109TH CONGRESS 1ST SESSION

H. R. _____

To amend title 35, United States Code, relating to the procurement, enforcement, and validity of patents.

IN THE HOUSE OF REPRESENTATIVES

M__. __________ introduced the following bill; which was referred to the Committee on ________________

A BILL

To amend title 35, United States Code, relating to the procurement, enforcement, and validity of patents.

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

2 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

3 (a) SHORT TITLE.—This Act may be cited as the "Patent Act of 2005".

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

4 Sec. 1. Short title; table of contents.

Sec. 2. Reference to title 35, United States Code.
SEC. 2. REFERENCE TO TITLE 35, UNITED STATES CODE.

Whenever in this Act a section or other provision is amended or repealed, that amendment or repeal shall be considered to be made to that section or other provision of title 35, United States Code.

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

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

“(f) The term ‘inventor’ means the person or persons who invented the subject matter of the invention.

“(g) The terms ‘joint inventor’ and ‘coinventor’ mean one of the persons who invented the subject matter of the invention.

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

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

“(2) if the patent or application for patent is entitled to a right of priority of any other application under section 119 or section 365(a) or to the benefit of an earlier filing date in the United States
under section 120, 121, or 365(c) based upon one or more prior filed applications for patent, the filing date of the earliest such application in which the claimed invention is disclosed in the manner provided by section 112.”.

(b) CONDITIONS FOR PATENTABILITY.—

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

“§ 102. Conditions for patentability; novelty

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

“(1)(A) the claimed invention was patented, described in a printed publication, or otherwise known more than one year before the effective filing date of the claimed invention; or

“(B) the claimed invention was patented, described in a printed publication, or otherwise known before the effective filing date of the claimed invention, other than through disclosures made by the inventor or by others who obtained the subject matter disclosed directly or indirectly from the inventor; or

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

“(b) COMMONLY ASSIGNED INVENTION EXcep-
tion.—Subject matter developed by a person other than
the inventor that would have qualified as prior art under
subsection (a)(2) but not under subsection (a)(1) shall not
be prior art to a claimed invention if the subject matter
and the claimed invention were, not later than the effective
filing date of the claimed invention, owned by the same
person or subject to an obligation of assignment to the
same person.

“(c) REASONABLE AND EFFECTIVE ACCESSIBILITY
REQUIREMENT.—

“(1) IN GENERAL.—For the purposes of sub-
section (a)(1), subject matter is known when it be-
comes reasonably and effectively accessible, either
through its use or through its disclosure by other
means, or when it has been made inherently known
from subject matter that has become reasonably and
effectively accessible.

“(2) REASONABLY AND EFFECTIVELY ACCES-
sIBLE.—In this section, subject matter is ‘reason-
ably and effectively accessible’ if the subject matter
can be accessed and comprehended, without resort to
undue efforts, by persons of ordinary skill in the art
to which the subject matter pertains.

“(d) PATENTS AND PUBLISHED APPLICATIONS EF-
FECTIVELY 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—

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

“(2) if the patent or application for patent is
entitled to a right of priority of any other applica-
tion under section 119 or 365(a) or to the benefit
of an earlier filing date in the United States under
section 120, 121, or 365(c) based upon one or more
prior filed applications for patent, as of the filing
date of the earliest such application in which the
claimed invention is disclosed in the manner pro-
vided by section 112.”.

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

“102. Conditions of patentability; novelty.”.

(c) CONDITIONS FOR PATENTABILITY; NON-OBVIOUS

SUBJECT MATTER.—Section 103 is amended—

(1) by striking subsections (b) and (e); and

(2) in subsection (a)—
(A) by striking “(a) A patent may not” and inserting “A patent may not”; and

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

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

(e) Repeal of Statutory Invention Registration.—Section 157, and the item relating to that section in the table of sections for chapter 14, are repealed.

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

(g) Conforming Amendments.—

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

(2) Limitation on Remedies.—Section 287(c)(4) is amended by striking “the earliest effective filing date of which is prior to” and inserting “which has an effective filing date before”
(3) **INTERNATIONAL APPLICATION DESIGNATING THE UNITED STATES: EFFECT.**—Section 363 is amended by striking “except as otherwise provided in section 102(e) of this title”.

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

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

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

(i) **INTERFERENCES.**—Section 135(a) is amended to read as follows:

“(a) **DISPUTE OVER INVENTOR.**—

“(1) **INSTITUTION OF INTERFERENCE.**—Whenever a patent or an application for a patent is deemed by the Director to interfere with another patent or application for patent because of a dispute over who is the inventor under section 101, the Director shall institute an interference for the purpose of determining the right to patent.
“(2) Determination by Board of Patent Appeals and Interferences.—The Board of Patent Appeals and Interferences—

“(A) shall determine the question of the right to patent;

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

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

“(3) Effect of Final Decision.—The final decision of the Board of Patent Appeals and Interferences under paragraph (2), if adverse to the claim of an applicant, shall constitute the final refusal by the Patent and Trademark Office on the claims involved. The Director may issue a patent to an applicant who is adjudged to have the right to patent. The final decision of the Board, if adverse to a patentee, shall, if no appeal or other review of the decision has been or can be taken or had, constitute cancellation of the claims involved in the patent, and notice of such cancellation shall be endorsed on copies of the patent distributed after such cancellation by the Patent and Trademark Office.”.
SEC. 4. RIGHT TO A PATENT.

(a) Right to Patent.—

(1) In general.—Section 101 is amended to read as follows:

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

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

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

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

(b) Oath of Applicant.—Section 115 is amended to read as follows:

“§ 115. Oath of applicant

“The Director may require the applicant to make an oath setting forth particulars relating to the inventor and the invention.”.

(c) Filing by Other Than Inventor.—Section 118 is amended to read as follows:

“§ 118. Filing by other than inventor

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

(d) SPECIFICATION.—Section 112 is amended—

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

(2) in the second paragraph, by striking “applicant regards as his invention” and inserting “inventor or a joint inventor regards as the invention”.

SEC. 5. DUTY OF CANDOR.

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

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

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

“(b) VIOLATION.—Any individual who is subject to
the duty of candor and good faith under subsection (a)
and who, with the intent to deceive or mislead, knowingly
fails to disclose material information or knowingly and
materially misrepresents information has engaged in mis-
conduct under this section, if the Director finds, by clear
and convincing evidence, that—

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

“(2) the information not disclosed was material
or, in the case of a misrepresentation, the misrepre-
sentation was material;
“(3) the individual had knowledge of the materiality of the information not disclosed or, in the case of a misrepresentation, of the misrepresentation and materiality of the misrepresentation; and

“(4) the individual had the intent to deceive or mislead.

“(c) ADJUDICATION BY THE OFFICE.—

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

“(2) EXCEPTION REGARDING PENDING APPLICATIONS.—Nothing in this subsection shall limit the authority of the Director to enforce regulations concerning pending applications for patent, including regulations relating to misconduct.

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

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

“(d) UNENFORCEABILITY ACTION.—

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

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

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

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

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

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

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

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

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

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

“(3) REQUIRED FINDINGS FOR UNENFORCEABILITY.—

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

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

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

“(iii) was acting on the patent owner’s behalf,
is determined to have been participated in the misconduct constituting the fraud.

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

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

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

“(e) REFERRAL OF MISCONDUCT ISSUES.—

“(1) IN GENERAL.—The Director shall establish a special office with authority to investigate possible violations of the duty of candor and good faith, including possible misconduct, in a proceeding before the Office involving a patent or in connection with the filing or examination of an application for patent, in cases in which such matters are referred to
the Office for investigation under subsection (c)(4).

The special office shall commence an investigation into possible violations of the duty following such referral. After such an investigation is begun, any subsequent decision to maintain the investigation or abandon the investigation may be made only by the Director, and such decision may not be appealed or reviewed.

“(2) PROCEDURES.—

“(A) SUBPOENAS.—During the period in which a misconduct investigation is conducted under paragraph (1), the matter shall be a contested case in the Office and the Director may seek evidence or other information through subpoenas under section 24.

“(B) NOTICE; SUBJECT PARTIES.—The Director shall provide written notice to the patent owner of the commencement of the investigation and may provide such written notice to persons who were owners of the patent or application for patent (or persons to whom the patent or application for patent was subject to an obligation of assignment) at the time the conduct that is the subject of the investigation occurred. Any person receiving written notice
under this subparagraph shall be designated as a ‘subject party.’ The Director shall provide written notice under this subparagraph of an investigation before seeking any evidence under section 24, but otherwise at such time as the Director shall determine. Upon providing such written notice to the subject parties, the Director shall publish a notice of the commencement of the investigation in the Federal Register.

“(C) Obtaining evidence.—Upon request of a subject party, the Director shall determine the manner in which to allow a subject party to obtain evidence of potential relevance, including by authorizing the subject party to seek subpoenas under section 24.

“(D) Preliminary determination.—The Director, at the earliest practicable time after the date on which notice of the investigation is published under subparagraph (B), shall conclude the investigation and make a preliminary determination on the issues under investigation. The Director shall, within 45 days after an investigation is begun, establish a target date for rendering a preliminary determination.
“(E) Consultation with other departments and agencies.—During the course of each investigation under this section and section 137, the Director may consult with, seek advice and information from, and otherwise obtain assistance from the Attorney General, the Federal Trade Commission, the International Trade Commission, the Securities and Exchange Commission, and the heads of such other departments and agencies as the Director considers appropriate.

“(3) Notice of determination.—

“(A) If no misconduct found.—If the Director determines in an investigation under paragraph (2) that there is no basis for concluding that misconduct under subsection (b) has occurred, the Director shall provide written notice of such determination to each of the subject parties not later than 1 month after the conclusion of the investigation. A determination of the Director under this subparagraph is final and may not be appealed.

“(B) If misconduct may have occurred.—If the Director makes a preliminary determination in an investigation under para-
(2) that misconduct under subsection (b) may have occurred, the Director shall provide written notice of the preliminary determination to each of the subject parties not later than 1 month after the conclusion of the investigation. Such written notice shall provide a description with particularity of the separate acts alleged to constitute such possible misconduct. The Director shall afford the subject parties an opportunity to respond to the preliminary determination and a period of time within which to reach a settlement of the issue before taking any further action.

“(4) Final determination; appeal to Board.—

“(A) In general.—If a matter relating to possible misconduct is not settled under paragraph (3), the preliminary determination shall become final and may not be appealed unless 1 or more of the subject parties contests the preliminary determination by requesting a hearing on the matter, within 60 days after the end of the settlement period provided under paragraph (3)(B), before a panel of the Board of Patent Appeals and Interferences.
“(B) HEARING.—If a hearing is timely requested under subparagraph (A), the hearing shall provide the Director and the patent owner an opportunity to present evidence and arguments.

“(C) DETERMINATION OF PANEL.—The panel shall, not later that one year after the date of the request by 1 or more of the subject parties for a hearing under subparagraph (B), issue a written determination containing findings of facts and conclusions of law on the matters before it. If the written determination by the panel concludes that one or more alleged violations of the duty of candor and good faith do not constitute acts of misconduct, then the determination is final with respect to such issues of possible misconduct and may not be appealed, and no penalty shall be imposed with respect to such issues. If the written determination by the panel concludes that one or more alleged violations of the duty of candor and good faith do constitute acts of misconduct, then the decision of the panel shall represent a final determination of the Office on the matters involved.
“(5) NOTICE OF FINAL DETERMINATION.—If a matter of possible misconduct is not settled or otherwise terminated following the opportunity for settlement and hearing under paragraphs (3) and (4), the Director shall notify the subject parties in writing of the final determination on the matter under paragraph (4), setting forth—

“(A) the factual findings of the investigation;

“(B) the legal conclusions reached;

“(C) a description of each separate act of misconduct determined to have taken place;

“(D) the amount of any civil monetary penalty imposed against the subject parties under paragraph (6); and

“(E) a deadline for payment of any penalty imposed, which may not be earlier than 6 months after the date on which the notice is provided to the patent owner under this paragraph of the final determination.

“(6) PENALTY AMOUNT.—

“(A) IN GENERAL.—Subject to the limitations of this paragraph, the Director may impose civil monetary penalties on each subject party for each act of misconduct of which notice
is given under paragraph (5), in amounts that the Director considers sufficient in the Director’s discretion to act as a deterrent to future such violations of the duty of candor and good faith under this section, taking into account the totality of the circumstances in each individual case.

“(B) LIMITATION ON AMOUNT.—The amount of a civil penalty imposed under subparagraph (A) may not exceed $1,000,000 for each separate act of misconduct, except that in a case in which the violation of the duty of candor and good faith is found to be the result of fraudulent or other particularly egregious misconduct, the penalty imposed may not exceed $5,000,000 for such act of misconduct. In an exceptional case, the Director may impose an additional penalty in an amount equal to the costs incurred by the Director in conducting the investigation.

“(C) LIMITATION ON PARTIES ON WHICH PENALTIES MAY BE IMPOSED.—No penalty based upon an act of misconduct may be imposed under subparagraph (A) on a subject party other than the patent owner unless the
subject party was the owner of a claimed invention in the patent or application for patent (or entitled to an assignment thereof), at the time the act of misconduct giving rise to the penalty occurred. Unless otherwise specified in the final determination, subject parties shall be jointly and severally liable for any penalty imposed.

“(7) TOLLING OF PENALTY; FAILURE OF TIMELY PAYMENT.—The deadline for payment of any penalty imposed shall be tolled during the pendency of an appeal brought by a subject party under paragraph (8). If the patent owner fails to make timely payment of any penalty imposed on the patent owner, including any penalty for which the patent owner is jointly liable, before the expiration of the deadline provided under paragraph (5)(E), the failure to pay the penalty constitutes a disclaimer of all enforceable rights in each patent involved in the violation of the duty of candor and good faith for which the penalty was imposed.

“(8) APPEAL.—A subject party dissatisfied with the final determination of the Director under this section may, unless the penalty has been paid pursuant to the final determination, appeal the determination under sections 141 through 144.
“(f) OTHER ACTIONS NOT SUBJECT TO PREEMPTION.—Nothing in this section shall in any manner operate to—

“(1) prevent or otherwise obstruct a criminal investigation or supersede any criminal law, or any penalty imposed pursuant thereto, in connection with any matter involving a patent or application for patent;

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

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

“(g) ACTIONS BASED UPON PRIOR MISCONDUCT ADJUDICATION.—If a final, nonappealable adjudication of misconduct has been made based upon an action not subject to preemption under subsection (f)(1), a pleading described in subsection (d), or a proceeding instituted pursuant to a referral described in subsection (e)(1), such adjudication of misconduct may be used as a basis for pursuing further remedies under any Federal or State law,
including common law, except that nothing in this subsection shall authorize any investigation or determination of misconduct that is otherwise preempted under this section.

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

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

“(b) MISCONDUCT.—Misconduct under this section shall be defined with respect to individuals described in subsection (a) in the same manner as that provided in section 136(b) with respect to individuals under that section. The Director may conduct an investigation of possible misconduct by an individual based upon a violation of the duty described in subsection (a) in the manner provided in section 136(e), except that the written notice described
in section 136(e)(2)(B) shall be given by the Director to
each party on whose behalf an individual is acting who
is being investigated for possible violation of the duty of
candor and good faith under this section. The persons re-
ceiving such written notice shall be the subject parties of
the investigation. If, on the basis of an investigation the
Director determines that there is a basis for concluding
that a violation of the duty that amounts to misconduct
may have occurred, the Director shall provide written no-
tice of the preliminary determination to each subject party
and shall afford the subject party an opportunity to reach
a settlement of the issue before taking any further action.

“(c) PENALTIES.—If an issue of misconduct arising
from a possible violation of the duty of candor and good
faith under this section is not settled or otherwise termi-
nated following the opportunity for settlement and hearing
described in subsection (b), the Director may impose a
civil monetary penalty against the subject parties. The
procedures described in section 136(e) shall be followed
in imposing a civil penalty under this subsection, except
that the maximum civil monetary penalty that may be im-
posed on a subject party under this section may not exceed
$500,000.”.
(b) **TABLE OF SECTIONS.**—The table of sections for chapter 12 is amended by adding at the end the following new items:

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“137. Duty of candor: parties adverse to a patent or application.”.
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(e) **REMOVAL OF DECEPTIVE INTENT RESTRICTION.**—

(1) **INVENTOR.**—

(A) **IN GENERAL.**—The third paragraph of section 116 is amended by striking “, and such error arose without any deceptive intention on his part”.

(B) **CORRECTION OF NAMED INVENTOR.**—

The first paragraph of section 256 of such title is amended by striking “and such error arose without any deceptive intention on his part”.

(2) **FILING.**—

(A) **FILING OF APPLICATION IN FOREIGN COUNTRY.**—The first paragraph of section 184 is amended by striking “and without deceptive intent”.

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

(3) **REISSUE OF DEFECTIVE PATENTS.**—The first paragraph of section 251 is amended by strik-
ing “, through error without any deceptive intention,”.

(4) DISCLAIMER.—The first paragraph of section 253 is amended by striking “, without any deceptive intention,”.

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

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

Section 284 is amended—

(1) in the first paragraph, by striking “Upon” and inserting “(a) AWARD OF DAMAGES.—Upon”;

(2) in the second paragraph, by striking “When” and inserting “(b) ROLE OF THE COURT; TREBLE DAMAGES.—When”;

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

(4) by adding at the end the following:

“(d) BASIS FOR INCREASED DAMAGES.—

“(1) WILLFULNESS.—For purposes of determining whether to increase damages under this section, the court may consider the willfulness of any infringement. The absence of an opinion of counsel shall not create an inference that the infringement
was willful. Increased damages may not be awarded based merely upon the knowledge of a patent or its contents by the defendant prior to suit.

“(2) OTHER FACTORS.—Increased damages may be awarded for any infringement—

“(A) occurring after the defendant receives from the plaintiff written notice that—

“(i) contains a charge of infringement,

“(ii) identifies the specific patent, claims, and allegedly infringing products or processes infringed, and

“(iii) is sufficient to give the defendant an objectively reasonable apprehension of suit on such patent,

unless the defendant had an informed good faith belief that a court would reasonably hold that the patent is invalid, not infringed, or unenforceable;

“(B) in which the defendant intentionally copied the patent subject matter with knowledge that it was patented, unless the defendant had an informed good faith belief that a court would reasonably hold the patent is invalid, not infringed, or unenforceable; or
“(C) if the patent was asserted against the defendant in a previous judicial proceeding in a Federal court, and the present infringement is not more than colorably different from the conduct asserted to be infringing in the previous proceeding.

“(e) DETERMINATION OF ROYALTIES OR DAMAGES FOR COMPONENTS.—Whenever the invention is incorporated into, or is made part of, a method or apparatus otherwise known in the art, or is an approved method or apparatus including within it elements otherwise known in the art, then any award of a reasonable royalty or other damages shall be based only upon such portion of the total value of the method or apparatus as is attributable to the invention alone and shall not include value attributable to the method, apparatus, or elements otherwise known in the art or contributed by the infringer or its licensors.”.

SEC. 7. INJUNCTIONS.

Section 283 is amended—

(1) by striking “The several” and inserting “(a) IN GENERAL.—The several”; and

(2) by adding at the end the following:

“(b) GROUNDS FOR GRANTING INJUNCTION.—A court shall not grant an injunction under this section unless it finds that the patentee is likely to suffer irreparable
harm that cannot be remedied by the payment of money damages. In making such a finding, the court shall not presume the existence of irreparable harm, but shall consider and weigh evidence that establishes or negates any equitable factor relevant to a determination of the existence of irreparable harm, including the extent to which the patentee makes use of the invention.”.

SEC. 8. CONTINUATION APPLICATIONS.

Chapter 11 is amended by adding at the end the following:

“§ 123. Limitation on enlargement of claim

“(a) IN GENERAL.—No claim in a patent or application shall be patentable if it is broader in scope than the broadest claim that—

“(1) is first published under section 122(b) in an application or patent that shares a claim of priority under section 119 or 120 with the pending application;

“(2) is first issued under section 131 in an application or patent that shares a claim of priority under section 119 or 120 with the pending application; or

“(3) if neither paragraph (1) or (2) applies, is made in an application within 12 months after the
earliest filing date for which priority is sought for the pending application.

“(b) BroadeST Claim.—For purposes of determining what is the broadest claim under subsection (a), the Office and a court shall consider only claims that were considered by an examiner under sections 102 and 103 of this title.”

SEC. 9. POST-GRANT PROCEDURES AND OTHER QUALITY ENHANCEMENTS.

(a) Publication.—Section 122(b) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A), by striking “earliest filing date for which a benefit is sought under this title” and inserting “effective filing date of the claimed invention”; and

(B) in subparagraph (B), by striking “determines” and inserting “determines, except that the Director shall at a minimum publish, either with the application, or separately therefrom if the application was published earlier at the request of the applicant under the second sentence of subparagraph (A), all claims submitted within 12 months after the effective filing date of the claimed invention”; and

(2) in paragraph (2)—
(A) by striking subparagraph (B); and

(B) in subparagraph (A)—

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

(ii) by redesignating clauses (i) through (iv) as subparagraphs (A) through (D), respectively.

(b) Defense to Infringement Based on Earlier Inventor.—Section 273 of title 35, United States Code, is amended—

(1) in subsection (a)—

(A) in paragraph (1)—

(i) by striking “of a method”; and

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

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

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

(2) in subsection (b)—

(A) in paragraph (1)—

(i) by striking “for a method”; and

(ii) by striking “of such patent, and” and all that follows through the period and inserting “of the claimed invention com-
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mercifully used, or made substantial prepa-
parations for commercial use of, the subject
matter before the effective filing date of
the claimed invention.”; and
(B) in paragraph (3)—

(i) by striking subparagraph (A); and

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

(3) in paragraph (7), by striking “of the pat-
ent” and inserting “of the claimed invention”; and

(4) by amending the heading to read as follows:

“§273. Special defenses to and exemptions from in-
fringement”.

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

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

(d) APPEAL.—Section 315(e) of such title is amended
by striking “or could have raised”.

(e) EFFECTIVE DATES.—Notwithstanding any other
provision of law, sections 311 through 318 of title 35,
United States Code, as amended by this Act, shall apply
to any patent that issues from an original application filed
on any date.

(f) POST-GRANT OPPOSITION PROCEDURES.—
1 (1) IN GENERAL.—Part III is amended by adding at the end the following new chapter:

“CHAPTER 32—POST-GRANT OPPOSITION PROCEDURES

“Chapter 32—Post-grant opposition procedures

321. Right to oppose patent; opposition request.
322. Real party in interest.
323. Timing of opposition request.
324. Limits on scope of validity issues raised.
325. Institution of the opposition proceeding.
327. Amendment of claims.
328. Discovery and sanctions.
329. Supplemental submissions.
330. Hearing and briefs.
331. Written decision.
332. Burden of proof and evidence.
333. Reconsideration.
334. Appeal.
335. Certificate.
336. Estoppel.
337. Duration of opposition.
338. Settlement.
339. Intervening rights.
340. Relationship with reexamination proceedings.

§ 321. Right to oppose patent; opposition request

(a) FILING OF OPPOSITION.—A person may request that the grant or reissue of a patent be reconsidered by the Office by filing an opposition seeking to invalidate one or more claims in the patent. The Director shall establish, by regulation, fees to be paid by the person filing the opposition (in this chapter referred to as the ‘opposer’). Copies of patents and printed publications to be relied upon in support of the request must be filed with the request. If an opposer relies on other factual evidence or on expert opinions in support of the opposition, such evidence and
opinions must be filed with the request through one or
more accompanying affidavits or declarations.

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

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

§ 322. Real party in interest

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

“(b) IDENTITY KEPT SECRET UPON REQUEST.—

“(1) IN GENERAL.—Subject to paragraph (2),
if requested by the person making the request under
section 321, the identity of a real party in interest
shall be kept separate from the file of the opposition
and made available only to Government agencies
upon written request, or to any person upon a showing of good cause. If the identity of a real party in interest is kept separate from the file under this paragraph, then the opposition shall proceed in the name of the individual filing the request as representative of the real party in interest.

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

“§ 323. Timing of opposition request

“A person may not make an opposition request under section 321 more than 9 months after the grant of the patent or issuance of a reissue patent, as the case may be, except that, if the patent owner consents in writing, an opposition request may be filed anytime during the period of enforceability of the patent. A court having jurisdiction over an issue of validity of a patent may not require the patent owner to consent to such a request.
“§ 324. Limits on scope of validity issues raised

An opposition request under section 321 must identify with particularity the claims that are alleged to be invalid and, as to each claim, 1 or more issues of invalidity on which the opposition is based. The issues of invalidity that may be considered during the opposition proceeding are double patenting and any of the requirements for patentability set forth in sections 101, 102, 103, and 112, and the fourth paragraph of section 251.

“§ 325. Institution of the opposition proceeding

“(a) DISMISSAL; INSTITUTION.—

“(1) DISMISSAL.—The Director may dismiss an opposition request that the Director determines lacks substantial merit. The determination by the Director to dismiss may not be appealed. The dismissal of an opposition request shall not be admissible in any civil action related to the patent against which a dismissed request was filed.

“(2) INSTITUTION.—If 1 or more requests meeting the requirements of section 321 are received by the Director and are not dismissed under paragraph (1), an opposition proceeding shall be promptly instituted pursuant to the request or requests, but not before a period of 9 months has elapsed since the date on which the patent was granted.
“(3) CONSOLIDATED PROCEEDING.—If an opposition proceeding is instituted based upon more than 1 opposition request, the opposition shall proceed as a single consolidated proceeding, unless later divided under subsection (c).

“(b) PARTIES.—The parties to an opposition proceeding under this section shall be the patent owner and each opposer whose request meets the requirements of section 321 and has not been dismissed under subsection (a)(1).

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

“§ 326. Patent owner response

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

§ 327. Amendment of claims

“The patent owner is entitled to request amendment of any claims that are the subject of an opposition proceeding under this chapter, including by the addition of new claims. The patent owner shall file any such request for amendment with the patent owner’s response to the opposition request under section 326. The panel may permit further requests for amendment of the claims only upon good cause shown by the patent owner. No amendment enlarging the scope of the claims of the patent shall be permitted in the opposition proceeding.

§ 328. Discovery and sanctions

“(a) DISCOVERY.—After an opposition proceeding is instituted under this chapter, the patent owner shall have the right to depose each person submitting an affidavit or declaration on behalf of any opposer, and each opposer shall have the right to depose each person submitting an affidavit or declaration on behalf of the patent owner.
Such depositions shall be limited to cross-examination on matters relevant to the affidavit or declaration. No other discovery shall be permitted unless the panel determines that additional discovery is required in the interest of justice. The panel shall determine the schedule for the taking of discovery under this subsection.

“(b) Consequences for Failure to Respond Properly.—If any party to an opposition proceeding fails to properly respond to any discovery under subsection (a), the panel may draw appropriate adverse inferences and take other action permitted by statute, rule, or regulation.

“§ 329. Supplemental submissions

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

“§ 330. Hearing and briefs

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

§ 331. Written decision

"The panel shall issue a written decision on each issue of patentability with respect to each claim that is the subject of an opposition proceeding under this chapter. The written decision shall consist of findings of fact and conclusions of law. The written decision shall become a final determination of the Office on the issues raised in the opposition unless a party to the opposition files a request for reconsideration and modification of the written decision within a period of time set by the panel. Such time period may not be less than 2 weeks after the date of the written decision.

§ 332. Burden of proof and evidence

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

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

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

“§ 334. Appeal

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

“§ 335. Certificate

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

(a) ESTOPPEL.—

(1) IN GENERAL.—Subject to paragraph (2), after a certificate has been issued under section 335 in accordance with the decision of the panel in an opposition proceeding, the determination with respect to an issue of invalidity raised by an opposer shall bar the opposer from raising, in any subsequent proceeding involving that opposer under this title, any issue of fact or law actually decided and necessary to the determination of that issue.

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

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

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

“§ 337. Duration of opposition

“The final determination of a panel described in section 333 shall be issued not later than 1 year after the date on which the opposition proceeding is instituted under section 325. Upon good cause shown, the Director may extend the 1-year period by not more than 6 months.

“§ 338. Settlement

“(a) IN GENERAL.—An opposition proceeding under this chapter shall be terminated with respect to any opposer upon the joint request of the opposer and the patent owner, unless the panel has issued a written decision under section 331 before the request for termination is filed. If the opposition is terminated with respect to an opposer under this section, no estoppel under section 336 shall apply to that opposer. The written decision under
section 331 shall thereafter be issued only with respect to issues of invalidity raised by opposers that remain in the opposition proceeding.

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

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

§ 339. Intervening rights

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

“§340. Relationship with reexamination proceedings

“A patent for which an opposition proceeding has been instituted under this chapter may not thereafter be made the subject of a request under section 302 or 311 for reexamination by the same opposer or on behalf of the same real party in interest, on the same claim and on the same issue that was the basis of the opposition proceeding. An ex parte reexamination request made by a person other than the patent owner during the 9-month period specified in section 323, or an inter partes reexamination request made during the 9-month period specified in section 323, shall be treated as a request under section 321, and no ex parte reexamination or inter partes reexamination may be ordered based on such request. A request for ex parte reexamination or inter partes reexamination made after the 9-month period specified in section 323, and a request for ex parte reexamination made by the patent owner at
any time, shall be stayed during the pendency of any oppo-

sition proceeding under this chapter.’’.

(g) CONFORMING AMENDMENT.—The table of chap-
ters for part III of title 35, United States Code, is amend-
ed by adding at the end the following:

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

SEC. 10. COMBINATIONS; COMPONENTS.

Section 271(f) of title 35, United States Code, is
amended by adding at the end the following:

“(3) An item supplied in or from the United States
is not a ‘component’ under this section unless the item
is a tangible item that is itself combined physically with
other components to create the combination that is alleged
to infringe. ’’.

SEC. 11. APPLICABILITY; TRANSITIONAL PROVISIONS.

(a) SECTIONS 3, 6, 7, 8, AND 10.—

(1) APPLICABILITY.—The amendments made
by sections 3, 6, 7, 8, and 10—

(A) shall apply only with respect to a non-
provisional application for patent, and any pat-
ent issued thereon, that claims an invention
with an effective filing date (as defined in sec-
tion 100(h) of title 35, United States Code)
that is more than 1 year after the date of the
enactment of this Act; and
(B) shall not apply with respect to any action brought in any court before the date of the enactment of this Act.

(2) Circulation.—No claimed invention in a patent or application for patent for which the amendments made by section 3 have effect shall be entitled to assert an effective filing date that is before the date of the enactment of this Act.

(b) Sections 4, 5, and 9.—The amendments made by sections 4, 5, and 9 shall apply as of the date of the enactment of this Act to any patent or application for patent, except that—

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

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

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

(B) no such request may be made unless the amendments made by section 3 apply with respect to the patent that is the subject of the request; and

(2) the amendments made by sections 4, 5, and 9 shall not apply with respect to any action brought
in any court before the date of the enactment of this Act.

(c) Determining Validity of Other Claims.—

For the purpose of determining the validity of a claim in any patent or application for patent that is not subject to the amendments made by section 3, other than in an action brought in a court before the date of the enactment of this Act—

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

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

(d) Effect of European Patent Convention and Patent Laws of Japan.—Before the date, if ever, that the Director of the United States Patent and Trademark Office publishes a notice in the Official Gazette of the Office declaring that both the European Patent Convention and the patent laws of Japan afford inventors
seeking patents a 1-year period before the effective filing
date (as defined in section 100(h) of title 35, United
States Code) of a claimed invention during which disclo-
sures that are made by the inventor or by others who ob-
tained the subject matter disclosed directly or indirectly
from the inventor do not constitute prior art, the term
“effective filing date” in section 102(a)(1)(A) of title 35,
United States Code, shall be construed to mean—

(1) the filing date in the United States of the
patent or the application for patent containing the
claim; or

(2) if the patent or application for patent con-
taining the claim is entitled to the benefit of an ear-
lier filing date in the United States under section
120, 121, or 365(c) of title 35, United States Code,
based upon one or more prior filed applications for
patent, the filing date of the earliest such applica-
tion that contains an adequate disclosure of the
claimed invention under section 112 of title 35,
United States Code.