

**The “Changes” in the “New and Improved” Version of S. 515
March 5, 2010**

Issues	H.R. 1260 <i>(as introduced)</i>	Old S. 515 <i>(as reported on April 2, 2009)</i>	New S. 515 <i>(as Amended – March 4, 2010 – GRA10134)</i>
First-to-Invent (FTI) vs. First-Inventor-to-File (FITF) 35 USC §§102-104 Sec. 2 of S. 515	Changes the US from a FTI system to a FITF system contingent upon finding that major patenting authorities have adopted a grace period. Also expands the definition of prior art to include “public use, on sale or otherwise available to the public” outside the US. The bill also requires a study to be performed every 7 years on the effectiveness and efficiency of this provision	Generally the same as H.R. 1260, except that there is no contingency on the effective date. <i>Concerns had been raised about the springing nature of grace period and definition of effective filing date.</i> <i>Biggest concern was bad transition language that would have caused hard switch from FTI to FITF as of 1 year after legislation so that all cases in the pipeline would have been analyzed under FITF after that date.</i>	Simpler implementation of FITF that avoids problems in language of prior bills on springing nature of grace period and effective filing date. Transition from FTI to FITF based on effective filing date so that cases in the pipeline or claiming priority to dates before 1 year after enactment remain under FTI system. No contingent changeover or study provisions.
Interferences vs. Derivation Proceedings 35 USC §135 35 USC §291 Sec. 2 of S. 515	Replaces interferences with a new derivation proceeding involving at least one application. Proceeding must be instituted within 1 year of first publication of claims. Director may defer proceeding until 3 months after issuance of a patent on one of the involved applications. Eliminates ability to bring civil suit for interfering patents.	Similar to H.R. 1260.	Cleaned up version still based on instituting derivation proceeding involving at least one application within 1 year of first publication of claims that were derived from another. Adds ability to defer proceeding until after termination of an ex parte reexamination or an inter partes/post grant review of a patent involved. Amends §291 to permit civil suit for derivation, but requires civil suit to be brought within 1 year of first publication of claims. Adds transition provisions to address problems involving situations that bridge across transition from FTI to FITF.
False Marking 35 USC §292 Sec. 2 of S. 515	Not addressed. \$500/marketing statutory not assumed to apply on an individual product basis until <i>Forest Group v. Bon Tool</i> decision.	Not addressed.	Limits recovery for false marking to damages adequate to compensate for injury. Amendment applies to all cases pending as of enactment of legislation.

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Inventor’s Oath / Assignee Filing 35 USC §115 35 USC §118 Sec. 3 of S. 515	Provides more flexibility in completing the oath requirements, particularly in cases where it is difficult to reach an inventor. Does not allow assignee filing.	Same as H.R. 1250, but does permit assignee filing.	Similar to old S. 515.
Determination of Damages 35 USC §284 Sec. 4 of S. 515	Court selects method of calculating a reasonable royalty from: (a) entire market value; (b) established royalty based on marketplace licensing; or (c) if neither (a) nor (b) are shown, the economic value of infringing product or process attributable to the claimed invention’s specific contribution over prior art, with special rules for combination inventions. (Court may allow consideration of any other relevant factors in determining reasonable royalty.)	The language would preserve the court’s discretion to identify any of the factors in the Georgia Pacific case, or any other factor, but requires the court to identify for the record the methodologies and factors relevant to the determination of reasonable royalty damages and direct the jury to consider those factors. (i.e., the “gatekeeper” approach)	<p>Retains current language of §284 as subsection (a) for what damages are awarded.</p> <p>Adds the substance of gatekeeper procedure in old S. 515 for how damages theories are introduced as new subsection (b) based on whether a party’s damage contentions set forth a legally sufficient evidentiary basis.</p> <p>Adds subsection (c) that gives either party ability to request split of damages phase from infringement and validity.</p>
Willful Infringement 35 USC §284 Sec. 4 of S. 515	Heightens standards for notice required to find willfulness. Incorporates the “objective recklessness” standard from <i>In re Seagate Technologies</i> .	Similar in substance to H.R. 1260. Included limit that willful infringement could not be plead until a court had determined that a patent is valid, enforceable and infringed.	<p>Incorporates the “objectively reckless” standard with proof by clear and convincing evidence and simpler version of heightened notice requirements of H.R. 1260 and old S. 515, and uses FRCP 9(b) as pleading requirement.</p> <p>Adds provisions that knowledge of the patent alone is insufficient for willfulness, that willfulness is not appropriate in close case as to infringement, validity or enforceability, and that damages can be increased only after infringement became willful.</p> <p>Adds new §293 that failure to obtain the advice of counsel may not be used to prove willful infringement or intention to induce infringement.</p> <p>Applies to suits filed after date of enactment.</p>

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Prior User Rights 35 USC §273 Sec. 4 of S. 515	Extends the current defense to affiliates. Also requires the USPTO to conduct a study on the operation of prior user rights in various countries.	Same as H.R. 1260.	Same as H.R. 1260 and old S. 515, but with expanded scope of study to be conducted by USPTO that includes aspects of IP law other than prior user rights.
Virtual Marking 35 USC §287 Sec. 4 of S. 515	Not included.	Provides, as an alternative to the current statute, that manufacturers may satisfy the requirement by marking an item by providing an Internet address accessible to the public that associates the patented article with the patent number.	Similar to old S. 515.
Inter Partes Reexamination 35 USC §§311-319 Sec. 5 of S. 515	<p>Expands <i>inter partes</i> reexamination in lieu of a 2nd window in post-grant for all patents, not just those filed after Nov. 2000.</p> <p>Strikes “could have raised” from the estoppel provision.</p> <p>Requires that an administrative patent judge hear petitions (instead of an examiner) and allows for oral hearings.</p> <p>§301(a)(3) allows “documentary evidence” of “public use or on sale” to be used as a ground for petitioning USPTO to initiate a reexamination proceeding.</p> <p>Requires report within 2 years of enactment on the effectiveness of various reexamination options available at USPTO.</p>	<p>Similar to the House bill, except that §301(a)(1) does not allow evidence of “public use or on sale” to be used as a ground for initiating a reexamination proceeding.</p> <p>Does not include requirement to conduct study.</p>	<p>Totally replaces current <i>inter partes</i> reexamination conducted by CRU inside PTO with an APJ run <i>inter partes</i> review conducted as a formal hearing with depositions and oral hearing under the authority of the Patent Trial and Appeal Board (PTAB).</p> <p>Petition to institute <i>inter partes</i> review granted only if Director determines that there is a reasonable likelihood that the petitioner would prevail on at least 1 of the claims being challenged.</p> <p>Challenge is limited to printed publications.</p> <p>Petition can’t be filed until more than 9 months after issuance and can’t be filed if after a DJ or more than 3 months after an infringement lawsuit.</p> <p>Estoppel applies to any further Office proceedings for issues that could have been raised, and applies to litigation for issues that were raised or reasonably could have been raised.</p>

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Inter Partes Reexamination (con.)			<p>Patent Owner has one opportunity to amend or substitute claims.</p> <p>There will be possibility for resolution by settlement.</p> <p>Final determination within 1 year of institution of review; may be extended an additional 6 months for good cause.</p> <p>Effective date 1 year after enactment and applies to all patents, with provision for graduated implementation over the first 4 years capped at number of <i>inter partes</i> reexaminations filed in year prior to enactment.</p> <p>For <i>inter partes</i> reexaminations filed after enactment, changes from substantial new question of patentability standard to reasonable likelihood of prevailing standard for granting request.</p>
Post-Grant Review 35 USC §§321-329 Sec. 5 of S. 515	<p>Establishes post-grant review proceeding available within 12-months after the grant of a patent (so called “1st window”). The Office may initiate proceeding if “a substantial question of patentability” exists. Once initiated by the office, the proceeding must be completed within 1-year (plus 6-mo if good cause is shown). No presumption of validity. Burden of proof is preponderance of the evidence. Prohibits petitions: Based on best mode req. (§112) - Involving parties subject to a final decision in a civil action or order from the ITC that upheld a patent’s validity; also terminates post-grant proceedings related to the same patent if USPTO hasn’t issued a final opinion Also prohibits petitioner from initiating other proceedings at the PTO, in the court or at the</p>	<p>Similar to H.R. 1260. Does not include provisions prohibiting parties subject to an ITC determination from requesting a post grant review.</p>	<p>Procedure is similar to the new <i>inter partes</i> review process run by PTAB, with two differences:</p> <p>Post Grant review only can be instituted in a first window of 9 months post grant.</p> <p>Post Grant review can be based on prior art and patentability requirements other than printed publications.</p> <p>If a lawsuit is filed within 3 months of grant of patent, court may not stay motion for preliminary injunction based on basis that post grant review has been instituted.</p>

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Post-Grant Review (con.)	ITC related to the patent challenged by that petitions based on any ground raised in the post grant proceeding. USPTO must issue regulations that include limits on evidence submitted in discovery to that directly related to factual assertions advanced.		Similar effective date and transition periods as new <i>inter partes</i> review process.
Ex Parte Reexaminations 35 USC §§301-307 Sec. 5 of S. 515	§301(a)(3) allows “documentary evidence” of “public use or on sale” to be used as a ground for petitioning USPTO to initiate a reexamination proceeding.	Does not allow evidence of “public use or on sale” to be used as a ground for initiating a reexamination proceeding.	Does not allow evidence of “public use or on sale” to be used as a ground for initiating a reexamination proceeding. Does add a new ground for ex parte reexamination based on statements of the patent owner filed in Federal court or Patent Office where patent owner took a position on scope of any claim of a particular patent.
Patent Trial and Appeal Board 35 USC §6 35 USC §141-144 Sec. 6 of S. 515	Changes to redefine Board of Patent Appeals and Interferences as Patent Trial and Appeal Board.	Similar to H.R. 1260.	Similar to old S. 515.
Submission of Prior Art by 3rd Parties 35 USC §122 Sec. 7 of S. 515	Allows submissions of prior art by 3 rd parties for at least 6 months after publication unless the USPTO mails a notice of allowance earlier; effective 1 yr after enactment.	Same as H.R. 1260.	Similar to previous provisions but requires a concise description of asserted relevance of each document and a fee. Effective date is 1 year after enactment and applies to all applications.
Venue for Patent Infringement and DJ Actions 28 USC §1400 Sec. 8 of S. 515	Includes defendant-based venue provisions and carve-out provisions for certain plaintiffs. Treats venue for DJ actions the same as for infringement actions. May transfer where venue would be proper under general venue statute based on evidentiary burdens to defendant, if no undue hardship to plaintiff.	Codifies the holding of the <i>TS Tech₁</i> case to require a court to transfer a case upon a showing that the proposed venue is “clearly more convenient”.	Similar to old S. 515.

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Transfer Fee-Setting Authority to USPTO Sec. 9 of S. 515	Transfers authority from Congress to the USPTO to set or adjust any fee changed to applicants.	Same as H.R. 1260	Adds provision that micro entities are entitled to 75% fee reduction. Micro entities defined as applicant named on no more than 5 previous applications and having gross income less than 2.5 times average gross income. Adds provision that fees will be published in Fed. Reg. for at least 45 days during which Congress and public may comment. Adds electronic filing incentive that imposes \$400 surcharge on applications not filed electronically.
Inequitable Conduct and Supplemental Examination 35 USC §257 Sec. 10 of S. 515	Not addressed.	Not addressed.	Adds an option for a patent owner to request supplemental examination submitting additional material for consideration, i.e., the “absolution process.” Office must within 3 months decide to either issue a cleansed certificate or initiate an ex parte reexamination based on standard of substantial new question of patentability. Patent cannot be held unenforceable on the basis of conduct relating to information considered during supplemental examination. Can’t be used once inequitable conduct is pled with particularity in a lawsuit, and does not absolve the patent attorney from misconduct. Effective date is 1 year after enactment and applies to all patents.
Residency Requirement for Fed. Cir. Judges Sec. 11 of S. 515	Repeals DC-area residency requirement for Federal Circuit judges.	Repeals DC-area residency requirement for Federal Circuit judges and also explicitly requires the Office of the U.S. courts to provide appropriate facilities and administrative support wherever they do reside.	Similar to old S. 515.

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Micro-Entity 35 USC §123 Sec. 12 of S. 515	Defined micro-entity as person or company where none of the inventors have been on more than 5 prior applications and income level is below a given amount (but did not indicate how definition was to be used).	Similar to H.R. 1260	Similar to old S. 515.
Royalty Income under Bayh-Dole 35 USC §202(c)(7) Sec. 13 of S. 515	Not included.	Decreases the amount of royalty income a Government-owned-contractor-operated (GOCO) facility must pay back to the U.S. Treasury when income from its royalties exceeds 5%.	Similar to old S. 515.
USPTO Telework Program Flexibility 5 USC §5710 Sec. 14 of S. 515	Not included.	Provides PTO with additional flexibility to design its telework program and in particular, among other things, removes current rules requiring employees to report to the office at least weekly even if stationed outside of the DC Metro area.	Similar to old S. 515.
Best Mode Requirement 35 USC §282(b) Sec. 15 of S. 515	Best mode may not be raised as a basis to initiate a post-grant review.	Eliminates best mode as a basis for a request to initiate a post-grant review proceeding, or for establishing invalidity in civil litigation.	Similar to old S. 515.
Patent Pilot Program in selected U.S. District Courts Sec. 16 of S. 515	Not included.	Similar to S. 299, establishes a pilot program in a limited number of U.S. district courts to enhance expertise in patent cases among district judges.	Similar to old S. 515.

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Technical and Transition Provisions Secs. 17 and 18 of S. 515	Transition provision would have applied all changes to all pending applications as of 1 year from date of enactment.	Similar to H.R. 1260.	Changes so that transition issues are generally addressed on a section-by-section basis.
Issues not in New S. 515			
PTO Funding / Ending Fee Diversion	No permanent end to diversion. Makes permanent the fee restructuring and increase enacted as part of the 2005 Appropriations bill (Public Law 108-447)	Same as H.R. 1260	Still no permanent end to fee diversion. Draft of accompanying report indicates that amendment on this issue may be offered on the floor.
Interlocutory Appeals	Upon District Court approval, requires the Federal Circuit to hear an interlocutory appeal on claim construction determinations. Petitions must be made within 10 days of order; court may stay proceedings.	Similar as House Bill. Requires the district court to find that the appeal will materially advance the ultimate termination of the litigation or will likely control the outcome of the case.	Removed from new S. 515
Search and Examination Duties	Not included.	Search and examination duties for the grant of a patent must be performed “within the United States by U.S. citizens who are employees of the federal government.”	Removed from new S. 515
Applicant Quality Submissions	Not included.	Not included.	Not included.

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