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110TH CONGRESS
1st Session

HOUSE OF REPRESENTATIVES

REPORT
110–319

PROVIDING FOR CONSIDERATION OF THE BILL (H.R. 1908) TO AMEND TITLE 35, UNITED STATES CODE, TO PROVIDE FOR PATENT REFORM

SEPTEMBER 6, 2007.—Referred to the House Calendar and ordered to be printed

Mr. WELCH, from the Committee on Rules,
submitted the following

R E P O R T

[To accompany H. Res. 636]

The Committee on Rules, having had under consideration House Resolution 636, by a record vote of 8 to 4, report the same to the House with the recommendation that the resolution be adopted.

SUMMARY OF PROVISIONS OF THE RESOLUTION

The resolution provides for consideration of H.R. 1908, the "Patent Reform Act of 2007," under a structured rule. The resolution provides for one hour of general debate equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary.

The resolution waives all points of order against consideration of the bill except those arising under clause 9 or 10 of rule XXI. The resolution provides that the amendment in the nature of a substitute recommended by the Committee on the Judiciary, now printed in the bill, shall be considered as an original bill and shall be considered as read. The resolution waives all points of order against the committee amendment in the nature of a substitute except those arising under clause 10 of rule XXI.

The resolution makes in order only those amendments printed in this report. Such amendments may be offered only in the order printed in this report, only offered by the Member designated in this report, shall be considered as read, shall be debatable for the time specified in this report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question in the House or in the Committee of the Whole. The resolution waives all points of order against the amendments printed in this

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report except those arising under clause 9 or 10 of rule XXI. The resolution provides one motion to recommit with or without instructions. Finally, the resolution permits the Chair, during consideration of the bill in the House, to postpone further consideration of the bill to a time designated by the Speaker.

EXPLANATION OF WAIVERS

Although the rule waives all points of order against the bill and its consideration (except for those arising under clause 9 or 10 of rule XXI), the Committee is not aware of any points of order against the bill or its consideration. The waivers of all points of order against the bill and its consideration (except those arising under clause 9 or 10 of rule XXI) are prophylactic in nature.

COMMITTEE VOTES

The results of each record vote on an amendment or motion to report, together with the names of those voting for and against, are printed below:

Rules Committee record vote No. 291

Date: September 6, 2007.
Measure: H.R. 1908.
Motion by: Mr. Dreier.
Summary of motion: To grant an open rule.
Results: Defeated 4–8.
Vote by Members: McGovern—Nay; Matsui—Nay; Cardoza—Nay; Welch—Nay; Castor—Nay; Arcuri—Nay; Sutton—Nay; Dreier—Yea; Diaz-Balart—Yea; Hastings (WA)—Yea; Sessions—Yea; Slaughter—Nay.

Rules Committee record vote No. 292

Date: September 6, 2007.
Measure: H.R. 1908.
Motion by: Mr. Dreier.
Summary of motion: To grant two hours of general debate equally divided by a proponent and an opponent.
Results: Defeated 4–8.
Vote by Members: McGovern—Nay; Matsui—Nay; Cardoza—Nay; Welch—Nay; Castor—Nay; Arcuri—Nay; Sutton—Nay; Dreier—Yea; Diaz-Balart—Yea; Hastings (WA)—Yea; Sessions—Yea; Slaughter—Nay.

Rules Committee record vote No. 293

Date: September 6, 2007.
Measure: H.R. 1908.
Motion by: Mr. Diaz-Balart.
Summary of motion: To make in order and provide appropriate waivers for an amendment by Rep. Latham (IA), #1, which increases to 15% (from 5%) of their budgets the amount in certain funding agreements relating to patents and nonprofit organizations to be used for scientific research, development, and education, and for other purposes, by organizations having budgets less than $40 million.
Results: Defeated 4–8.

Vote by Members: McGovern—Nay; Matsui—Nay; Cardoza—Nay; Welch—Nay; Castor—Nay; Arcuri—Nay; Sutton—Nay; Dreier—Yea; Diaz-Balart—Yea; Hastings (WA)—Yea; Sessions—Yea; Slaughter—Nay.

Rules Committee record vote No. 294

Date: September 6, 2007.
Measure: H.R. 1908.
Motion by: Mr. Diaz-Balart.
Summary of motion: To make in order and provide appropriate waivers for an amendment by Rep. Gohmert (TX), #7, which permits nonprofit organizations to file patent suits where they reside, and also allows the initial holder of a patent to file suit where he resides, is incorporated, or has a principal place of business.
Results: Defeated 4–8.
Vote by Members: McGovern—Nay; Matsui—Nay; Cardoza—Nay; Welch—Nay; Castor—Nay; Arcuri—Nay; Sutton—Nay; Dreier—Yea; Diaz-Balart—Yea; Hastings (WA)—Yea; Sessions—Yea; Slaughter—Nay.

Rules Committee record vote No. 295

Date: September 6, 2007.
Measure: H.R. 1908.
Motion by: Mr. Hastings (WA).
Summary of motion: To make in order and provide appropriate waivers for an amendment by Rep. Gohmert (TX), #8, which eliminates the requirement of a defendant having substantial evidence or witnesses before a request to transfer will be considered and substitutes a standard that substantial fairness would be accommodated.
Results: Defeated 4–8.
Vote by Members: McGovern—Nay; Matsui—Nay; Cardoza—Nay; Welch—Nay; Castor—Nay; Arcuri—Nay; Sutton—Nay; Dreier—Yea; Diaz-Balart—Yea; Hastings (WA)—Yea; Sessions—Yea; Slaughter—Nay.

Rules Committee record vote No. 296

Date: September 6, 2007.
Measure: H.R. 1908.
Motion by: Mr. Sessions.
Summary of motion: To make in order and provide appropriate waivers for an amendment by Rep. Gohmert (TX), #10, which would allow a patent suit to be filed in any district or division where the defendant committed a substantial portion of the acts of infringement.
Results: Defeated 4–8.
Vote by Members: McGovern—Nay; Matsui—Nay; Cardoza—Nay; Welch—Nay; Castor—Nay; Arcuri—Nay; Sutton—Nay; Dreier—Yea; Diaz-Balart—Yea; Hastings (WA)—Yea; Sessions—Yea; Slaughter—Nay.

Rules Committee record vote No. 297

Date: September 6, 2007.
Measure: H.R. 1908.
Motion by: Mr. Sessions.

Summary of motion: To make in order and provide appropriate waivers for a second degree amendment by Rep. Gohmert (TX), #9, which would add a venue transfer section to the bill and allows a court to consider the substantial fairness to the litigants as well as the case loads and potential delays of other courts when considering a request to transfer a patent case.

Results: Defeated 4–8.

Vote by Members: McGovern—Nay; Matsui—Nay; Cardoza—Nay; Welch—Nay; Castor—Nay; Arcuri—Nay; Sutton—Nay; Dreier—Yea; Diaz-Balart—Yea; Hastings (WA)—Yea; Sessions—Yea; Slaughter—Nay.

Rules Committee record vote No. 298

Date: September 6, 2007.

Measure: H.R. 1908.

Motion by: Mr. McGovern.

Summary of motion: To report the rule.

Results: Adopted 8–4.

Vote by Members: McGovern—Yea; Matsui—Yea; Cardoza—Yea; Welch—Yea; Castor—Yea; Arcuri—Yea; Sutton—Yea; Dreier—Nay; Diaz-Balart—Nay; Hastings (WA)—Nay; Sessions—Nay; Slaughter—Yea.

SUMMARY OF AMENDMENTS MADE IN ORDER

1. Conyers (MI)/Smith (TX)/Berman (CA)/Coble (NC): Manager's amendment. The amendment incorporates a number of revisions. They include revisions to the sections on damages, willful infringement, prior user rights, post-grant review, venue, inequitable conduct, applicant disclosure information, inventor's oath requirements, among others. (20 minutes)

2. Issa (CA): The bill eliminates provisions in the law permitting certain applicants to delay or prevent publication of their applications. This amendment would strike that provision and permit applicants to delay publication until the later of (1) three months after a second PTO decision or (2) 18 months after the filing date. (10 minutes)

3. Issa (CA): Amends the section relating to United States Patent and Trademark Office regulatory authority by adding the requirement that Congress be provided 60 days to review regulations before they take effect. Congress may bar implementation of the regulation by enactment of a joint resolution of disapproval. (10 minutes)

4. Jackson-Lee (TX): This amendment requires the Director of the United States Patent and Trademark Office to conduct a study of patent damage awards in cases from at least 1990 to the present where such awards have been based on a reasonable royalty under Section 284 of Title 35 of the United States Code. The Director of the PTO would be required to submit the findings to Congress no later than one year after the Act's enactment. (10 minutes)

5. Pence (IN): Amends the provisions governing post-grant review proceedings to prohibit a post-grant review from being instituted based upon the best mode requirement of patent law. (10 minutes)

TEXT OF AMENDMENTS MADE IN ORDER UNDER THE RULE

1. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE CONYERS OF MICHIGAN, OR HIS DESIGNEE, DEBATABLE FOR 20 MINUTES

Page 3, strike lines 22 through 25.

Page 3, line 21, insert quotation marks and a second period after "patent.".

Page 10, strike line 24 and all that follows through page 11, line 2, and insert the following:

(i) ACTION FOR CLAIM TO PATENT ON DERIVED INVENTION.—Section 135 is amended to read as follows:

"§ 135. Derivation proceedings".

Page 11, lines 14 and 15, strike "Any such request—" and insert the following:

"(B) REQUIREMENTS FOR REQUEST.—Any request under subparagraph (A)—".

Page 12, line 3, strike "(B)" and insert "(C)".

Page 12, line 8, strike "under section 101".

Page 13, line 16, strike the quotation marks and second period.

Page 13, insert the following after line 16:

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

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

Page 13, strike line 17 and all that follows through page 15, line 8.

Page 17, line 10, insert "with respect to an application for patent filed" after "commenced".

Page 17, lines 21 and 22, strike "transmits to the Congress a finding" and insert "issues an Executive order containing the President's finding".

Page 18, insert the following after line 23:

(3) RETENTION OF INTERFERENCE PROCEDURES WITH RESPECT TO APPLICATIONS FILED BEFORE EFFECTIVE DATE.—In the case

of any application for patent that is filed before the effective date under paragraph (1)(A), the provisions of law repealed or amended by subsections (h), (i), and (j) shall apply to such application as such provisions of law were in effect on the day before such effective date.

Page 21, lines 24 and 25, strike "is under an obligation of assignment of" and insert "has assigned rights in".

Page 24, strike line 23 and all that follows through page 25, line 13 and redesignate the succeeding subsections accordingly.

Page 27, line 13, strike "(5)" and insert "(4)".

Page 27, line 21, strike "The court" and insert "Upon a showing to the satisfaction of the court that a reasonable royalty should be based on a portion of the value of the infringing product or process, the court".

Page 28, lines 5 and 6, strike "Unless the claimant shows" and insert "Upon a showing to the satisfaction of the court".

Page 28, line 9, strike "may not" and insert "may".

Page 28, strike line 12 and all that follows through page 29, line 2, and insert the following:

"(4) OTHER FACTORS.—If neither paragraph (2) or (3) is appropriate for determining a reasonable royalty, the court may consider, or direct the jury to consider, the terms of any nonexclusive marketplace licensing of the invention, where appropriate, as well as any other relevant factors under applicable law.

"(5) COMBINATION INVENTIONS.—For purposes of paragraphs (2) and (3), in the case of a combination invention the elements of which are present individually in the prior art, the patentee may show that the contribution over the prior art may include the value of the additional function resulting from the combination, as well as the enhanced value, if any, of some or all of the prior art elements resulting from the combination."

Page 31, line 17, strike "The court's" and all that follows through "jury." on line 19.

Page 31, strike line 23 and all that follows through the matter following line 17 on page 33 and insert the following:

(b) REPORT TO CONGRESSIONAL COMMITTEES.—Not later than June 30, 2009, the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office (in this subsection referred to as the "Director") shall report to the Committee on the Judiciary of the House of Representatives and the Committee on the Judiciary of the Senate the findings and recommendations of the Director on the operation of prior user rights in selected countries in the industrialized world. The report shall include the following:

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

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

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

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

(5) An analysis of any legal or constitutional issues that arise from placing elements of trade secret law, in the form of prior user rights, in patent law.

In preparing the report, the Director shall consult with the Secretary of State and the Attorney General of the United States.

Page 33, line 18, strike "(d)" and insert "(c)".

Page 33, line 21, strike "(e)" and insert "(d)".

Page 36, lines 22 and 23, strike "cited by or to the Office or".

Page 39, line 10, strike "grant of the patent or issuance of" and insert "issuance of the patent or".

Page 39, strike line 21 and all that follows through page 40, line 2 and insert the following:

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

Page 40, lines 3 and 4, strike "those documents" and insert "the petition, including any evidence submitted with the petition and any other information submitted under paragraph (3),".

Page 41, add the following after line 25:

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

Page 44, lines 23 and 24, strike "with respect to" and insert "addressing".

Page 46, line 1, strike "of administrative patent judges".

Page 46, line 18, strike "**pending**".

Page 46, line 23, insert "with respect to an application for patent filed" after "commenced".

Page 47, line 5, insert "of a patent" after "infringement".

Page 47, line 7, insert after "patentability" the following: "raised against the patent in a petition for post-grant review".

Page 47, insert the following after line 7:

"(c) EFFECT OF COMMENCEMENT OF PROCEEDING.—The commencement of a post-grant review proceeding—

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

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

Page 48, line 14, strike "or".

Page 48, line 17, strike the period and insert "; or".

Page 48, insert the following after line 17:

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

Page 49, line 18, strike "subsection (f)" and insert "subsections (f) and (g)".

Page 49, strike lines 21 and 22 and insert the following:

(j) REGULATIONS.—The Under Secretary of

Page 49, lines 23 through 25, and page 50, lines 1 through 4, move the text 2 ems to the left.

Page 50, strike lines 5 through 15.

Page 51, lines 3 through 5, strike "The Director, the Deputy, the Commissioner for Patents, and the Commissioner for Trademarks, and the" and insert "The".

Page 51, line 9, strike "Director" and insert "Secretary of Commerce".

Page 54, line 18, strike "and".

Page 54, line 21, strike the 2 periods and quotation marks and insert "; and".

Page 54, insert the following after line 21:

"(D) identify the real party-in-interest making the submission.".

Page 57, strike line 12 and all that follows through page 59, line 7, and insert the following:

"(b) In any civil action arising under any Act of Congress relating to patents, a party shall not manufacture venue by assignment, incorporation, joinder, or otherwise primarily to invoke the venue of a specific district court.

"(c) Notwithstanding section 1391 of this title, except as provided in paragraph (3) of this subsection, any civil action for patent infringement or any action for declaratory judgment relating to a patent may be brought only in a judicial district—

"(1) where the defendant has its principal place of business or is incorporated, or, for foreign corporations with a United States subsidiary, where the defendant's primary United States subsidiary has its principal place of business or is incorporated;

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

"(3) for cases involving only foreign defendants with no United States subsidiary, according to section 1391(d) of this title;

"(4) where the plaintiff resides, if the plaintiff is—

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

"(B) a nonprofit organization that—

"(i) is described in section 501(c)(3) of the Internal Revenue Code of 1986;

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

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

"(5) where the plaintiff or a subsidiary has a place of business that is engaged in substantial—

"(A) research and development,

"(B) manufacturing activities, or

"(C) management of research and development or manufacturing activities,

related to the patent or patents in dispute;

"(6) where the plaintiff resides if the plaintiff is named as inventor or co-inventor on the patent and has not assigned,

granted, conveyed, or licensed, and is under no obligation to assign, grant, convey, or license, any rights in the patent or in enforcement of the patent, including the results of any such enforcement; or

"(7) where any of the defendants has substantial evidence and witnesses if there is no other district in which the action may be brought under this section.".

Page 60, strike lines 1 through 3 and insert the following:

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section—

(A) shall take effect on the date of the enactment of this Act; and

(B) shall apply to any civil action commenced on or after such date of enactment.

(2) PENDING CASES.—Any case commenced in a United States district court on or after September 7, 2007, in which venue is improper under section 1400 of title 28, United States Code, as amended by this section, shall be transferred pursuant to section 1404 of such title, unless—

(A) one or more substantive rulings on the merits, or other substantial litigation, has occurred; and

(B) the court finds that transfer would not serve the interests of justice.

Page 60, line 10, strike "shall" and insert "may".

Page 60, line 12, insert after "patentability." the following: "If the Director requires a search report to be submitted by applicants, and an applicant does not itself perform the search, the search must be performed by one or more individuals who are United States citizens or by a commercial entity that is organized under the laws of the United States or any State and employs United States citizens to perform such searches.".

Page 60, line 14, strike "the required search report, information, and" and insert "a search report, information, or an".

Page 60, line 16, add after the period the following: "Any search report required by the Director may not substitute in any way for a search by an examiner of the prior art during examination.".

Page 63, strike line 19 and all that follows through line 15 on page 65 and insert the following:

"(1) DEFENSE.—One or more claims of a patent may be held to be unenforceable, or other remedy imposed under paragraph (4), for inequitable conduct only if it is established, by clear and convincing evidence, that a person with a duty of disclosure to the Office, with the intent to mislead or deceive the patent examiner, misrepresented or failed to disclose material information to the examiner during examination of the patent.

"(2) MATERIALITY.—

"(A) IN GENERAL.—Information is material under this section if—

"(i) a reasonable examiner would have made a prima facie finding of unpatentability, or maintained a finding of unpatentability, of one or more of the patent claims based on the information, and the information is not cumulative to information already of record or previously considered by the Office; or

"(ii) information that is otherwise material refutes or is inconsistent with a position the applicant takes in opposing a rejection of the claim or in asserting an argument of patentability.

"(B) PRIMA FACIE FINDING.—A prima facie finding of unpatentability under this section is shown if a reasonable examiner, based on a preponderance of the evidence, would conclude that the claim is unpatentable based on the information misrepresented or not disclosed, when that information is considered alone or in conjunction with other information or record. In determining whether there is a prima facie finding of unpatentability, each term in the claim shall be given its broadest reasonable construction consistent with the specification, and rebuttal evidence shall not be considered.

"(3) INTENT.—To prove a person with a duty of disclosure to the Office intended to mislead or deceive the examiner under paragraph (1), specific facts beyond materiality of the information misrepresented or not disclosed must be proven that establish the intent of the person to mislead or deceive the examiner by the actions of the person. Facts support an intent to mislead or deceive if they show circumstances that indicate conscious or deliberate behavior on the part of the person to not disclose material information or to submit false material information in order to mislead or deceive the examiner. Circumstantial evidence may be used to prove that a person had the intent to mislead or deceive the examiner under paragraph (1).

"(4) REMEDY.—Upon a finding of inequitable conduct, the court shall balance the equities to determine which of the following remedies to impose:

"(A) Denying equitable relief to the patent holder and limiting the remedy for infringement to reasonable royalties.

"(B) Holding the claims-in-suit, or the claims in which inequitable conduct occurred, unenforceable.

"(C) Holding the patent unenforceable.

"(D) Holding the claims of a related patent unenforceable.

"(5) ATTORNEY MISCONDUCT.—Upon a finding of inequitable conduct, if there is evidence that the conduct is attributable to a person or persons authorized to practice before the Office, the court shall refer the matter to the Office for appropriate disciplinary action under section 32, and shall order the parties to preserve and make available to the Office any materials that may be relevant to the determination under section 32.".

Page 69, line 17, strike "180 days" and insert "1 year".

Page 71, insert the following after line 6 and redesignate the succeeding section accordingly:

SEC. 17. STUDY ON WORKPLACE CONDITIONS.

The Comptroller General shall, not later than 2 years after the date of the enactment of this Act—

(1) conduct a study of workplace conditions for the examiner corps of the United States Patent and Trademark Office, in-

cluding the effect, if any, of this Act and the amendments made by this Act on—

(A) recruitment, retention, and promotion of employees; and

(B) workload, quality assurance, and employee grievances; and

(2) submit to the Committees on the Judiciary of the House of Representatives and the Senate a report on the results of the study, including any suggestions for improving workplace conditions, together with any other recommendations that the Comptroller General has with respect to patent reexamination proceedings.

Page 71, add the following after line 19:

SEC. 19. SEVERABILITY.

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

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2. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE ISSA OF CALIFORNIA, OR HIS DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 53, strike lines 9 through 15 and insert the following:

(a) PUBLICATION.—Section 122(b)(2)(B)(i) is amended by striking "published as provided in paragraph (1)." and inserting the following: "published until the later of—

"(I) three months after a second action is taken pursuant to section 132 on the application, of which notice has been given or mailed to the applicant; or

"(II) the date specified in paragraph (1).".

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3. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE ISSA OF CALIFORNIA, OR HIS DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 67, insert the following after line 7:

(c) EFFECTIVE DATE OF REGULATIONS.—

(1) REVIEW BY CONGRESS.—A regulation promulgated by the United States Patent and Trademark Office under section 2(b)(2) of title 35, United States Code, with respect to any matter described in section 2(c)(6) of such title, as added by subsection (a) of this section, may not take effect before the end of a period of 60 days beginning on the date on which the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office submits to each House of Congress a copy of the regulation, together with a report containing the reasons for its adoption. The regulation and report so submitted shall be referred to the Committee on the Judiciary of the House of Representatives and the Committee on the Judiciary of the Senate.

(2) JOINT RESOLUTION OF DISAPPROVAL.—If a joint resolution of disapproval with respect to the regulation is enacted into

law, the regulation shall not become effective or continue in effect.

(3) JOINT RESOLUTION DEFINED.—For purposes of this subsection, the term a "joint resolution of disapproval" means a joint resolution, the matter after the resolving clause of which is as follows: "That Congress disapproves the regulation submitted by the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office on _____ relating to _____, and such regulation shall have no force or effect.", with the first space being filled with the appropriate date, and the second space being filled with a description of the regulation at issue.

(4) REFERRAL.—A joint resolution of disapproval shall be referred in the House of Representatives to the Committee on the Judiciary and in the Senate to the Committee on the Judiciary.

(5) FLOOR CONSIDERATION.—A vote on final passage of a joint resolution of disapproval shall be taken in each House on or before the close of the 15th day after the bill or resolution is reported by the committee of that House to which it was referred or after such committee has been discharged from further consideration of the joint resolution of disapproval.

(6) NO INFERENCES.— If the Congress does not enact a joint resolution of disapproval, no court or agency may infer therefrom any intent of the Congress with regard to such regulation or action.

(7) CALCULATION OF DAYS.—The 60-day period referred to in paragraph (1) and the 15-day period referred to in paragraph (5) shall be computed by excluding—

(A) the days on which either House of Congress is not in session because of an adjournment of the Congress sine die; and

(B) any Saturday and Sunday, not excluded under subparagraph (A), when either House is not in session.

(8) RULEMAKING AUTHORITY.—This subsection is enacted by the Congress as an exercise of the rulemaking power of the Senate and House of Representatives respectively, and as such it is deemed a part of the rules of each House, respectively.

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4. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE JACKSON-LEE OF TEXAS, OR HER DESIGNEE, DEBATABLE FOR 10 MINUTES

At the end of the bill insert the following new section:

SEC. 18. STUDY ON PATENT DAMAGES.

(a) IN GENERAL.—The Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office (in this section referred to as the "Director") shall conduct a study of patent damage awards in cases where such awards have been based on a reasonable royalty under section 284 of title 35, United States Code. The study should, at a minimum, consider cases from 1990 to the present.

(b) CONDUCT.—In conducting the study under subsection (a), the Director shall investigate, at a minimum, the following:

(1) Whether the mean or median dollar amount of reasonable-royalty-based patent damages awarded by courts or juries, as the case may be, has significantly increased on a per case basis during the period covered by the study, taking into consideration adjustments for inflation and other relevant economic factors.

(2) Whether there has been a pattern of excessive and inequitable reasonable-royalty-based damages during the period covered by the study and, if so, any contributing factors, including, for example, evidence that Federal courts have routinely and inappropriately broadened the scope of the "entire market value rule", or that juries have routinely misapplied the entire market value rule to the facts at issue.

(3) To the extent that a pattern of excessive and inequitable damage awards exists, measures that could guard against such inappropriate awards without unduly prejudicing the rights and remedies of patent holders or significantly increasing litigation costs, including legislative reforms or improved model jury instructions.

(4) To the extent that a pattern of excessive and inequitable damage awards exists, whether legislative proposals that would mandate, or create a presumption in favor of, apportionment of reasonable-royalty-based patent damages would effectively guard against such inappropriate awards without unduly prejudicing the rights and remedies of patent holders or significantly increasing litigation costs.

(c) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Director shall submit to the Congress a report on the study conducted under this section.

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5. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE PENCE OF INDIANA, OR HIS DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 40, line 9, strike "identifies" and all that follows through line 11 and insert the following:

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

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

○