

The New United States Patent Law

Black Line Edition

Includes:
United States Code Title 35 “Patents”
As amended by
The Leahy-Smith America Invents Act
In Black Line Format

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Preface

On September 16, 2011, President Obama signed into law the Leahy-Smith America Invents Act (“the Reform Act”).* The Reform Act imposes the most sweeping changes to the U.S. patent law in nearly 60 years. For example, it moves the U.S. from a “first to invent” to a “first inventor to file” system, provides new post-grant and Inter Partes review procedures, allows third party submissions during the examination of a patent application, limits false marketing suits, excludes tax strategy patents, prohibits use of the best mode requirement for invalidating a patent, limits joinder of defendants in infringement cases, expands the prior commercial use defense, replaces current interference proceedings with derivation proceedings, and provides fee setting authority to the USPTO.

This publication sets forth in black line format each change to Title 35 of the United States Code effected by the America Invents Act. Insertions are identified by underline; deletions are identified by ~~strike through~~. Full citation to source legislation follows each code section. The book shows exactly what words in the United States patent law are changed and what words stay the same.

Section 35 of the Reform Act provides that “the provisions of this Act shall take effect upon the expiration of the 1-year period beginning on the date of the enactment of this Act and shall apply to any patent issued on or after that effective date.” However, there are numerous exceptions to this general effective date. Many of these exceptions are summarized in the Table that follows.

The publication also includes excerpts from House Judiciary Committee Report 112-98 dated June 1, 2011. The report sets forth the background and need for the legislation and explains many of the changes to the patent law effected by the Reform Act.

This publication does not include all statutory and regulatory provisions which are affected by the Reform Act. Nor does it address those provisions which do not expressly amend the text of existing code (e.g. sense of Congress resolutions, directions to government departments and agencies to prepare reports or establish rules or regulations). Comments and corrections are welcome and may be submitted via the “contact” page of our website www.legalpub.com. Corrections, if any, will be posted on the “updates” page of our website.

The Publisher
September 16, 2011

*At the time of publication, the Public Law Number for the Reform Act was not yet available.

Table - Effective Date

Table of Exceptions to General Effective Date*			
Affected Code §	Subject	Reform Act §	Reform Act Language Relating to Effective Date/Applicability
28 USC §§ 1295(a)(1), 1338(a), 1454; 35 USC § 299	Jurisdiction and procedural matters.	19e	"The amendments made by this section shall apply to any civil action commenced on or after the date of the enactment of this Act."
35 USC §§ 2b2g, 4h1	prioritized examination	11h4A	"This subsection shall take effect on the date that is 10 days after the date of the enactment of this Act."
35 USC §§ 6, 141	Patent Trial and Appeal Board	7e	"The amendments made by this section shall take effect upon the expiration of the 1-year period beginning on the date of the enactment of this Act and shall apply to proceedings commenced on or after that effective date, except that—[various exceptions listed]"
35 USC § 32	Statute of Limitations	3(k)(3)	"The amendment made by paragraph (1) shall apply in any case in which the time period for instituting a proceeding under section 32 of title 35, United States Code, had not lapsed before the date of the enactment of this Act."
35 USC §§ 32, 145, 146, 154(b)(4)(A), and 293	Venue	9b	"The amendments made by this section shall take effect on the date of the enactment of this Act and shall apply to any civil action commenced on or after that date."
35 USC §§ 41(a), (b), (d)(1), 132(b)	Surcharge	11i2A-B	"The surcharge provided for in Paragraph (1) -- (A) shall take effect on the date that is 10 days after the date of the enactment of this Act; and (B) shall terminate, with respect to a fee to which paragraph (1)(A) applies, on the effective date of the setting or adjustment of that fee pursuant to the exercise of the authority under section 10 for the first time with respect to that fee."

* Section 35 of the Leahy-Smith America Invents Act ("Reform Act") provides "Except as otherwise provided in this Act, the provisions of this Act shall take effect upon the expiration of the 1-year period beginning on the date of the enactment of this Act and shall apply to any patent issued on or after that effective date." The Reform Act was enacted on September 16, 2011. Thus the general effective date is September 16, 2012. The Reform Act provides numerous exceptions to this general effective date and applicability. This Table is intended to be a quick reference to those exceptions. However, the Table does not include or reference all relevant language and exceptions. The reader is advised to review the entire Reform Act to determine the effective date for—or applicability of—any amendment. © 2011 LegalPub.com, Inc. All Rights Reserved.

Table - Effective Date

35 USC § 41	Fees for patent services	11j	“Except as otherwise provided in this section, this section and the amendments made by this section shall take effect on the date of the enactment of this Act.”
35 USC § 42c	Patent Office funding	22b	“The amendments made by this section shall take effect on October 1, 2011.”
35 USC §§ 100, 102-104, 134, 135, 146, 291	First Inventor to File	3(n)(1)A-B	“IN GENERAL.—Except as otherwise provided in this section, the amendments made by this section shall take effect upon the expiration of the 18-month period beginning on the date of the enactment of this Act, and shall apply to any application for patent, and to any patent issuing thereon, that contains or contained at any time—(A) a claim to a claimed invention that has an effective filing date as defined in section 100(i) of title 35, United States Code, that is on or after the effective date described in this paragraph; or (B) a specific reference under section 120, 121, or 365(c) of title 35, United States Code, to any patent or application that contains or contained at any time such a claim.”
35 USC §§ 102(g), 135, and 291	Interfering Patents	3(n)(2)A-B	“The provisions of sections 102(g), 135, and 291 of title 35, United States Code, as in effect on the day before the effective date set forth in paragraph (1) of this subsection, shall apply to each claim of an application for patent, and any patent issued thereon, for which the amendments made by this section also apply, if such application or patent contains or contained at any time—(A) a claim to an invention having an effective filing date as defined in section 100(i) of title 35, United States Code, that occurs before the effective date set forth in paragraph (1) of this subsection; or (B) a specific reference under section 120, 121, or 365(c) of title 35, United States Code, to any patent or application that contains or contained at any time such a claim.”
35 USC §§ 115, 118	Inventor’s Oath or Declaration	4(e)	“The amendments made by this section shall take effect upon the expiration of the 1-year period beginning on the date of the enactment of this Act, and shall apply to any patent application that is filed on or after that effective date.”
35 USC § 122	Preissuance Submissions by Third Parties	8b	“The amendments made by this section shall take effect upon the expiration of the 1-year period beginning on the date of the enactment of this Act and shall apply to any patent application filed before, on, or after that effective date.”

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UNITED STATES CODE—TITLE 35. PATENTS

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PART I. UNITED STATES PATENT AND TRADEMARK OFFICE

CHAPTER 1. ESTABLISHMENT, OFFICERS AND EMPLOYEES, FUNCTIONS

§ 1. Establishment

(a) Establishment. The United States Patent and Trademark Office is established as an agency of the United States, within the Department of Commerce. In carrying out its functions, the United States Patent and Trademark Office shall be subject to the policy direction of the Secretary of Commerce, but otherwise shall retain responsibility for decisions regarding the management and administration of its operations and shall exercise independent control of its budget allocations and expenditures, personnel decisions and processes, procurements, and other administrative and management functions in accordance with this title and applicable provisions of law. Those operations designed to grant and issue patents and those operations which are designed to facilitate the registration of trademarks shall be treated as separate operating units within the Office.

(b) Offices. The United States Patent and Trademark Office shall maintain its principal office in the metropolitan Washington, D.C., area, for the service of process and papers and for the purpose of carrying out its functions. The United States Patent and Trademark Office shall be deemed, for purposes of venue in civil actions, to be a resident of the district in which its principal office is located, except where jurisdiction is otherwise provided by law. The United States Patent and Trademark Office may establish satellite offices in such other places in the United States as it considers necessary and appropriate in the conduct of its business.

(c) Reference. For purposes of this title, the United States Patent and Trademark Office shall also be referred to as the “Office” and the “Patent and Trademark Office”.

HISTORY:

(July 19, 1952, ch 950, § 1, 66 Stat. 792; Jan. 2, 1975, P.L. 93-596, § 1, 88 Stat. 1949; Nov. 29, 1999, P.L. 106-113, Div B, § 1000(a)(9), 113 Stat. 1536.)

§ 2. Powers and duties

(a) In general. The United States Patent and Trademark Office, subject to the policy direction of the Secretary of Commerce—

(1) shall be responsible for the granting and issuing of patents and the registration of trademarks; and

(2) shall be responsible for disseminating to the public information with respect to patents and trademarks.

(b) Specific powers. The Office—

(1) shall adopt and use a seal of the Office, which shall be judicially noticed and with which letters patent, certificates of trademark registrations, and papers issued by the Office shall be authenticated;

(2) may establish regulations, not inconsistent with law, which—

(A) shall govern the conduct of proceedings in the Office;

(B) shall be made in accordance with section 553 of title 5;

(C) shall facilitate and expedite the processing of patent applications, particularly those which can be filed, stored, processed, searched, and retrieved electronically, subject to the provisions of section 122 [35 USC § 122] relating to the confidential status of applications;

(D) may govern the recognition and conduct of agents, attorneys, or other persons

35 USC § 2

representing applicants or other parties before the Office, and may require them, before being recognized as representatives of applicants or other persons, to show that they are of good moral character and reputation and are possessed of the necessary qualifications to render to applicants or other persons valuable service, advice, and assistance in the presentation or prosecution of their applications or other business before the Office;

(E) shall recognize the public interest in continuing to safeguard broad access to the United States patent system through the reduced fee structure for small entities under section 41(h)(1) ~~of this title~~ [35 USC § 41(h)(1)]; ~~and~~

(F) provide for the development of a performance-based process that includes quantitative and qualitative measures and standards for evaluating cost-effectiveness and is consistent with the principles of impartiality and competitiveness; and

(G) may, subject to any conditions prescribed by the Director and at the request of the patent applicant, provide for prioritization of examination of applications for products, processes, or technologies that are important to the national economy or national competitiveness without recovering the aggregate extra cost of providing such prioritization, notwithstanding section 41 or any other provision of law;

(3) may acquire, construct, purchase, lease, hold, manage, operate, improve, alter, and renovate any real, personal, or mixed property, or any interest therein, as it considers necessary to carry out its functions;

(4)(A) may make such purchases, contracts for the construction, maintenance, or management and operation of facilities, and contracts for supplies or services, without regard to the provisions of subtitle I and chapter 33 of title 40 [40 USC §§ 101 et seq. and 3301 et seq.], division C (except sections 3302, 3501(b), 3509, 3906, 4710, and 4711) of subtitle I of title 41 [41 USC §§ 3101 et seq. (except 41 USC §§ 3302, 3501(b), 3509, 3906, 4710, and 4711)], and the Stewart B. McKinney Homeless Assistance Act [McKinney-Vento Homeless Assistance Act] (42 U.S.C. 11301 et seq.); and

(B) may enter into and perform such purchases and contracts for printing services, including the process of composition, platemaking, presswork, silk screen processes, binding, microform, and the products of such processes, as it considers necessary to carry out the functions of the Office, without regard to sections 501 through 517 and 1101 through 1123 of title 44;

(5) may use, with their consent, services, equipment, personnel, and facilities of other departments, agencies, and instrumentalities of the Federal Government, on a reimbursable basis, and cooperate with such other departments, agencies, and instrumentalities in the establishment and use of services, equipment, and facilities of the Office;

(6) may, when the Director determines that it is practicable, efficient, and cost-effective to do so, use, with the consent of the United States and the agency, instrumentality, Patent and Trademark Office, or international organization concerned, the services, records, facilities, or personnel of any State or local government agency or instrumentality or foreign patent and trademark office or international organization to perform functions on its behalf;

(7) may retain and use all of its revenues and receipts, including revenues from the sale, lease, or disposal of any real, personal, or mixed property, or any interest therein, of the Office;

(8) shall advise the President, through the Secretary of Commerce, on national and certain international intellectual property policy issues;

(9) shall advise Federal departments and agencies on matters of intellectual property policy in the United States and intellectual property protection in other countries;

(10) shall provide guidance, as appropriate, with respect to proposals by agencies to assist foreign governments and international intergovernmental organizations on matters of intellectual property protection;

(11) may conduct programs, studies, or exchanges of items or services regarding domestic and international intellectual property law and the effectiveness of intellectual property protection domestically and throughout the world, and the Office is authorized to expend funds to cover the subsistence expenses and travel-related expenses, including per diem, lodging costs, and transportation costs, of persons attending such programs who are not Federal employees;

(12)(A) shall advise the Secretary of Commerce on programs and studies relating to intellectual property policy that are conducted, or authorized to be conducted, cooperatively with foreign intellectual property offices and international intergovernmental organizations; and

(B) may conduct programs and studies described in subparagraph (A); and

(13)(A) in coordination with the Department of State, may conduct programs and studies cooperatively with foreign intellectual property offices and international intergovernmental organizations; and

(B) with the concurrence of the Secretary of State, may authorize the transfer of not to exceed \$ 100,000 in any year to the Department of State for the purpose of making special payments to international intergovernmental organizations for studies and programs for advancing international cooperation concerning patents, trademarks, and other matters.

(c) Clarification of specific powers.

(1) The special payments under subsection (b)(13)(B) shall be in addition to any other payments or contributions to international organizations described in subsection (b)(13)(B) and shall not be subject to any limitations imposed by law on the amounts of such other payments or contributions by the United States Government.

(2) Nothing in subsection (b) shall derogate from the duties of the Secretary of State or from the duties of the United States Trade Representative as set forth in section 141 of the Trade Act of 1974 (19 U.S.C. 2171).

(3) Nothing in subsection (b) shall derogate from the duties and functions of the Register of Copyrights or otherwise alter current authorities relating to copyright matters.

(4) In exercising the Director's powers under paragraphs (3) and (4)(A) of subsection (b), the Director shall consult with the Administrator of General Services.

(5) In exercising the Director's powers and duties under this section, the Director shall consult with the Register of Copyrights on all copyright and related matters.

(d) Construction. Nothing in this section shall be construed to nullify, void, cancel, or interrupt any pending request-for-proposal let or contract issued by the General Services Administration for the specific purpose of relocating or leasing space to the United States Patent and Trademark Office.

HISTORY:

(July 19, 1952, ch 950, § 1, 66 Stat. 792; Jan. 2, 1975, P.L. 93-596, § 1, 88 Stat. 1949; Nov. 29, 1999, P.L. 106-113, Div B, § 1000(a)(9), 113 Stat. 1536; Nov. 2, 2002, P.L. 107-273, Div C, Title III, Subtitle B, § 13206(a)(1), 116 Stat. 1904; Dec. 15, 2003, P.L. 108-178, § 4(g), 117 Stat. 2641; Jan. 4, 2011, P.L. 111-350, § 5(i)(1), 124 Stat. 3849.)

(America Invents Act §§ 20(j)(1); 21(a); 25(1)-(3).)

§ 3. Officers and employees

(a) Under Secretary and Director.

35 USC § 3

(1) In general. The powers and duties of the United States Patent and Trademark Office shall be vested in an Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office (in this title referred to as the “Director”), who shall be a citizen of the United States and who shall be appointed by the President, by and with the advice and consent of the Senate. The Director shall be a person who has a professional background and experience in patent or trademark law.

(2) Duties.

(A) In general. The Director shall be responsible for providing policy direction and management supervision for the Office and for the issuance of patents and the registration of trademarks. The Director shall perform these duties in a fair, impartial, and equitable manner.

(B) Consulting with the Public Advisory Committees. The Director shall consult with the Patent Public Advisory Committee established in section 5 [35 USC § 5] on a regular basis on matters relating to the patent operations of the Office, shall consult with the Trademark Public Advisory Committee established in section 5 [35 USC § 5] on a regular basis on matters relating to the trademark operations of the Office, and shall consult with the respective Public Advisory Committee before submitting budgetary proposals to the Office of Management and Budget or changing or proposing to change patent or trademark user fees or patent or trademark regulations which are subject to the requirement to provide notice and opportunity for public comment under section 553 of title 5, as the case may be.

(3) Oath. The Director shall, before taking office, take an oath to discharge faithfully the duties of the Office.

(4) Removal. The Director may be removed from office by the President. The President shall provide notification of any such removal to both Houses of Congress.

(b) Officers and employees of the Office.

(1) Deputy Under Secretary and Deputy Director. The Secretary of Commerce, upon nomination by the Director, shall appoint a Deputy Under Secretary of Commerce for Intellectual Property and Deputy Director of the United States Patent and Trademark Office who shall be vested with the authority to act in the capacity of the Director in the event of the absence or incapacity of the Director. The Deputy Director shall be a citizen of the United States who has a professional background and experience in patent or trademark law.

(2) Commissioners.

(A) Appointment and duties. The Secretary of Commerce shall appoint a Commissioner for Patents and a Commissioner for Trademarks, without regard to chapter 33, 51, or 53 of title 5 [5 USC §§ 3301 et seq., 5101 et seq., or 5301 et seq.]. The Commissioner for Patents shall be a citizen of the United States with demonstrated management ability and professional background and experience in patent law and serve for a term of 5 years. The Commissioner for Trademarks shall be a citizen of the United States with demonstrated management ability and professional background and experience in trademark law and serve for a term of 5 years. The Commissioner for Patents and the Commissioner for Trademarks shall serve as the chief operating officers for the operations of the Office relating to patents and trademarks, respectively, and shall be responsible for the management and direction of all aspects of the activities of the Office that affect the administration of patent and trademark operations, respectively. The Secretary may reappoint a Commissioner to subsequent terms of 5 years as long as the performance of the Commissioner as set forth in the performance agreement in subparagraph (B) is satisfactory.

(B) Salary and performance agreement. The Commissioners shall be paid an annual rate of basic pay not to exceed the maximum rate of basic pay for the Senior Executive

Service established under section 5382 of title 5, including any applicable locality-based comparability payment that may be authorized under section 5304(h)(2)(C) of title 5. The compensation of the Commissioners shall be considered, for purposes of section 207(c)(2)(A) of title 18, to be the equivalent of that described under clause (ii) of section 207(c)(2)(A) of title 18. In addition, the Commissioners may receive a bonus in an amount of up to, but not in excess of, 50 percent of the Commissioners' annual rate of basic pay, based upon an evaluation by the Secretary of Commerce, acting through the Director, of the Commissioners' performance as defined in an annual performance agreement between the Commissioners and the Secretary. The annual performance agreements shall incorporate measurable organization and individual goals in key operational areas as delineated in an annual performance plan agreed to by the Commissioners and the Secretary. Payment of a bonus under this subparagraph may be made to the Commissioners only to the extent that such payment does not cause the Commissioners' total aggregate compensation in a calendar year to equal or exceed the amount of the salary of the Vice President under section 104 of title 3.

(C) Removal. The Commissioners may be removed from office by the Secretary for misconduct or nonsatisfactory performance under the performance agreement described in subparagraph (B), without regard to the provisions of title 5. The Secretary shall provide notification of any such removal to both Houses of Congress.

(3) Other officers and employees. The Director shall—

(A) appoint such officers, employees (including attorneys), and agents of the Office as the Director considers necessary to carry out the functions of the Office; and

(B) define the title, authority, and duties of such officers and employees and delegate to them such of the powers vested in the Office as the Director may determine.

The Office shall not be subject to any administratively or statutorily imposed limitation on positions or personnel, and no positions or personnel of the Office shall be taken into account for purposes of applying any such limitation.

(4) Training of examiners. The Office shall submit to the Congress a proposal to provide an incentive program to retain as employees patent and trademark examiners of the primary examiner grade or higher who are eligible for retirement, for the sole purpose of training patent and trademark examiners.

(5) National security positions. The Director, in consultation with the Director of the Office of Personnel Management, shall maintain a program for identifying national security positions and providing for appropriate security clearances, in order to maintain the secrecy of certain inventions, as described in section 181 [35 USC § 181], and to prevent disclosure of sensitive and strategic information in the interest of national security.

(6) Administrative patent judges and administrative trademark judges.—The Director may fix the rate of basic pay for the administrative patent judges appointed pursuant to section 6 and the administrative trademark judges appointed pursuant to section 17 of the Trademark Act of 1946 (15 U.S.C. 1067) at not greater than the rate of basic pay payable for level III of the Executive Schedule under section 5314 of title 5. The payment of a rate of basic pay under this paragraph shall not be subject to the pay limitation under section 5306(e) or 5373 of title 5.

(c) Continued applicability of title 5. Officers and employees of the Office shall be subject to the provisions of title 5, relating to Federal employees.

(d) Adoption of existing labor agreements. The Office shall adopt all labor agreements which are in effect, as of the day before the effective date of the Patent and Trademark Office Efficiency Act, with respect to such Office (as then in effect).

35 USC § 3

(e) Carryover of personnel.

(1) **From PTO.** Effective as of the effective date of the Patent and Trademark Office Efficiency Act, all officers and employees of the Patent and Trademark Office on the day before such effective date shall become officers and employees of the Office, without a break in service.

(2) **Other personnel.** Any individual who, on the day before the effective date of the Patent and Trademark Office Efficiency Act, is an officer or employee of the Department of Commerce (other than an officer or employee under paragraph (1)) shall be transferred to the Office, as necessary to carry out the purposes of ~~this Act~~, that Act, if—

(A) such individual serves in a position for which a major function is the performance of work reimbursed by the Patent and Trademark Office, as determined by the Secretary of Commerce;

(B) such individual serves in a position that performed work in support of the Patent and Trademark Office during at least half of the incumbent's work time, as determined by the Secretary of Commerce; or

(C) such transfer would be in the interest of the Office, as determined by the Secretary of Commerce in consultation with the Director.

Any transfer under this paragraph shall be effective as of the same effective date as referred to in paragraph (1), and shall be made without a break in service.

(f) Transition provisions.

(1) **Interim appointment of Director.** On or after the effective date of the Patent and Trademark Office Efficiency Act, the President shall appoint an individual to serve as the Director until the date on which a Director qualifies under subsection (a). The President shall not make more than one such appointment under this subsection.

(2) Continuation in office of certain officers.

(A) The individual serving as the Assistant Commissioner for Patents on the day before the effective date of the Patent and Trademark Office Efficiency Act may serve as the Commissioner for Patents until the date on which a Commissioner for Patents is appointed under subsection (b).

(B) The individual serving as the Assistant Commissioner for Trademarks on the day before the effective date of the Patent and Trademark Office Efficiency Act may serve as the Commissioner for Trademarks until the date on which a Commissioner for Trademarks is appointed under subsection (b).

HISTORY:

(July 19, 1952, ch 950, § 1, 66 Stat. 792; Sept. 6, 1958, P.L. 85-933, § 1, 72 Stat. 1793; Sept. 23, 1959, P.L. 86-370, § 1(a), 73 Stat. 650; Aug. 14, 1964, P.L. 88-426, Title III, § 305(26), 78 Stat. 425; Jan. 2, 1975, P.L. 93-596, § 1, 88 Stat. 1949; Jan. 2, 1975, P.L. 93-601, § 1, 88 Stat. 1956; Aug. 27, 1982, P.L. 97-247, § 4, 96 Stat. 319; Oct. 15, 1982, P.L. 97-366, § 4, 96 Stat. 1760; Nov. 8, 1984, P.L. 98-622, Title IV, § 405, 98 Stat. 3392; Oct. 28, 1998, P.L. 105-304, Title IV, § 401(a)(1), 112 Stat. 2887; Aug. 5, 1999, P.L. 106-44, § 2(c), 113 Stat. 223; Nov. 29, 1999, P.L. 106-113, Div B, § 1000(a)(9), 113 Stat. 1536; Nov. 2, 2002, P.L. 107-273, Div C, Title III, Subtitle B, § 13206(a)(2), 116 Stat. 1904.)

(America Invents Act § § 20(i)(1), 21(b).)

§ 4. Restrictions on officers and employees as to interest in patents

Officers and employees of the Patent and Trademark Office shall be incapable, during the period of their appointments and for one year thereafter, of applying for a patent and of acquiring, directly or indirectly, except by inheritance or bequest, any patent or any right or interest in any patent, issued or to be issued by the Office. In patents applied for thereafter

they shall not be entitled to any priority date earlier than one year after the termination of their appointment.

HISTORY:

(July 19, 1952, ch 950, § 1, 66 Stat. 793; Jan. 2, 1975, P.L. 93-596, § 1, 88 Stat. 1949.)

§ 5. Patent and Trademark Office Public Advisory Committees

(a) Establishment of Public Advisory Committees.

(1) **Appointment.** The United States Patent and Trademark Office shall have a Patent Public Advisory Committee and a Trademark Public Advisory Committee, each of which shall have nine voting members who shall be appointed by the Secretary of Commerce and serve at the pleasure of the Secretary of Commerce. Members of each Public Advisory Committee shall be appointed for a term of 3 years, except that of the members first appointed, three shall be appointed for a term of 1 year, and three shall be appointed for a term of 2 years. In making appointments to each Committee, the Secretary of Commerce shall consider the risk of loss of competitive advantage in international commerce or other harm to United States companies as a result of such appointments.

(2) **Chair.** The Secretary shall designate a chair of each Advisory Committee, whose term as chair shall be for 3 years.

(3) **Timing of appointments.** Initial appointments to each Advisory Committee shall be made within 3 months after the effective date of the Patent and Trademark Office Efficiency Act. Vacancies shall be filled within 3 months after they occur.

(b) Basis for appointments. Members of each Advisory Committee—

(1) shall be citizens of the United States who shall be chosen so as to represent the interests of diverse users of the United States Patent and Trademark Office with respect to patents, in the case of the Patent Public Advisory Committee, and with respect to trademarks, in the case of the Trademark Public Advisory Committee;

(2) shall include members who represent small and large entity applicants located in the United States in proportion to the number of applications filed by such applicants, but in no case shall members who represent small entity patent applicants, including small business concerns, independent inventors, and nonprofit organizations, constitute less than 25 percent of the members of the Patent Public Advisory Committee, and such members shall include at least one independent inventor; and

(3) shall include individuals with substantial background and achievement in finance, management, labor relations, science, technology, and office automation.

In addition to the voting members, each Advisory Committee shall include a representative of each labor organization recognized by the United States Patent and Trademark Office. Such representatives shall be nonvoting members of the Advisory Committee to which they are appointed.

(c) **Meetings.** Each Advisory Committee shall meet at the call of the chair to consider an agenda set by the chair.

(d) Duties. Each Advisory Committee shall—

(1) review the policies, goals, performance, budget, and user fees of the United States Patent and Trademark Office with respect to patents, in the case of the Patent Public Advisory Committee, and with respect to Trademarks, in the case of the Trademark Public Advisory Committee, and advise the Director on these matters;

(2) within 60 days after the end of each fiscal year—

(A) prepare an annual report on the matters referred to in paragraph (1);

35 USC § 5

(B) transmit the report to the Secretary of Commerce, the President, and the Committees on the Judiciary of the Senate and the House of Representatives; and

(C) publish the report in the Official Gazette of the United States Patent and Trademark Office.

(e) **Compensation.** Each member of each Advisory Committee shall be compensated for each day (including travel time) during which such member is attending meetings or conferences of that Advisory Committee or otherwise engaged in the business of that Advisory Committee, at the rate which is the daily equivalent of the annual rate of basic pay in effect for level III of the Executive Schedule under section 5314 of title 5. While away from such member's home or regular place of business such member shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5.

(f) **Access to information.** Members of each Advisory Committee shall be provided access to records and information in the United States Patent and Trademark Office, except for personnel or other privileged information and information concerning patent applications required to be kept in confidence by section 122 [35 USC § 122].

(g) **Applicability of certain ethics laws.** Members of each Advisory Committee shall be special Government employees within the meaning of section 202 of title 18.

(h) **Inapplicability of Federal Advisory Committee Act.** The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to each Advisory Committee.

(i) **Open meetings.** The meetings of each Advisory Committee shall be open to the public, except that each Advisory Committee may by majority vote meet in executive session when considering personnel, privileged, or other confidential information.

(j) **Inapplicability of patent prohibition.** Section 4 [35 USC § 4] shall not apply to voting members of the Advisory Committees.

HISTORY:

(Added Nov. 29, 1999, P.L. 106-113, Div B, § 1000(a)(9), 113 Stat. 1536; Nov. 2, 2002, P.L. 107-273, Div C, Title V, Subtitle B, §§ 13203(b), 13206(a)(3), 116 Stat. 1902, 1904.)

§ 6. Board of Patent Appeals and Interferences

(a) **Establishment and composition.** There shall be in the United States Patent and Trademark Office a Board of Patent Appeals and Interferences. The Director, the Commissioner for Patents, the Commissioner for Trademarks, and the administrative patent judges shall constitute the Board. The administrative patent judges shall be persons of competent legal knowledge and scientific ability who are appointed by the Secretary of Commerce, in consultation with the Director.

(b) **Duties.** The Board of Patent Appeals and Interferences shall, on written appeal of an applicant, review adverse decisions of examiners upon applications for patents and shall determine priority and patentability of invention in interferences declared under section 135(a) [35 USC § 135(a)]. Each appeal and interference shall be heard by at least three members of the Board, who shall be designated by the Director. Only the Board of Patent Appeals and Interferences may grant rehearings.

(c) **Authority of the Secretary.** The Secretary of Commerce may, in his or her discretion, deem the appointment of an administrative patent judge who, before the date of the enactment of this subsection [enacted Aug. 12, 2008], held office pursuant to an appointment by the Director to take effect on the date on which the Director initially appointed the administrative patent judge.

(d) **Defense to challenge of appointment.** It shall be a defense to a challenge to the appointment of an administrative patent judge on the basis of the judge's having been origi-

nally appointed by the Director that the administrative patent judge so appointed was acting as a de facto officer.

§ 6. Patent Trial and Appeal Board

(a) In general.—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, in consultation with the Director. 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 applications for patents pursuant to section 134(a);

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

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

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

(c) 3-Member panels.—Each appeal, derivation proceeding, post-grant review, and inter partes review 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.

(d) Treatment of prior appointments.—The Secretary of Commerce may, in the Secretary's discretion, deem the appointment of an administrative patent judge who, before the date of the enactment of this subsection, held office pursuant to an appointment by the Director to take effect on the date on which the Director initially appointed the administrative patent judge. It shall be a defense to a challenge to the appointment of an administrative patent judge on the basis of the judge's having been originally appointed by the Director that the administrative patent judge so appointed was acting as a de facto officer.

HISTORY:

(Added Nov. 29, 1999, P.L. 106-113, Div B, § 1000(a)(9), 113 Stat. 1536; Nov. 2, 2002, P.L. 107-273, Div C, Title V, Subtitle B, § 13203(a)(2), 116 Stat. 1902; Aug. 12, 2008, P.L. 110-313, § 1(a)(1), 122 Stat. 3014.)

(America Invents Act § 7(a)(1).)

§ 7. Library

The Director shall maintain a library of scientific and other works and periodicals, both foreign and domestic, in the Patent and Trademark Office to aid the officers in the discharge of their duties.

HISTORY:

(July 19, 1952, ch 950, § 1, 66 Stat. 793; Jan. 2, 1975, P.L. 93-596, § 1, 88 Stat. 1949; Nov. 29, 1999, P.L. 106-113, Div B, § 1000(a)(9), 113 Stat. 1536; Nov. 2, 2002, P.L. 107-273, Div C, Title III, Subtitle B, § 13206(b)(1)(B), 116 Stat. 1906.)

§ 8. Classification of patents

The Director may revise and maintain the classification by subject matter of United States letters patent, and such other patents and printed publications as may be necessary or practicable, for the purpose of determining with readiness and accuracy the novelty of inventions for which applications for patent are filed.

35 USC § 8

HISTORY:

(July 19, 1952, ch 950, § 1, 66 Stat. 794; Nov. 29, 1999, P.L. 106-113, Div B, § 1000(a)(9), 113 Stat. 1536; Nov. 2, 2002, P.L. 107-273, Div C, Title III, Subtitle B, § 13206(b)(1)(B), 116 Stat. 1906.)

§ 9. Certified copies of records

The Director may furnish certified copies of specifications and drawings of patents issued by the Patent and Trademark Office, and of other records available either to the public or to the person applying therefor.

HISTORY:

(July 19, 1952, ch 950, § 1, 66 Stat. 794; Jan. 2, 1975, P.L. 93-596, § 1, 88 Stat. 1949; Nov. 29, 1999, P.L. 106-113, Div B, § 1000(a)(9), 113 Stat. 1536; Nov. 2, 2002, P.L. 107-273, Div C, Title III, Subtitle B, § 13206(b)(1)(B), 116 Stat. 1906.)

§ 10. Publications

(a) The Director may publish in printed, typewritten, or electronic form, the following:

1. Patents and published applications for patents, including specifications and drawings, together with copies of the same. The Patent and Trademark Office may print the headings of the drawings for patents for the purpose of photolithography.

2. Certificates of trade-mark registrations, including statements and drawings, together with copies of the same.

3. The Official Gazette of the United States Patent and Trademark Office.

4. Annual indexes of patents and patentees, and of trade-marks and registrants.

5. Annual volumes of decisions in patent and trade-mark cases.

6. Pamphlet copies of the patent laws and rules of practice, laws and rules relating to trade-marks, and circulars or other publications relating to the business of the Office.

(b) The Director may exchange any of the publications specified in items 3, 4, 5, and 6 of subsection (a) of this section for publications desirable for the use of the Patent and Trademark Office.

HISTORY:

(July 19, 1952, ch 950, § 1, 66 Stat. 794; Jan. 2, 1975, P.L. 93-596, § 1, 88 Stat. 1949; Nov. 29, 1999, P.L. 106-113, Div B, § 1000(a)(9), 113 Stat. 1536; Nov. 2, 2002, P.L. 107-273, Div C, Title III, Subtitle B, §§ 13205(2)(A), 13206(b)(1)(B), (3)(A), 116 Stat. 1903, 1906.)

§ 11. Exchange of copies of patents and applications with foreign countries

The Director may exchange copies of specifications and drawings of United States patents and published applications for patents for those of foreign countries. The Director shall not enter into an agreement to provide such copies of specifications and drawings of United States patents and applications to a foreign country, other than a NAFTA country or a WTO member country, without the express authorization of the Secretary of Commerce. For purposes of this section, the terms “NAFTA country” and “WTO member country” have the meanings given those terms in section 104(b) [35 USC § 104(b)].

HISTORY:

(July 19, 1952, ch 950, § 1, 66 Stat. 794; Nov. 29, 1999, P.L. 106-113, Div B, § 1000(a)(9), 113 Stat. 1536; Nov. 2, 2002, P.L. 107-273, Div C, Title III, Subtitle B, §§ 13205(2)(B), 13206(b)(1)(B), 116 Stat. 1903, 1906.)

§ 12. Copies of patents and applications for public libraries

The Director may supply copies of specifications and drawings of patents and published applications for patents in printed or electronic form to public libraries in the United States

which shall maintain such copies for the use of the public, at the rate for each year's issue established for this purpose in section 41(d) ~~of this title~~ [35 USC § 41(d)].

HISTORY:

(July 19, 1952, ch 950, § 1, 66 Stat. 794; Aug. 27, 1982, P.L. 97-247, § 15, 96 Stat. 321; Nov. 29, 1999, P.L. 106-113, Div B, § 1000(a)(9), 113 Stat. 1536; Nov. 2, 2002, P.L. 107-273, Div C, Title III, Subtitle B, §§ 13205(2)(C), 13206(b)(1)(B), (3)(B), 116 Stat. 1903, 1906.)

(America Invents Act § 20(j)(1))

§ 13. Annual report to Congress

The Director shall report to the Congress, not later than 180 days after the end of each fiscal year, the moneys received and expended by the Office, the purposes for which the moneys were spent, the quality and quantity of the work of the Office, the nature of training provided to examiners, the evaluation of the Commissioner of Patents and the Commissioner of Trademarks by the Secretary of Commerce, the compensation of the Commissioners, and other information relating to the Office.

HISTORY:

(July 19, 1952, ch 950, § 1, 66 Stat. 794; Nov. 29, 1999, P.L. 106-113, Div B, § 1000(a)(9), 113 Stat. 1536.)

[§ 14. Redesignated]

CHAPTER 2. PROCEEDINGS IN THE PATENT AND TRADEMARK OFFICE

§ 21. Filing date and day for taking action

(a) The Director may by rule prescribe that any paper or fee required to be filed in the Patent and Trademark Office will be considered filed in the Office on the date on which it was deposited with the United States Postal Service or would have been deposited with the United States Postal Service but for postal service interruptions or emergencies designated by the Director.

(b) When the day, or the last day, for taking any action or paying any fee in the United States Patent and Trademark Office falls on Saturday, Sunday, or a federal holiday within the District of Columbia, the action may be taken, or the fee paid, on the next succeeding secular or business day.

HISTORY:

(July 19, 1952, ch 950, § 1, 66 Stat. 794; Jan. 2, 1975, P.L. 93-596, § 1, 88 Stat. 1949; Aug. 27, 1982, P.L. 97-247, § 12, 96 Stat. 321; Nov. 29, 1999, P.L. 106-113, Div B, § 1000(a)(9), 113 Stat. 1536; Nov. 2, 2002, P.L. 107-273, Div C, Title III, Subtitle B, § 13206(b)(1)(B), 116 Stat. 1906.)

§ 22. Printing of papers filed

The Director may require papers filed in the Patent and Trademark Office to be printed, typewritten, or on an electronic medium.

HISTORY:

(July 19, 1952, ch 950, § 1, 66 Stat. 795; Jan. 2, 1975, P.L. 93-596, § 1, 88 Stat. 1949; Nov. 29, 1999, P.L. 106-113, Div B, § 1000(a)(9), 113 Stat. 1536; Nov. 2, 2002, P.L. 107-273, Div C, Title III, Subtitle B, § 13206(b)(1)(B), 116 Stat. 1906.)

§ 23. Testimony in Patent and Trademark Office cases

The Director may establish rules for taking affidavits and depositions required in cases in the Patent and Trademark Office. Any officer authorized by law to take depositions to be used in the courts of the United States, or of the State where he resides, may take such affidavits and depositions.

35 USC § 23

HISTORY:

(July 19, 1952, ch 950, § 1, 66 Stat. 795; Jan. 2, 1975, P.L. 93-596, § 1, 88 Stat. 1949; Nov. 29, 1999, P.L. 106-113, Div B, § 1000(a)(9), 113 Stat. 1536; Nov. 2, 2002, P.L. 107-273, Div C, Title III, Subtitle B, § 13206(b)(1)(B), 116 Stat. 1906.)

§ 24. Subpoenas, witnesses

The clerk of any United States court for the district wherein testimony is to be taken for use in any contested case in the Patent and Trademark Office, shall, upon the application of any party thereto, issue a subpoena for any witness residing or being within such district, commanding him to appear and testify before an officer in such district authorized to take depositions and affidavits, at the time and place stated in the subpoena. The provisions of the Federal Rules of Civil Procedure relating to the attendance of witnesses and to the production of documents and things shall apply to contested cases in the Patent and Trademark Office.

Every witness subpoenaed and in attendance shall be allowed the fees and traveling expenses allowed to witnesses attending the United States district courts.

A judge of a court whose clerk issued a subpoena may enforce obedience to the process or punish disobedience as in other like cases, on proof that a witness, served with such subpoena, neglected or refused to appear or to testify. No witness shall be deemed guilty of contempt for disobeying such subpoena unless his fees and traveling expenses in going to, and returning from, and one day's attendance at the place of examination, are paid or tendered him at the time of the service of the subpoena; nor for refusing to disclose any secret matter except upon appropriate order of the court which issued the subpoena.

HISTORY:

(July 19, 1952, ch 950, § 1, 66 Stat. 795; Jan. 2, 1975, P.L. 93-596, § 1, 88 Stat. 1949.)

§ 25. Declaration in lieu of oath

(a) The Director may by rule prescribe that any document to be filed in the Patent and Trademark Office and which is required by any law, rule, or other regulation to be under oath may be subscribed to by a written declaration in such form as the Director may prescribe, such declaration to be in lieu of the oath otherwise required.

(b) Whenever such written declaration is used, the document must warn the declarant that willful false statements and the like are punishable by fine or imprisonment, or both (18 U.S.C. 1001).

HISTORY:

(Added March 26, 1964, P.L. 88-292, § 1, 78 Stat. 171; Jan. 2, 1975, P.L. 93-596, § 1, 88 Stat. 1949; Nov. 29, 1999, P.L. 106-113, Div B, § 1000(a)(9), 113 Stat. 1536; Nov. 2, 2002, P.L. 107-273, Div C, Title III, Subtitle B, § 13206(b)(1)(B), 116 Stat. 1906.)

§ 26. Effect of defective execution

Any document to be filed in the Patent and Trademark Office and which is required by any law, rule, or other regulation to be executed in a specified manner may be provisionally accepted by the Director despite a defective execution, provided a properly executed document is submitted within such time as may be prescribed.

HISTORY:

(Added March 26, 1964, P.L. 88-292, § 1, 78 Stat. 171; Jan. 2, 1975, P.L. 93-596, § 1, 88 Stat. 1949; Nov. 29, 1999, P.L. 106-113, Div B, § 1000(a)(9), 113 Stat. 1536; Nov. 2, 2002, P.L. 107-273, Div C, Title III, Subtitle B, § 13206(b)(1)(B), 116 Stat. 1906.)

[§ 31. Repealed]**§ 32. Suspension or exclusion from practice**

The Director may, after notice and opportunity for a hearing suspend or exclude, either generally or in any particular case, from further practice before the Patent and Trademark Office, any person, agent, or attorney shown to be incompetent or disreputable, or guilty of gross misconduct, or who does not comply with the regulations established under section 2(b)(2)(D) of this title [35 USC § 2(b)(2)(D)], or who shall, by word, circular, letter, or advertising, with intent to defraud in any manner, deceive, mislead, or threaten any applicant or prospective applicant, or other person having immediate or prospective business before the Office. The reasons for any such suspension or exclusion shall be duly recorded. The Director shall have the discretion to designate any attorney who is an officer or employee of the United States Patent and Trademark Office to conduct the hearing required by this section. A proceeding under this section shall be commenced not later than the earlier of either the date that is 10 years after the date on which the misconduct forming the basis for the proceeding occurred, or 1 year after the date on which the misconduct forming the basis for the proceeding is made known to an officer or employee of the Office as prescribed in the regulations established under section 2(b)(2)(D). The ~~United States District Court for the District of Columbia~~ United States District Court for the Eastern District of Virginia, under such conditions and upon such proceedings as it by its rules determines, may review the action of the Director upon the petition of the person so refused recognition or so suspended or excluded.

HISTORY:

(July 19, 1952, ch 950, § 1, 66 Stat. 795; Jan. 2, 1975, P.L. 93-596, § 1, 88 Stat. 1949; Nov. 29, 1999, P.L. 106-113, Div B, § 1000(a)(9), 113 Stat. 1536; Nov. 2, 2002, P.L. 107-273, Div C, Title III, Subtitle B, § 13206(b)(1)(B), 116 Stat. 1906.)

(America Invents Act §§ 3(k)(1); 9(a); 20(j)(1).)

§ 33. Unauthorized representation as practitioner

Whoever, not being recognized to practice before the Patent and Trademark Office, holds himself out or permits himself to be held out as so recognized, or as being qualified to prepare or prosecute applications for patent, shall be fined not more than \$ 1,000 for each offense.

HISTORY:

(July 19, 1952, ch 950, § 1, 66 Stat. 796; Jan. 2, 1975, P.L. 93-596, § 1, 88 Stat. 1949.)

CHAPTER 4. PATENT FEES; FUNDING; SEARCH SYSTEMS

§ 41. Patent fees; patent and trademark search systems

(a) The Director shall charge the following fees:

~~(1)(A) On filing each application for an original patent, except in design or plant cases, \$ 690.~~

~~(B) In addition, on filing or on presentation at any other time, \$ 78 for each claim in independent form which is in excess of 3, \$ 18 for each claim (whether independent or dependent) which is in excess of 20, and \$ 260 for each application containing a multiple dependent claim.~~

~~(C) On filing each provisional application for an original patent, \$ 150.~~

~~(2) For issuing each original or reissue patent, except in design or plant cases, \$ 1,210.~~

~~(3) In design and plant cases—~~

35 USC § 41

- (A) on filing each design application, \$ 310;
- (B) on filing each plant application, \$ 480;
- (C) on issuing each design patent, \$ 430; and
- (D) on issuing each plant patent, \$ 580.

(4)(A) On filing each application for the reissue of a patent, \$ 690.

(B) In addition, on filing or on presentation at any other time, \$ 78 for each claim in independent form which is in excess of the number of independent claims of the original patent, and \$ 18 for each claim (whether independent or dependent) which is in excess of 20 and also in excess of the number of claims of the original patent.

(5) On filing each disclaimer, \$ 110.

(6)(A) On filing an appeal from the examiner to the Board of Patent Appeals and Interferences, \$ 300.

(B) In addition, on filing a brief in support of the appeal, \$ 300, and on requesting an oral hearing in the appeal before the Board of Patent Appeals and Interferences, \$ 260.

(7) On filing each petition for the revival of an unintentionally abandoned application for a patent, for the unintentionally delayed payment of the fee for issuing each patent, or for an unintentionally delayed response by the patent owner in any reexamination proceeding, \$ 1,210, unless the petition is filed under section 133 or 151 of this title [35 USC § 133 or 151], in which case the fee shall be \$ 110.

(8) For petitions for 1-month extensions of time to take actions required by the Director in an application—

- (A) on filing a first petition, \$ 110;
- (B) on filing a second petition, \$ 270; and
- (C) on filing a third petition or subsequent petition, \$ 490.

(9) Basic national fee for an international application where the Patent and Trademark Office was the International Preliminary Examining Authority and the International Searching Authority, \$ 670.

(10) Basic national fee for an international application where the Patent and Trademark Office was the International Searching Authority but not the International Preliminary Examining Authority, \$ 690.

(11) Basic national fee for an international application where the Patent and Trademark Office was neither the International Searching Authority nor the International Preliminary Examining Authority, \$ 970.

(12) Basic national fee for an international application where the international preliminary examination fee has been paid to the Patent and Trademark Office, and the international preliminary examination report states that the provisions of Article 33(2), (3), and (4) of the Patent Cooperation Treaty have been satisfied for all claims in the application entering the national stage, \$ 96.

(13) For filing or later presentation of each independent claim in the national stage of an international application in excess of 3, \$ 78.

(14) For filing or later presentation of each claim (whether independent or dependent) in a national stage of an international application in excess of 20, \$ 18.

(15) For each national stage of an international application containing a multiple dependent claim, \$ 260.

For the purpose of computing fees, a multiple dependent claim referred to in section 112 of this title [35 USC § 112] or any claim depending therefrom shall be considered as separate dependent claims in accordance with the number of claims to which reference is made.

Errors in payment of the additional fees may be rectified in accordance with regulations of the Director.

(b) The Director shall charge the following fees for maintaining in force all patents based on applications filed on or after December 12, 1980:

- (1)** 3 years and 6 months after grant, \$ 830.
- (2)** 7 years and 6 months after grant, \$ 1,900.
- (3)** 11 years and 6 months after grant, \$ 2,910.

Unless payment of the applicable maintenance fee is received in the Patent and Trademark Office on or before the date the fee is due or within a grace period of 6 months thereafter, the patent will expire as of the end of such grace period. The Director may require the payment of a surcharge as a condition of accepting within such 6-month grace period the payment of an applicable maintenance fee. No fee may be established for maintaining a design or plant patent in force.

(a) General fees.—The Director shall charge the following fees:

(1) Filing and basic national fees.—

(A) On filing each application for an original patent, except for design, plant, or provisional applications, \$330.

(B) On filing each application for an original design patent, \$220.

(C) On filing each application for an original plant patent, \$220.

(D) On filing each provisional application for an original patent, \$220.

(E) On filing each application for the reissue of a patent, \$330.

(F) The basic national fee for each international application filed under the treaty defined in section 351(a) entering the national stage under section 371, \$330.

(G) In addition, excluding any sequence listing or computer program listing filed in an electronic medium as prescribed by the Director, for any application the specification and drawings of which exceed 100 sheets of paper (or equivalent as prescribed by the Director if filed in an electronic medium), \$270 for each additional 50 sheets of paper (or equivalent as prescribed by the Director if filed in an electronic medium) or fraction thereof.

(2) Excess claims fees.—

(A) In general.—In addition to the fee specified in paragraph (1)—

(i) on filing or on presentation at any other time, \$220 for each claim in independent form in excess of 3;

(ii) on filing or on presentation at any other time, \$52 for each claim (whether dependent or independent) in excess of 20; and

(iii) for each application containing a multiple dependent claim, \$390.

(B) Multiple dependent claims.—For the purpose of computing fees under subparagraph (A), a multiple dependent claim referred to in section 112 or any claim depending therefrom shall be considered as separate dependent claims in accordance with the number of claims to which reference is made.

(C) Refunds; errors in payment.—The Director may by regulation provide for a refund of any part of the fee specified in subparagraph (A) for any claim that is canceled before an examination on the merits, as prescribed by the Director, has been made of the application under section 131. Errors in payment of the additional fees under this paragraph may be rectified in accordance with regulations prescribed by the Director.

(3) Examination fees.—

(A) In general.—

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Excerpt from the House Judiciary Committee Report on the America Invents Act

(Rept. 112-98, June 1, 2011)

Purpose and Summary

[Publisher’s Note: Subsequent to this Report, H.R. 1249 was amended by the House of Representatives. These amendments are summarized in the end note following this Report.]

The Constitution explicitly grants Congress the power to “promote the progress of science and useful arts, by securing for limited times to . . . inventors the exclusive right to their respective . . . discoveries.”¹ Congress has responded by authorizing patents to issue to inventors of new and useful inventions or improvements on inventions.² The patent law thus accomplishes two objectives, consistent with the authorization granted by the Constitution: first, it encourages inventors by granting them limited, but exclusive rights to their inventions; second, in exchange for the grant of those exclusive rights, the patent law requires disclosure of the invention and terminates the monopoly after a period of years.³ This disclosure and limited time benefits both society and future inventors by making the details of the invention available to the public immediately, and the right to make use of that invention after the expiration of 20 years from the date the patent application was filed.

Congress has not enacted comprehensive patent law reform in nearly 60 years.⁴ The object of the patent law today must remain true to the constitutional command, but its form needs to change, both to correct flaws in the system that have become unbearable, and to accommodate changes in the economy and the litigation practices in the patent realm. The need to update our patent laws has been meticulously documented in 15 hearings before the Committee or its Subcommittee on Courts, the Internet, and Intellectual Property, as well as eight hearings before the United States Senate Committee on the Judiciary. In addition, these legislative findings are augmented by the Federal Trade Commission and the National Academy of Sciences,⁵ both of which published authoritative reports on patent reform, and a plethora of academic commentary.⁶

While Congress has considered patent reform legislation over the last four Congresses, the need to modernize our patent laws has found expression in the courts, as well. The Supreme

1 U.S. Const. Art. 1, § 8.

2 See 35 U.S.C. § 101.

3 See Perspectives on Patents: Post-Grant Review Procedures and Other Litigation Reforms: Hearing before the Subcomm. on Intellectual Prop. of the Senate Comm. on the Judiciary, 109th Cong. (2006) (statement of Nathan P. Myhrvold, Chief Executive Officer, Intellectual Ventures); Perspectives on Patents: Hearing before the Subcomm. on Intellectual Prop. of the Senate Comm. on the Judiciary, 109th Cong. (2005) (statement of Dean Kamen, President, DEKA Research and Development Corp.).

4 The last major revision of the patent laws was the Patent Act of 1952, P.L. 82–593.

5 The National Academy of Sciences (NAS), and the Federal Trade Commission (FTC) conducted multi-year studies on the patent system and its need for reform. See National Research Council of the National Academies, A Patent System for the 21st Century (2004) (hereinafter “NAS Report”); and Federal Trade Comm’n, To Promote Innovation: The Proper Balance of Competition and Patent Law and Policy (2003) (hereinafter “FTC Report”).

6 See, e.g., Mark A. Lemley and Carl Shapiro, Patent Holdup and Royalty Stacking, 85 Tex. L. Rev. 1991 (2007); Donald S. Chisum, Reforming Patent Law Reform, 4 J. Marshall Rev. Intell. Prop. L. 336 (2005); Gerald J. Mossinghoff, The First-to-Invent Rule in the U.S. Patent System has Provided no Advantage to Small Entities, 87 JPTOS 514 (2005); Joseph Farrell & Robert P. Merges, Incentives to Challenge and Defend Patents: Why Litigation Won’t Reliably Fix Patent Office Errors and Why Administrative Patent Review Might Help, 19 Berkeley Tech. L.J. 943,958 (2004); see also Adam B. Jaffe & Josh Lerner, Innovation and Its Discontents: How Our Broken Patent System is Endangering Innovation and Progress, and What to Do About It (2004); Kevin G. Rivette & David Kline, Rembrandts in the Attic, Unlocking the Hidden Value of Patents (2000).

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Court has reversed the Federal Circuit in six of the patent-related cases that it has heard since the beginning of the 109th Congress.⁷ The Court's decisions have moved in the direction of improving patent quality and making the determination of patent validity more efficient. The decisions reflect a growing sense that questionable patents are too easily obtained and are too difficult to challenge.⁸ Recent decisions by the Federal Circuit reflect a similar trend in response to these concerns.⁹ But the courts are constrained in their decisions by the text of the statutes at issue. It is time for Congress to act.

The voices heard during the debate over changes to the patent law have been diverse and their proposals have been far from uniform. They have focused the Committee's attention on the value of harmonizing our system for granting patents with the best parts of other major patent systems throughout the industrialized world for the benefit of U.S. patent holders; improving patent quality and providing a more efficient system for challenging patents that should not have issued; and reducing unwarranted litigation costs and inconsistent damage awards.

The purpose of the "America Invents Act," as reported by the Committee on the Judiciary, is to ensure that the patent system in the 21st century reflects the constitutional imperative. Congress must promote innovation by granting inventors temporally limited monopolies on their inventions in a manner that ultimately benefits the public through the disclosure of the invention to the public. The legislation is designed to establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.

If the United States is to maintain its competitive edge in the global economy, it needs a system that will support and reward all innovators with high quality patents. The Committee has taken testimony from and its members have held meetings with interested parties that have different and often conflicting perspectives on the patent system. The Committee has taken all of those views into consideration, and drafted and then amended the "America Invents Act" to balance the competing interests. The legislation ordered reported by the Committee on a vote of 32–3 is a consensus approach that will modernize the United States patent system in significant respects.

Background and Need for the Legislation

First Inventor to File

The "America Invents Act" creates a new "first-inventor-to-file" system. Every industri-

7 See *Bilski v. Kappos*, 130 S.Ct. 3218 (2010) (reversing the Federal Circuit and holding that the machine-or-transformation test is not the sole test for determining the patent eligibility of a process); *Quanta Computer, Inc. v. LG Elecs. Inc.*, 553 U.S. 617 (2008) (reversing the Federal Circuit and holding that patent exhaustion applies to method patents when the essential or inventive feature of the invention is embodied in the product); *Microsoft Corp. v. AT&T Corp.*, 550 U.S. 437 (2007) (reversing the Federal Circuit and limiting the extraterritorial reach of section 271(f), which imposes liability on a party which supplies from the U.S. components of a patented invention for combination outside the U.S.); *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398 (2007) (reversing the Federal Circuit and strengthening the standard for determining when an invention is obvious under section 103); *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118 (2007) (reversing the Federal Circuit and holding that the threat of a private enforcement action is sufficient to confirm standing under the Constitution); *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006) (reversing the Federal Circuit and holding that the generally applicable four-factor test for injunctive relief applies to disputes in patent cases).

8 See generally Patent Reform in the 111th Congress: Legislation and Recent Court Decisions, Senate Judiciary Committee, 111th Cong. (2009) (statement of Professor Mark A. Lemley, Stanford Law School).

9 See, e.g., *In re Seagate Tech., LLC*, 497 F.3d 1360 (Fed. Cir. 2007) (holding that willful infringement requires at least a demonstration of objectively reckless behavior and removing any affirmative obligation to obtain an opinion of counsel letter to combat an allegation of willful infringement).

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alized nation other than the United States uses a patent priority system commonly referred to as “first-to-file.” In a first-to-file system, when more than one application claiming the same invention is filed, the priority of a right to a patent is based on the earlier-filed application. The United States, by contrast, currently uses a “first-to-invent” system, in which priority is established through a proceeding to determine which applicant actually invented the claimed invention first. Differences between the two systems arise in large part from the date that is most relevant to each respective system. In a first-to-file system, the filing date of the application is most relevant;¹⁰ the filing date of an application is an objective date, simple to determine, for it is listed on the face of the patent. In contrast, in a first-to-invent system, the date the invention claimed in the application was actually invented is the determinative date. Unlike the objective date of filing, the date someone invents something is often uncertain, and, when disputed, typically requires corroborating evidence as part of an adjudication.

There are significant, practical differences between the two systems. Among them is the ease of determining the right to a claimed invention in the instance in which two different people file patent applications for the same invention. In a first-to-file system, the application with the earlier filing date prevails and will be awarded the patent, if one issues. In the first-to-invent system, a lengthy, complex and costly administrative proceeding (called an “interference proceeding”) must be conducted at the United States Patent and Trademark Office (“USPTO”) to determine who actually invented first.¹¹ Interference proceedings can take years to complete (even if there is no appeal to the United States Court of Appeals for the Federal Circuit), cost hundreds of thousands of dollars, and require extensive discovery.¹² In addition, because it is always possible that an applicant could be involved in an interference proceeding, companies must maintain extensive recording and document retention systems in case they are later required to prove the date they invented the claimed invention.

Another important difference between the two systems is that in some first-to-file systems, prior art can include the inventor’s own disclosure of his invention prior to the filing date of his application. Such systems do not provide the inventor any grace period during which time he is allowed to publish his invention without fear of its later being used against him as prior art. The Committee heard from universities and small inventors, in particular, about the importance of maintaining that grace period in our system.¹³ They argued that the grace period affords the necessary time to prepare and file applications, and in some instances, to obtain the necessary funding that enables the inventor to prepare adequately the application. In addition, the grace period benefits the public by encouraging early disclosure of new inventions, regardless of whether an application may later be filed for a patent on it.

Numerous organizations, institutions, and companies have advocated that the U.S. adopt a first-to-file system similar to those used in the rest of the world.¹⁴ The National Academy

¹⁰ When the term “filing date” is used herein, it is also meant to include, when appropriate, the effective filing date, i.e., the earliest date the claim in an application-claims priority.

¹¹ See 35 U.S.C. § 135.

¹² See, e.g., Robert W. Pritchard, *The Future is Now—The Case for Patent Harmonization*, 20 N.C. J. Int’l L. & Com. Reg. 291, 313 (1995).

¹³ See, e.g., *Perspectives on Patents: Harmonization and Other Matters: Hearing Before the Subcomm. on Intellectual Prop. of the Senate Comm. on the Judiciary, 109th Cong. (2005)* (statement of Charles E. Phelps, Provost, University of Rochester, on behalf of the Association of American Universities); *Patent Law Reform: Injunctions and Damages: Hearing Before the Subcomm. on Intellectual Prop. of the Senate Comm. on the Judiciary, 109th Cong. (2005)* (statement of Carl Gulbrandsen, Managing Director, Wisconsin Alumni Research Foundation (WARF)); *Perspective on Patents: Hearing Before the Subcomm. on Intellectual Prop. of the Senate Comm. on the Judiciary, 109th Cong. (2005)* (statement of William Parker, Diffraction, Ltd.).

¹⁴ See, e.g., *Perspectives on Patents: Harmonization and Other Matters: Hearing Before the Subcomm. on Intel-*

of Sciences made a similar recommendation after an extensive study of the patent system.¹⁵ When the United States patent system was first adopted, inventors did not typically file in other countries. It is now common for inventors and companies to file for protection in several countries at the same time.¹⁶ Thus, United States applicants, who also want to file abroad, are forced to follow and comply with two different filing systems. Maintaining a filing system so different from the rest of the world disadvantages United States applicants who, in most instances, also file in other countries.¹⁷ A change is long overdue.¹⁸

Drawing on the best aspects of the two existing systems, the America Invents Act creates a new “first-inventor-to-file” system. This new system provides patent applicants in the United States the efficiency benefits of the first-to-file systems used in the rest of the world by moving the U.S. system much closer to a first-to-file system and making the filing date that which is most relevant in determining whether an application is patentable. The new system continues, however, to provide inventors the benefit of the 1-year grace period. As part of the transition to a simpler, more efficient first-inventor-to-file system, this provision eliminates costly, complex interference proceedings, because priority will be based on the first application. A new administrative proceeding—called a “derivation” proceeding—is created to ensure that the first person to file the application is actually a true inventor. This new proceeding will ensure that a person will not be able to obtain a patent for the invention that he did not actually invent. If a dispute arises as to which of two applicants is a true inventor (as opposed to who invented it first), it will be resolved through an administrative proceeding by the Patent Board. The Act also simplifies how prior art is determined, provides more certainty, and reduces the cost associated with filing and litigating patents.

lectual Prop. of the Senate Comm. on the Judiciary, 109th Cong. (2005) (statement of Gerald J. Mossinghoff, Former Assistant Secretary of Commerce and Commissioner of Patents and Trademarks); Perspectives on Patents: Harmonization and Other Matters: Hearing Before the Subcomm. on Intellectual Prop. of the Senate Comm. on the Judiciary, 109th Cong. (2005) (statement of Q. Todd Dickinson, Former Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office); Patent Law Reform: Injunctions and Damages: Hearing Before the Subcomm. on Intellectual Prop. of the Senate Comm. on the Judiciary, 109th Cong. (2005) (statement of Jeffrey P. Kushan, Partner, Sidley Austin Brown & Wood, LLP); Patent Law Reform: Injunctions and Damages: Hearing Before the Subcomm. on Intellectual Prop. of the Senate Comm. on the Judiciary, 109th Cong. (2005) (statement of Mark A. Lemley, Professor, Stanford Law School); Perspectives on Patents: Hearing Before the Subcomm. on Intellectual Prop. of the Senate Comm. on the Judiciary, 109th Cong. (2005) (statement of Robert A. Armitage, Senior Vice President and General Patent Counsel, Eli Lilly and Company); Perspectives on Patents: Hearing Before the Subcomm. on Intellectual Prop. of the Senate Comm. on the Judiciary, 109th Cong. (2005) (statement of Michael K. Kirk, Executive Director, American Intellectual Property Law Association).

15 See NAS Report at 124; see also Perspectives on Patents: Hearing Before the Subcomm. on Intellectual Prop. of the Senate Comm. on the Judiciary, 109th Cong. (2005) (statement of Richard C. Levin, Yale University).

16 See Perspectives on Patents: Harmonization and Other Matters: Hearing Before the Subcomm. on Intellectual Prop. of the Senate Comm. on the Judiciary, 109th Cong. (2005) (statement of Gerald J. Mossinghoff, Former Assistant Secretary of Commerce and Commissioner of Patents and Trademarks).

17 See Perspectives on Patents: Hearing Before the Subcomm. on Intellectual Prop. of the Senate Comm. on the Judiciary, 109th Cong. (2005) (statement of Richard C. Levin, President, Yale University, and Mark B. Meyers, Visiting Executive Professor, Management Department at the Wharton Business School, University of Pennsylvania), estimating that it costs as much as \$750,000 to \$1 million to obtain worldwide patent protection on an important invention, and the lack of harmonization regarding filing systems adds unnecessary cost and delay.

18 The NAS recommended changing the U.S. to a first-to-file system, while maintaining a grace period. See NAS Report at 124–27. See also Patent Reform in the 111th Congress: Legislation and Recent Court Decisions: Hearing Before the Senate Comm. on the Judiciary, 111th Cong. (2009) (statement of Steven Appleton, Chairman and Chief Executive Officer, Micron Technologies, Inc.); Patent Reform in the 111th Congress: Legislation and Recent Court Decisions: Hearing Before the Senate Comm. on the Judiciary, 111th Cong. (2009) (statement of Philip S. Johnson, Chief Patent Counsel, Johnson & Johnson); Patent Reform in the 111th Congress: Legislation and Recent Court Decisions: Hearing Before the Senate Comm. on the Judiciary, 111th Cong. (2009) (statement of Herbert C. Wamsley, Executive Director, Intellectual Property Owners Association); Patent Reform in the 111th Congress: Legislation and Recent Court Decisions: Hearing Before the Senate Comm. on the Judiciary, 111th Cong. (2009) (statement of Mark A. Lemley, Professor, Stanford Law School).

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The Act maintains a 1-year grace period for U.S. applicants. Applicants' own publication or disclosure that occurs within 1 year prior to filing will not act as prior art against their applications. Similarly, disclosure by others during that time based on information obtained (directly or indirectly) from the inventor will not constitute prior art. This 1-year grace period should continue to give U.S. applicants the time they need to prepare and file their applications.

This provision also, and necessarily, modifies the prior-art sections of the patent law. Prior art will be measured from the filing date of the application and will typically include all art that publicly exists prior to the filing date, other than disclosures by the inventor within 1 year of filing. Prior art also will no longer have any geographic limitations. Thus, in section 102 the "in this country" limitation as applied to "public use" and "on sale" is removed, and the phrase "available to the public" is added to clarify the broad scope of relevant prior art, as well as to emphasize the fact that it must be publicly accessible. Prior art based on earlier-filed United States applications is maintained,¹⁹ as is current law's grace period, which will apply to all actions by the patent owner during the year prior to filing that would otherwise create § 102(a) prior art.²⁰ Sections (and subsections) of the existing statute are renumbered, modified, or deleted consistent with converting to a first-inventor-to-file system.²¹ Finally, the intent behind the CREATE Act to promote joint research activities is preserved by including a prior art exception for subject matter invented by parties to a joint research agreement. The Act also provides that its enactment of new section 102(c) of title 35 is done with the same intent to promote joint research activities that was expressed in the Cooperative Research and Technology Enhancement Act of 2004 (Public Law 108-453), and that section 102(c) shall be administered in a manner consistent with such intent.

Inventor's oath or declaration

The U.S. patent system, when first adopted in 1790, contemplated that individual inventors would file their own patent applications, or would have a patent practitioner do so on their behalf. It has become increasingly common for patent applications to be assigned to corporate entities, most commonly the employer of the inventor.²² In fact, many employment contracts require employees to assign their inventions to their employer.²³

Current law still reflects the antiquated notion that it is the inventor who files the application, not the company-assignee. For example, every inventor must sign an oath as part of the patent application stating that the inventor believes he or she is the true inventor of the invention claimed in the application.²⁴ By the time an application is eventually filed, however, the applicant filing as an assignee may have difficulty locating and obtaining every inventor's signature for the statutorily required oath. Although the USPTO has adopted certain regulations to allow filing of an application when the inventor's signature is unobtainable,²⁵ many

¹⁹ Compare current § 102(e) with new § 102(a)(2).

²⁰ See generally 157 Cong. Rec. S.1496-97 (daily ed. March 9, 2011), S. 1370-71 (daily ed. March 8, 2011).

²¹ The Committee does not intend a substantive change by replacing the word "negated" in section 103 of title 35 with "negated."

²² See John R. Allison & Mark A. Lemley, *The Growing Complexity of the United States Patent System*, 82 B.U. L. Rev. 77, 97 (2002) (study showing that approximately 85% of the patents issued between 1996-98 were assigned by inventors to corporations; an increase from 79% during the period between 1976-78).

²³ See Jerry C. Liu, *Overview of Patent Ownership Considerations in Joint Technology Development*, 2005 Syracuse Sci. & Tech. L. Rep. 1 (2005).

²⁴ 35 U.S.C. § 115.

²⁵ See 37 C.F.R. § 1.47, which permits an applicant to petition the Director of the USPTO to have the application accepted without every inventor's signature in limited circumstances, e.g., when the inventor cannot be found or refuses to participate in the application.

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have advocated that the statute be modernized to facilitate the filing of applications by assignees.²⁶

The Act updates the patent system by facilitating the process by which an assignee may file and prosecute patent applications. It provides similar flexibility for a person to whom the inventor is obligated to assign, but has not assigned, rights to the invention (the “obligated assignee”).

Section 115 of title 35 is amended to allow a substitute statement to be submitted in lieu of an inventor’s oath when either the inventor (i) is unable to submit an oath, or (ii) is both unwilling to do so and under an obligation to assign the invention. If an error is discovered, the statement may later be corrected. A savings clause is included to prevent an invalidity or unenforceability challenge to the patent based on failure to comply with these requirements, provided that any error has been remedied. Willful false statements remain punishable, however, under Federal criminal laws.²⁷

Section 118 of title 35 is also amended to make it easier for an assignee to file a patent application. The amendment now allows obligated assignees—entities to which the inventor is obligated to assign the application—to file applications, as well. It also allows a person who has a sufficient proprietary interest in the invention to file an application to preserve that person’s rights and those of the inventor.

Defense to infringement based on earlier inventor

Under current law, “prior user rights” may offer a defense to patent infringement when the patent in question is a “business method patent”²⁸ and its inventor uses the invention, but never files a patent application for it.²⁹ If the same invention is later patented by another party, the prior user may not be liable for infringement to the new patent holder, although all others may be.

Many counties [sic, probably should be “countries”] include a more expansive prior-user rights regime within their first-to-file system. In the United States, this is particularly important to high-tech businesses that prefer not to patent every process or method that is part of their commercial operations. The Act responds to this point by revising US law as follows: First, the prior-use defense may be asserted against any patent (not just method patents), provided the person asserting the defense reduced the subject matter of the patent to practice and commercially used the subject matter at least 1 year before the effective filing date of the patent. Second, the defense cannot be asserted if the subject matter was derived from the patent holder or persons in privity with the patent holder. And third, the defense cannot be asserted unless the prior user both reduced the subject matter of the patent to practice and commercially used it at least 1 year before the effective filing date of the patent or the date that the patentee publicly disclosed the invention and invoked the § 102(b) grace period, whichever is earlier.

This narrow expansion of prior-user rights balances the interests of patent holders, including universities, against the legitimate concerns of businesses that want to avoid infringement suits relating to processes that they developed and used prior to another party acquiring related patents.

²⁶ See Perspectives on Patents: Harmonization and Other Matters: Hearing Before the Subcomm. on Intellectual Prop. of the Senate Comm. on the Judiciary, 109th Cong. (2005) (statement of David Beier, Senior Vice President of Global Government Affairs, Amgen).

²⁷ See 18 U.S.C. § 1001.

²⁸ 35 U.S.C. § 273(a)(3) states: “The term ‘method’ means a method of doing or conducting business.”

²⁹ See 35 U.S.C. § 273.

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Post-grant review proceedings

The Act amends *ex parte* and *inter partes* reexamination and establishes a new post-grant review procedure. Under current law, there are two ways to challenge the validity and enforceability of a patent that has issued. The patent may be challenged in district court litigation or in a reexamination at the USPTO.

Nearly 30 years ago, Congress created the administrative “reexamination” process, through which the USPTO could review the validity of already-issued patents on the request of either the patent holder or a third party,³⁰ in the expectation that it would serve as an effective and efficient alternative to often costly and protracted district court litigation.³¹ Reexamination requires the USPTO to review the patent in light of a substantial new question of patentability not presented during the original examination.³² The initial reexamination statute had several limitations that later proved to make it a less viable alternative to litigation for evaluating patent validity than Congress intended. First, a reexamination request could only be based on prior art, and could not be based on prior public use or prior sales. Moreover, the requestor could not raise any challenge based on § 101 (utility, eligibility) or § 112 (indefiniteness, enablement, written description, best mode). A third party alleging a patent is invalid, therefore, had fewer challenges it could raise in the proceeding and, therefore, may instead opt to risk infringement and litigate the validity of the patent in court. Second, in the original reexamination system, the third-party challenger had no role once the proceeding was initiated, while the patent holder had significant input throughout the entire process. Third, a challenger that lost at the USPTO under reexamination had no right to appeal an examiner’s, or the Patent Board’s, decision either administratively or in court. Restrictions such as these made reexamination a much less favored avenue to challenge questionable patents than litigation. Reexamination proceedings are also often costly, taking several years to complete,³³ and are first conducted by examiners and, if the patent is rejected, then by Patent Board judges. Thus, many patents must go through two rounds of administrative review (one by the examiner, and a second by the Patent Board) adding to the length of the proceeding.³⁴

30 See 35 U.S.C. §§ 301–307. A patent holder will typically request reexamination to bolster the patent in view of new prior art. A third party may request reexamination to challenge, and ultimately invalidate, the patent.

31 “Reexamination will permit efficient resolution of questions about the validity of issued patents without recourse to expensive and lengthy infringement litigation.... The reexamination of issued patents could be conducted with a fraction of the time and cost of formal legal proceedings and would help restore confidence in the effectiveness of our patent system.... It is anticipated that these measures provide a useful and necessary alternative for challengers and for patent owners to test the validity of united states patents in an efficient and relatively inexpensive manner.” See H.R. Rep. No. 96–1307(I) at 3 (1980), reprinted in 1980 U.S.C.C.A.N.6460, 6462–63.

32 See 35 U.S.C. § 303.

33 See Perspectives on Patents: Hearing Before the Subcomm. on Intellectual Prop. of the Senate Comm. on the Judiciary, 109th Cong. (2005) (statement of Jon W. Dudas, Undersecretary of Commerce for Intellectual Property, Director of the U.S. Patent and Trademark Office), explaining that “a large number of reexamination proceedings have been pending before the USPTO for more than 4 years,” and questioning whether this amount of time is consistent with the statutory requirement that “[a]ll reexamination proceedings . . . will be conducted with special dispatch within the Office.” See also 35 U.S.C. § 305.

34 For several years, the standard practice at the USPTO was to assign the reexamination to the patent examiner who had originally examined that patent. In addition, the same third-party requester could file multiple, serial reexaminations based on the same “substantial new question of patentability,” so long as the initial reexamination was not complete. More recently, the USPTO ended some of these procedures, and now reexaminations are handled by a Central Reexamination Unit (CRU), and subsequent serial reexamination, based on the same “substantial new question of patentability,” is no longer permitted. See, e.g., Manual of Patent Examining Procedure (MPEP) §§ 2236 and 2240 (August 2006).

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Congress has responded several times to criticisms of the reexamination system by making amendments to the process.³⁵ In 1999, Congress created a second reexamination procedure—called inter partes reexamination—that gave third-party challengers greater input throughout the proceeding by permitting them to respond to every pleading submitted by the patent holder.³⁶ Congress also eventually gave third-party challengers the right to appeal adverse decisions.³⁷

As part of the 1999 improvements to reexamination, Congress directed the USPTO to submit a report to Congress evaluating the inter partes reexamination process and making any recommendations for changes.³⁸ Initially, the USPTO projected that in the first year after the creation of inter partes reexamination, it would receive 400 such requests and it projected that by 2004 it would receive nearly 600.³⁹ No inter partes reexamination requests were actually filed in 2000 and only 27 such requests had been filed by 2004.⁴⁰ Over the 5-year period studied by the USPTO, it issued 900,000 patents and received only 53 requests for inter partes reexamination.⁴¹

The Act expands the category of documents that may be cited in a reexamination proceeding to include written statements of the patent owner that have been filed in a proceeding before a Federal court or the USPTO regarding the scope of claims. This addition will counteract the ability of patent owners to offer differing interpretations of prior art in different proceedings. These written statements, which include documents, pleadings or evidence from proceedings that address the patent owner's statements, 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. Specifically, the Committee does not intend these statements to be a basis for the institution of a reexamination proceeding. Reexaminations will continue to be available only on the basis of "patents or printed publications."⁴²

The Act also amends the ex parte reexamination procedure to allow the Director to institute a reexamination on the Director's own initiative if a substantial new question of patentability is raised by patents or publications.

The Act converts inter partes reexamination from an examinational to an adjudicative proceeding, and renames the proceeding "inter partes review." The Act also makes the following improvements to this proceeding:

- **"Reasonable likelihood of success"** for instituting inter partes review. The threshold for initiating an inter partes review is elevated from "significant new question of patentability"—a standard that currently allows 95% of all requests to be granted—to a standard requiring petitioners to present information showing that their challenge has a reasonable likelihood of success. Satisfaction of the new threshold will

35 See e.g., 21st Century Dep't of Justice Appropriations Authorization Act, Pub. L. No. 107–273, §§ 13105–06, 13202, 116 Stat. 1758, 1761 (2002) (effective Nov. 2, 2002); American Inventors Protection Act, Pub.L. 106–113, 113 Stat. 1536, § 1501A et seq. (1999) (creating inter partes reexamination) (hereinafter referred to as the "AIPA").

36 See 35 U.S.C. §§ 311–318.

37 See 35 U.S.C. § 315(b).

38 AIPA, Pub. L. 106–113, § 4606.

39 See United States Patent and Trademark Office, Report to Congress on Inter Partes Reexamination (2004) (hereinafter referred to as "Report on Inter Partes Reexamination"), at 4.

40 Id. at 5.

41 Id.

42 The scope of "patent and printed publication" prior art in the amended section 301 is intended to be coextensive with these terms in current section 102 of the title 35. Further, amendments made by Section 2 of the Act, which expand and contract the definition of certain other forms of prior art, are not intended to change the particular "patent or printed publication" prior art, which will continue to be the sole basis for initiating reexamination proceedings.

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be assessed based on the information presented both in the petition for the proceeding and in the patent owner's response to the petition.

- **“Reasonably could have raised” estoppel applied to subsequent administrative proceedings.** A party that uses inter partes review is estopped from raising in a subsequent PTO proceeding (such as an ex parte reexam or inter partes review) any issue that it raised or reasonably could have raised in the inter partes review.
- **Repeal of the 1999 limit.** The limit on challenging patents issued before 1999 in inter partes reexamination is eliminated; all patents can be challenged in inter partes review.
- **Preponderance burden.** Petitioners bear the burden of proving that a patent is invalid by a preponderance of the evidence in inter partes review.
- **Time limits during litigation.** Parties who want to use inter partes review during litigation are required to seek a proceeding within 12 months of being served with a complaint alleging infringement of the patent, and are barred from seeking or maintaining an inter partes review if they file an action for a declaratory judgment that the patent is invalid.
- **Discovery.** Parties may depose witnesses submitting affidavits or declarations and seek such discovery as the Patent Office determines is otherwise necessary in the interest of justice.
- **12- to 18-month deadline.** Inter partes review must be completed within 1 year of when the proceeding is instituted, except that the Office can extend this deadline by 6 months for good cause.
- **Oral hearing.** Each party has the right to request an oral hearing as part of an inter partes review.
- **Three-judge panels.** Inter partes reviews will be conducted before a panel of three APJs. Decisions will be appealed directly to the Federal Circuit.

The Act also creates a new post-grant opposition procedure that can be utilized during the first 12 months after the grant of a patent or issue of a reissue patent. Unlike reexamination proceedings, which provide only a limited basis on which to consider whether a patent should have issued, the post-grant review proceeding permits a challenge on any ground related to invalidity under section 282. The intent of the post-grant review process is to enable early challenges to patents, while still protecting the rights of inventors and patent owners against new patent challenges unbounded in time and scope. The Committee believes that this new, early-stage process for challenging patent validity and its clear procedures for submission of art will make the patent system more efficient and improve the quality of patents and the patent system. This new, but time-limited, post-grant review procedure will provide a meaningful opportunity to improve patent quality and restore confidence in the presumption of validity that comes with issued patents in court.

In utilizing the post-grant review process, petitioners, real parties in interest, and their privies are precluded from improperly mounting multiple challenges to a patent or initiating challenges after filing a civil action challenging the validity a claim in the patent. Further, a final decision in a post-grant review process will prevent the petitioner, a real party in interest, or its privy from challenging any patent claim on a ground that was raised in the