(Original Signature of Member)



To amend title 35, United States Code, to modify certain procedures relating to patents.

IN THE HOUSE OF REPRESENTATIVES

Mr. BERMAN (for himself and Mr. BOUCHER) introduced the following bill; which was referred to the Committee on ______

A BILL

To amend title 35, United States Code, to modify certain procedures relating to patents.

- 1 Be it enacted by the Senate and House of Representa-
- 2 tives of the United States of America in Congress assembled,

3 SECTION 1. SHORT TITLE.

4 This Act may be cited as the "Patents Depend on

5 Quality Act of 2006" or "PDQ Act".



1 **SEC. 2. OPPOSITION PROCEDURES.**

2 (a) IN GENERAL.—Title 35, United States Code, is 3 amended by inserting after chapter 31 the following new chapter: 4

5 "CHAPTER 32—POST-GRANT OPPOSITION PROCEDURES 6

"Sec

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

7 "§ 321. Right to oppose patent; opposition request

8 "(a) FILING OF OPPOSITION.—A person may request 9 that the grant or reissue of a patent be reconsidered by 10 the Patent and Trademark Office by filing an opposition 11 seeking to invalidate 1 or more claims in the patent. The 12 Director shall establish, by regulation, fees to be paid by 13 the person filing the opposition (in this chapter referred to as the 'opposer'). Copies of patents and printed publica-14 tions to be relied upon in support of the request must be 15



filed with the request. If an opposer relies on other factual
 evidence or on expert opinions in support of the opposi tion, such evidence and opinions must be filed with the
 request through one or more accompanying affidavits or
 declarations.

6 "(b) COPIES PROVIDED TO PATENT OWNER.—Copies 7 of any documents filed under subsection (a) must be pro-8 vided to the patent owner or, if applicable, the designated 9 representative of the patent owner, at the time of filing 10 under subsection (a), except that if a request is made that 11 the identity of a real party in interest be kept separate pursuant to section 322(b), then the identity of the real 12 13 party in interest may be redacted from the copies provided. 14

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

18 "§ 322. Real party in interest

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

23 "(b) IDENTITY KEPT SEPARATE UPON REQUEST.—
24 "(1) IN GENERAL.—Subject to paragraph (2),
25 if requested by the opposer, the identity of a real



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1 party in interest shall be kept separate from the file 2 of the opposition and made available only to Govern-3 ment agencies upon written request, or to any per-4 son upon a showing of good cause. If the identity of 5 a real party in interest is kept separate from the file 6 under this paragraph, then the opposition shall pro-7 ceed in the name of the individual filing the request 8 as the representative of the real party in interest.

9 "(2) EXCEPTION.—No request under paragraph 10 (1) to keep the identity of a real party in interest 11 separate from the file of the opposition may be made 12 or maintained if the opposer relies upon factual evi-13 dence or expert opinions in the form of affidavits or 14 declarations during the opposition proceeding or if 15 the opposer exercises the right to appeal under sec-16 tion 141.

17 "§ 323. Timing of opposition request

18 "A person may not make an opposition request under 19 section 321 later than 9 months after the grant of the 20 patent or issuance of the reissue patent, as the case may 21 be, or later than 6 months after receiving notice from the patent holder alleging infringement of the patent, except 22 23 that, if the patent owner consents in writing, an opposition 24 request may be filed anytime during the period of enforce-25 ability of the patent. A court having jurisdiction over an



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issue of validity of a patent may not require the patent
 owner to consent to such a request.

3 "§ 324. Limits on scope of validity issues raised

4 "An opposition request under section 321 must iden-5 tify with particularity the claims that are alleged to be invalid and, as to each claim, 1 or more issues of invalidity 6 7 on which the opposition is based. The issues of invalidity 8 that may be considered during the opposition proceeding 9 are double patenting and any of the requirements for pat-10 entability set forth in sections 101, 102, 103, and 112, 11 and the fourth paragraph of section 251, except for—

"(1) any requirement contained in the first
paragraph of section 112 relating to disclosing the
best mode; and

15 "(2) any issue arising under subsection (c), (f),
16 or (g) of section 102.

17 "§ 325. Institution of the opposition proceeding

18 "(a) DISMISSAL; INSTITUTION.—

"(1) DISMISSAL.—The Director may dismiss an
opposition request that the Director determines
lacks substantial merit. The determination by the
Director to dismiss an opposition request shall not
be appealable. The dismissal of an opposition request shall not be admissible in any civil action re-



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lated to the patent against which a dismissed re quest was filed.

"(2) INSTITUTION.—If the Director receives 1 3 4 or more requests that meet the requirements of sec-5 tion 321 regarding the same patent by the Director 6 and are not dismissed under paragraph (1), an op-7 position proceeding shall be promptly instituted pur-8 suant to the request or requests, but not before a 9 period of 9 months has elapsed since the date on 10 which the patent was granted.

11 "(3) CONSOLIDATED PROCEEDING.—If an op-12 position proceeding is instituted based upon more 13 than 1 opposition request, the opposition shall pro-14 ceed as a single consolidated proceeding, unless later 15 divided under subsection (c).

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

21 "(c) DECISION BY PANEL.—The Director shall as-22 sign the opposition proceeding to a panel of three adminis-23 trative patent judges (in this chapter referred to as the 24 'panel'). The panel shall decide the questions of patent-25 ability raised in each opposition request for which an oppo-

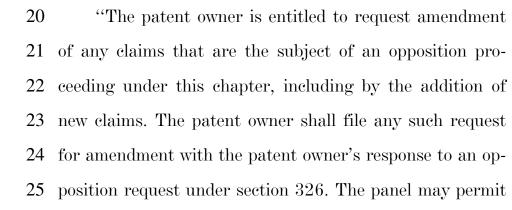
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sition proceeding has been instituted. The decision shall 1 2 be based upon the prosecution record that was the basis 3 for the grant of the patent and the additional submissions 4 by the parties to the opposition proceeding authorized 5 under this chapter. The panel may, in appropriate cases, divide the opposition into separate proceedings if the oppo-6 7 sition involves multiple opposition requests by different 8 parties.

9 "§ 326. Patent owner response

10 "After the Director has instituted an opposition proceeding under section 325, the patent owner shall have 11 12 the right to file, within the time period set by the panel, 13 a response to each opposition request that is the subject 14 of the proceeding. The patent owner, in responding to an 15 opposition request, shall file with the response, through affidavits or declarations, any additional factual evidence 16 and expert opinions on which the patent owner relies in 17 18 support of the response.

19 "§ 327. Amendment of claims





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

5 "§ 328. Discovery and sanctions

6 "(a) DISCOVERY.—After an opposition proceeding is 7 instituted under this chapter, the patent owner shall have 8 the right to depose each person submitting an affidavit 9 or declaration on behalf of any opposer, and each opposer 10 shall have the right to depose each person submitting an 11 affidavit or declaration on behalf of the patent owner. 12 Such depositions shall be limited to cross-examination on 13 matters relevant to the affidavit or declaration. No other discovery shall be permitted unless the panel determines 14 15 that additional discovery is required in the interest of justice. The panel shall determine the schedule for the taking 16 17 of discovery under this subsection.

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

23 "§ 329. Supplemental submissions

24 "The panel may permit one or more supplemental25 submissions to be made by any party to an opposition pro-



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ceeding under this chapter, subject to the rights and limi-1 tations on discovery under section 328. 2

3 "§ 330. Hearing and briefs

"Any party to an opposition proceeding under this 4 5 chapter may request an oral hearing within the time set by the panel. If a hearing is requested or the panel deter-6 7 mines sua sponte that a hearing is needed, the panel shall 8 set a time for the hearing. The panel may permit the par-9 tied to file briefs for the hearing, and shall permit cross-10 examination of all affiants and declarants in the hearing, either before the panel or by deposition taken under sec-11 tion 328. 12

13 "§ 331. Written decision

14 "The panel shall issue a written decision on each 15 issue of patentability with respect to each claim that is the subject of an opposition proceeding under this chapter. 16 The written decision shall consist of findings of fact and 17 18 conclusions of law. The written decision shall become a 19 final determination of the Office on the issues raised in 20the opposition unless a party to the opposition files a re-21 quest for reconsideration and modification of the written 22 decision within a period set by the panel, which shall not 23 be less than two weeks from the date of the written decision. 24



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1 "§ 332. Burden of proof and evidence

2 "(a) BURDEN OF PROOF.—The opposer in an opposi-3 tion proceeding under this chapter shall have the burden 4 to prove the invalidity of a claim by a preponderance of 5 the evidence. The determination of invalidity shall be 6 based upon the broadest reasonable construction of the 7 claim.

8 "(b) EVIDENCE.—The Federal Rules of Evidence
9 shall apply to the opposition proceeding, except to the ex10 tent inconsistent with any provision of this chapter.

11 "§ 333. Reconsideration

"If a request is filed for reconsideration of the written 12 13 decision in an opposition proceeding under this chapter, the panel may authorize a party to the proceeding who 14 15 did not file such a request to file a response to the request 16 for reconsideration. Following any reconsideration, the panel shall either deny the request for modification of the 17 18 written decision or grant the request and issue a modified 19 written decision, which shall constitute the final deter-20mination of the Office on the issues raised in the opposi-21 tion proceeding.

22 **"§ 334. Appeal**

"A party dissatisfied with the final determination of
the panel in an opposition proceeding under this chapter
may appeal the determination under sections 141 through



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1 144. Any party to the opposition proceeding shall have the
 2 right to be a party to the appeal.

3 "§ 335. Certificate

4 "When a decision of a panel in an opposition pro-5 ceeding under the chapter has become final under section 331, 333, or 334, as the case may be, the Director shall 6 7 issue and publish a certificate in accordance with the deci-8 sion, canceling any claim of the patent determined to be 9 unpatentable, and shall incorporate into the patent any 10 new or amended claims determined to be patentable. The issuance of the certificate shall terminate the opposition 11 12 proceeding.

13 "§ 336. Estoppel

14 "(a) ESTOPPEL.—

15 "(1) IN GENERAL.—Subject to paragraph (2), 16 after a certificate has been issued under section 335 17 in accordance with the decision of the panel in an 18 opposition proceeding, the determination with re-19 spect to an issue of invalidity raised by an opposer 20 shall bar that opposer from raising, in any subse-21 quent proceeding involving that opposer under this 22 title, any issue of fact or law actually decided and 23 necessary to the determination of that issue.

"(2) EXCEPTION.—If an opposer in an opposition proceeding demonstrates, in a subsequent pro-



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1 ceeding referred to in paragraph (1), that there is 2 additional factual evidence that is material to an 3 issue of fact actually decided in the opposition pro-4 ceeding, and necessary to the final determination in 5 the opposition proceeding, that could not reasonably 6 have been discovered or presented in the opposition 7 proceeding by that opposer, the opposer may raise, 8 in that subsequent proceeding, that issue of fact and 9 any determined issue of law for which the issue of 10 fact was necessary.

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

15 "(c) NEW PARTY-IN-INTEREST.—If a proceeding arising by reason of additional factual evidence raised 16 under subsection (a)(2) involves a real party in interest 17 18 not identified to the patent owner under section 322, the 19 real party in interest shall notify the Director and the pat-20 ent owner of that fact and of the proceeding, within 30 21 days after receiving notice that the proceeding has been 22 filed.

23 "§ 337. Duration of opposition

24 "The determination of a panel in an opposition pro-25 ceeding under this chapter, including any determinations



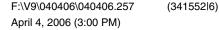
pursuant to a request for reconsideration under section
 133, shall be issued not later than 1 year after the date
 on which the opposition proceeding is instituted under sec tion 325. Upon good cause shown, the Director may ex tend the 1-year period by not more than 6 months.

6 **"§ 338. Settlement**

7 "(a) IN GENERAL.—An opposition proceeding under 8 this chapter shall be terminated with respect to any op-9 poser upon the joint request of the opposer and the patent 10 owner, unless the panel has issued a written decision under section 331 before the request for termination is 11 12 filed. If the opposition is terminated with respect to an 13 opposer under this section, no estoppel under section 336 shall apply to that opposer with respect to an issue of inva-14 15 lidity raised in the opposition proceeding. The written decision under section 331 shall thereafter be issued only 16 17 with respect to issues of invalidity raised by opposers that remain in the opposition proceeding. 18



19 "(b) AGREEMENTS IN WRITING.—Any agreement or 20 understanding between the patent owner and an opposer, 21 including any collateral agreements referred to therein, 22 that is made in connection with or in contemplation of 23 the termination of an opposition proceeding under sub-24 section (a) shall be in writing. The opposition with respect 25 to the parties to the agreement or understanding shall not



1 be terminated until a true copy of the agreement or under-2 standing, including any such collateral agreements, has 3 been filed in the Patent and Trademark Office. If any 4 party filing such an agreement or understanding requests, 5 the agreement or understanding shall be kept separate from the file of the opposition, and shall be made available 6 7 only to Government agencies on written request, or to any 8 person on a showing of good cause.

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

12 "§ 339. Intervening rights

13 "Any proposed amended or new claim determined to be patentable and incorporated into a patent following an 14 15 opposition proceeding under this chapter shall have the same effect as that specified in section 252 of this title 16 17 for reissued patents on the right of any person who made, purchased, or used within the United States, or imported 18 into the United States, anything patented by such pro-19 20 posed amended or new claim, or who made substantial 21 preparation therefor, before the certificate issued under 22 section 335 with respect to that amended or new claim. 23 "§ 340. Relationship with reexamination proceedings



24 "(a) ESTOPPEL.—A patent for which an opposition
25 proceeding has been instituted under this chapter may not

thereafter be made the subject of a request under section
 302 or 311 for reexamination, by the same opposer or on
 behalf of the same real party in interest, on the same
 claim and on the same issue that was the basis of the
 opposition proceeding.

6 "(b) STAYING OF OTHER PROCEEDINGS.—[If, after 7 an opposition proceeding has been instituted under this 8 chapter, a request for reexamination under section 302 or 9 section 311 is made by or on behalf of a person other than 10 the opposer or the same real party in interest, such reex-11 amination shall be stayed during the pendency of any op-12 position proceeding under this chapter.]".

13 (b) CLERICAL AMENDMENT.—The table of chapters
14 for part III of title 35, United States Code, is amended
15 by adding at the end the following:

16 SEC. 3. PUBLICATION OF PATENT APPLICATIONS.

17 Section 122 of title 35, United States Code, is18 amended—

- 19 (1) in subsection (b)(2)—
- 20 (A) by striking subparagraph (B); and
- 21 (B) in subparagraph (A)—

22 (i) by striking "(A) An application"

and inserting "An application"; and





1	(ii) by redesignating clauses (i)
2	through (iv) as subparagraphs (A) through
3	(D), respectively; and
4	(2) by striking subsection (c) and redesignating
5	subsection (d) as subsection (c).
6	SEC. 4. SUBMISSIONS BY THIRD PARTIES.
7	Section 131 of title 35, United States Code, is
8	amended—
9	(1) by striking "The Director" and inserting
10	"(a) IN GENERAL.—The Director"; and
11	(2) by adding at the end the following:
12	"(b) Third Party Submissions.—Any party shall
13	have the opportunity to submit for consideration and for
14	inclusion in the record, prior art (including, but not lim-
15	ited to, evidence of knowledge or use, or public use or sale,
16	under section 102), to determine whether the invention
17	was known or used, or was in public use, or on sale, under
18	section 102 or would have been obvious under section 103.
19	The Director shall consider such submissions if the
20	request—
21	"(1) is made in writing not later than—
22	"(A) 6 months after the date on which the
23	patent application is published under section
24	122, or



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1	"(B) before the date on which a notice of
2	allowance is mailed under section 151 for a pat-
3	ent on the invention,
4	whichever occurs first;
5	"(2) is accompanied by the payment of a fee es-
6	tablished by the Director under section 41 for third
7	party submissions;
8	"(3) sets forth the teaching and applicability of
9	each reference and the basis on which the submis-
10	sion is offered; and
11	"(4) includes a sworn declaration attesting to
12	the relevance and accuracy of the submissions.
13	Information submitted under this subsection shall be con-
14	sidered during the examination of the patent application.".
15	SEC. 5. INTER PARTES REEXAMINATION.
16	(a) ESTOPPEL PROVISION.—Section 315(c) of title
17	35, United States Code, is amended by striking "or could
18	have raised".
19	(b) FINAL DECISION.—Section 317(b) of title 35,
20	United States Code, is amended—
21	(1) in the heading, by striking "FINAL DECI-
22	SION" and inserting "DISTRICT COURT DECISION";
23	and
24	(2) in the first sentence, by striking "final deci-
25	sion" and inserting "decision of a district court".



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1 (c)APPLICABILITY.—Notwithstanding section 2 4608(a) of the Intellectual Property and Communications Reform Act of 1999, as enacted by section 1000(a)(9) of 3 4 Public Law 106–113 (41 U.S.C. note), sections 311 5 through 318 of title 35, United States Code, as amended by this section, shall apply to any patent that issues from 6 7 an original application filed before, on, or after November 8 29, 1999.

9 SEC. 6. WILLFUL INFRINGEMENT.

10 Section 284 of title 35, United States Code, is 11 amended-

12 (1) in the first paragraph, by striking "Upon" 13 and inserting "(a) AWARD OF DAMAGES.—Upon"; 14 and

15 (2) by amending the second paragraph to read as follows: 16

17 "(b) WILLFUL INFRINGEMENT.—

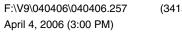
18 "(1) INCREASED DAMAGES.—A court that has 19 determined that the infringer has willfully infringed 20 a patent or patents may increase the damages up to 21 three times the amount of damages found or as-22 sessed under subsection (a), except that increased 23 damages under this paragraph shall not apply to 24 provisional rights under section 154(d) of this title.



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1	"(2) PERMITTED GROUNDS FOR WILLFUL-
2	NESS.—A court may find that an infringer has will-
3	fully infringed a patent only if the patent owner pre-
4	sents clear and convincing evidence that—
5	"(A) after receiving written notice from
6	the patentee—
7	"(i) alleging acts of infringement in a
8	manner sufficient to give the infringer an
9	objectively reasonable apprehension of suit
10	on such patent, and
11	"(ii) identifying with particularity
12	each claim of the patent, each product or
13	process that the patent owner alleges in-
14	fringes the patent, and the relationship of
15	such product or process to such claim,
16	the infringer, after a reasonable opportunity to
17	investigate, thereafter performed one or more of
18	the alleged acts of infringement;
19	"(B) the infringer intentionally copied the
20	patented invention with knowledge that it was
21	patented; or
22	"(C) after having been found by a court to
23	have infringed that patent, the infringer en-
24	gaged in conduct that was not colorably dif-
25	ferent from the conduct previously found to





have infringed the patent, and which resulted in
 a separate finding of infringement of the same
 patent.

4 "(3) LIMITATIONS ON WILLFULNESS.—(A) A 5 court shall not find that an infringer has willfully in-6 fringed a patent under paragraph (2) for any period 7 of time during which the infringer had an informed 8 good faith belief that the patent was invalid or unen-9 forceable, or would not be infringed by the conduct 10 later shown to constitute infringement of the patent.

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

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

18 "(4) LIMITATION ON PLEADING.—Before the 19 date on which a determination has been made that 20 the patent in suit is not invalid, is enforceable, and 21 has been infringed by the infringer, a patentee may 22 not plead, and a court may not determine, that an 23 infringer has willfully infringed the patent. The 24 court's determination of an infringer's willfulness 25 shall be made without a jury."; and



23 24 25

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

4 SEC. 7. VENUE.

5 Section 1400 of title 28, United States Code, is6 amended by adding at the end the following new sub-7 section:

8 "(c) A court shall grant a motion to transfer an ac9 tion to a judicial district or division in which the action
10 could have been brought if—

"(1) such judicial district or division is a more
appropriate forum for the action, including any judicial district or division where a party to the action
has substantial evidence or witnesses;

15 "(2) the action was not brought in a district or16 division—

17 "(A) in which the patentee resides or18 maintains its principal place of business;

19 "(B) in which an accused infringer main-20 tains its principal place of business; or

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

"(3) at the time the action was brought, neither the patentee nor an accused infringer had substan-



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- 1 tial evidence or witnesses in the judicial district in 2 which the action was brought; and
- 3 "(4) the action has not been previously trans-4 ferred under this subsection.
- 5 "(d) For purposes of subsection (c), the use or sale of allegedly infringing subject matter in a judicial district 6 7 shall not, by itself, establish the existence of substantial 8 evidence or witnesses in such a judicial district.".

9 **SEC. 8. INJUNCTION.**

10 Section 283 of title 35, United States Code, is 11 amended by adding at the end the following: "In deter-12 mining equity, the court shall consider the fairness of the 13 remedy in light of all the facts and the relevant interest of the parties associated with the invention. Unless an in-14 15 junction is entered pursuant to a nonappealable judgment of infringement, a court shall stay the injunction pending 16 17 an appeal upon an affirmative showing that the stay would 18 not result in irreparable harm to the owner of the patent 19 and that the balance of hardships from the stay does not favor the owner of the patent.". 20



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