertise in technical matters arising in patent and plant variety protection cases, to be appointed by the courts designated under subsection (b) to assist those courts in such cases.

(2) AVAILABILITY OF FUNDS.—Amounts made available pursuant to this subsection shall remain available until expended.