

beyond the jurisdiction of the Judiciary Committee and as a result was not considered previously, but I trust it will win the support of our colleagues on the floor. I am glad that this provision has been included in the managers' amendment, of which I am a co-sponsor.

My conversations with Rhode Island inventors also made clear that the fear of protracted litigation also dampens innovation. Unfortunately, numerous poor-quality patents have issued in recent years, resulting in seemingly endless litigation that casts a cloud over patent ownership. Administrative processes that should serve as an alternative to litigation also have broken down, resulting in further delay, cost, and confusion.

The America Invents Act will take on these problems by ensuring that higher quality patents issue in the future. This will produce less litigation and create greater incentives for innovators to commit the effort and resources to create the next big idea. Similarly, the bill will improve administrative processes so that disputes over patents can be resolved quickly and cheaply without patents being tied up for years in expensive litigation.

This body must not pass up this chance to enhance innovation and energize our economy. We must see this bill through the Senate, and we must work with the House to see it passed promptly into law. It is true that the bill is a compromise and may not reflect all of everyone's priorities. Improvements to the bill may still be possible. To that end, I expect a productive debate on the floor and a constructive dialog with the House. I look forward to continuing to work with the chairman, my colleagues, and all interested parties to craft a bill that generates the broadest consensus possible.

But we must not lose sight of the need for action. Our patent system has gone 60 years without improvements. It needs repair. Now is the time to energize our innovation economy, to create jobs, and to secure continuing American leadership in the fields of medicine, science, and technology. Hard work and ingenuity long have been the backbone of this country. Let's not get in their way.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MENENDEZ. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. BENNET). Without objection, it is so ordered.

MORNING BUSINESS

Mr. MENENDEZ. Mr. President, I ask unanimous consent that the Senate proceed to a period for the transaction of morning business, with Senators

permitted to speak therein for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MENENDEZ. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. SCHUMER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMERICA INVENTS ACT

Mr. SCHUMER. Mr. President, I rise to speak in support of the America Invents Act generally and about the managers' amendment specifically. The America Invents Act, also known as the patent reform bill, has been pending for many years and has been the subject of extensive debate, negotiation, and revisions. In its current draft, it does much needed good to help protect the American innovation economy by updating and modernizing our patent system.

The patent system in the United States is designed to protect innovation and inventions and investment. But over the last several decades, the Patent and Trademark Office has become bogged down and overburdened by inefficient process and outdated law. The result is a heavy burden on the innovative work that is the engine of our economy.

I wish to commend Senator LEAHY. He has gone the extra mile for this bill for many years. I am proud and glad he is seeing his work come to fruition as we finally debate the bill on the floor. Passage of the bill is in sight. I also wish to commend the ranking member of the Judiciary Committee, Senator GRASSLEY, who worked with him, as well as Senator KYL, who has taken a leading role on the Republican side, for their hard work in crafting a bill that effectively modernizes the patent system, while paying attention to the many and varied demands different sectors of the economy exert upon it.

I am particularly pleased the chairman has decided to adopt the Schumer-Kyl amendment on business method patents into the managers' amendment. It is a critical change that this bill finally begins to address the scourge of business method patents currently plaguing the financial sector. Business method patents are anathema to the protection the patent system provides because they apply not to novel products or services but to abstract and common concepts of how to do business.

Often, business method patents are issued for practices that have been in widespread use in the financial industry for years, such as check imaging or one-click checkout. Because of the nature of the financial services industry, those practices aren't identifiable by

the PTO as prior art and bad patents are issued. The holders of business method patents then attempt to extract settlements from the banks by suing them in plaintiff-friendly courts and tying them up in years of extremely costly litigation.

This is not a small problem. Around 11,000 new applications for patents on business methods are filed every year, and financial patents are being litigated almost 30 times more than patents as a whole. This is not right, it is not fair, and it is taking desperately needed money and energy out of the economy and putting it into the hands of a few litigants. So I am very pleased Congress is going to fight it.

The Schumer-Kyl amendment, which was included in the managers' package we just adopted, will allow companies that are the target of one of these frivolous business method patent lawsuits to go back to the PTO and demonstrate, with the appropriate prior art, that the patent shouldn't have been issued in the first place. That way bad patents can be knocked out in an efficient administrative proceeding, avoiding costly litigation.

One of the most critical elements of this amendment has to do with the stay of litigation while review of the patent is pending at the PTO. The amendment includes a four-factor test for the granting of a stay that places a very heavy thumb on the scale in favor of the stay. Indeed, the test requires the court to ask whether a stay would reduce the burden of the litigation on the parties and the court. Since the entire purpose of the transitional program at the PTO is to reduce the burden of litigation, it is nearly impossible to imagine a scenario in which a district court would not issue a stay.

In response to concerns that earlier versions of the amendment were too broad, we have modified it so it is narrowly targeted. We want to make sure to capture the business method patents which are at the heart of the problem and avoid any collateral circumstances.

In conclusion, I believe the amendment takes an important step in the direction of eliminating the kinds of frivolous lawsuits the jurisprudence on business method patents have allowed. I am very grateful to the chairman and the ranking member, Senator KYL, and I support the managers' amendment and the America Invents Act as a whole.

Finally, I would like to say a few words about Senator COBURN's proposal on fee diversion. I think his idea, which is incorporated in the managers' amendment, makes a lot of sense; that is, to let the PTO keep the fees they charge so they are self-funded and we don't have to spend taxpayer money to fund them every year.

Last year, when we were debating the Wall Street reform bill, Senator JACK REED and I made a similar proposal for the SEC, which ultimately didn't make it into the final bill. I just wanted to

take this time to make a few points about this commonsense proposal.

First, for the last 15 years, the SEC hasn't spent a dime of taxpayer money. For 15 years, the SEC has had no impact on the deficit. This is because Congress, in 1996, amended the securities laws to provide that 100 percent of the SEC's funding comes from registration and filing fees charged by the Commission.

Second, even though the SEC collects more in fees every year than it spends, the amount of the SEC's annual budget is determined by Congress, which has continually shortchanged the SEC. The SEC's budget has been in the crosshairs for years, and their funding has been so inadequate that they have been compromised in their ability to pursue their core mission.

Third, the budget proposal in the House would continue the short-changing of the SEC, cutting \$40 million from its existing budget at a time when it needs resources more than ever.

Finally, a word about the current demands on the SEC. We gave that agency significant new responsibilities under the Dodd-Frank Act, in particular to oversee the previously unregulated derivative markets. That is an enormous undertaking that everybody agrees is necessary after seeing the role that unregulated derivatives played in the financial crisis.

In closing, I would strongly suggest to my colleagues that if self-funding makes sense for the PTO, it makes sense for the SEC. I am not going to call up my amendment now or my bill now, but I urge my colleagues to support this commonsense proposal Senator REED and I are pushing and ensure it gets a full hearing in the Senate.

I thank the Chair for his time and attention.

COMMITTEE ON APPROPRIATIONS RULES OF PROCEDURE

Mr. INOUE. Mr. President, the Senate Appropriations Committee has adopted rules governing its procedures for the 112th Congress. Pursuant to rule XXVI, paragraph 2, of the Standing Rules of the Senate, on behalf of myself and Senator COCHRAN, I ask unanimous consent that a copy of the committee rules be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SENATE APPROPRIATIONS COMMITTEE RULES— 112TH CONGRESS

I. MEETINGS

The Committee will meet at the call of the Chairman.

II. QUORUMS

1. Reporting a bill. A majority of the members must be present for the reporting of a bill.

2. Other business. For the purpose of transacting business other than reporting a bill or taking testimony, one-third of the members of the Committee shall constitute a quorum.

3. Taking testimony. For the purpose of taking testimony, other than sworn testimony, by the Committee or any subcommittee, one member of the Committee or subcommittee shall constitute a quorum. For the purpose of taking sworn testimony by the Committee, three members shall constitute a quorum, and for the taking of sworn testimony by any subcommittee, one member shall constitute a quorum.

III. PROXIES

Except for the reporting of a bill, votes may be cast by proxy when any member so requests.

IV. ATTENDANCE OF STAFF MEMBERS AT CLOSED SESSIONS

Attendance of staff members at closed sessions of the Committee shall be limited to those members of the Committee staff who have a responsibility associated with the matter being considered at such meeting. This rule may be waived by unanimous consent.

V. BROADCASTING AND PHOTOGRAPHING OF COMMITTEE HEARINGS

The Committee or any of its subcommittees may permit the photographing and broadcast of open hearings by television and/or radio. However, if any member of a subcommittee objects to the photographing or broadcasting of an open hearing, the question shall be referred to the full Committee for its decision.

VI. AVAILABILITY OF SUBCOMMITTEE REPORTS

To the extent possible, when the bill and report of any subcommittee are available, they shall be furnished to each member of the Committee thirty-six hours prior to the Committee's consideration of said bill and report.

VII. AMENDMENTS AND REPORT LANGUAGE

To the extent possible, amendments and report language intended to be proposed by Senators at full Committee markups shall be provided in writing to the Chairman and Ranking Minority Member and the appropriate Subcommittee Chairman and Ranking Minority Member twenty-four hours prior to such markups.

VIII. POINTS OF ORDER

Any member of the Committee who is floor manager of an appropriations bill, is hereby authorized to make points of order against any amendment offered in violation of the Senate Rules on the floor of the Senate to such appropriations bill.

IX. EX OFFICIO MEMBERSHIP

The Chairman and Ranking Minority Member of the full Committee are ex officio members of all subcommittees of which they are not regular members but shall have no vote in the subcommittee and shall not be counted for purposes of determining a quorum.

COMMITTEE ON ARMED SERVICES RULES OF PROCEDURE

Mr. LEVIN. Mr. President, I ask unanimous consent that the rules of procedure of the Committee on Armed Services be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

RULES OF PROCEDURE OF THE COMMITTEE ON ARMED SERVICES

1. REGULAR MEETING DAY.—The Committee shall meet at least once a month when Congress is in session. The regular meeting days of the Committee shall be Tuesday and Thursday, unless the Chairman, after consultation with the Ranking Minority Member, directs otherwise.

2. ADDITIONAL MEETINGS.—The Chairman, after consultation with the Ranking Minority Member, may call such additional meetings as he deems necessary.

3. SPECIAL MEETINGS.—Special meetings of the Committee may be called by a majority of the members of the Committee in accordance with paragraph 3 of Rule XXVI of the Standing Rules of the Senate.

4. OPEN MEETINGS.—Each meeting of the Committee, or any subcommittee thereof, including meetings to conduct hearings, shall be open to the public, except that a meeting or series of meetings by the Committee or a subcommittee thereof on the same subject for a period of no more than fourteen (14) calendar days may be closed to the public on a motion made and seconded to go into closed session to discuss only whether the matters enumerated below in clauses (a) through (f) would require the meeting to be closed, followed immediately by a record vote in open session by a majority of the members of the Committee or subcommittee when it is determined that the matters to be discussed or the testimony to be taken at such meeting or meetings—

(a) will disclose matters necessary to be kept secret in the interests of national defense or the confidential conduct of the foreign relations of the United States;

(b) will relate solely to matters of Committee staff personnel or internal staff management or procedure;

(c) will tend to charge an individual with a crime or misconduct, to disgrace or injure the professional standing of an individual, or otherwise to expose an individual to public contempt or obloquy or will represent a clearly unwarranted invasion of the privacy of an individual;

(d) will disclose the identity of any informer or law enforcement agent or will disclose any information relating to the investigation or prosecution of a criminal offense that is required to be kept secret in the interests of effective law enforcement;

(e) will disclose information relating to the trade secrets or financial or commercial information pertaining specifically to a given person if—

(1) an Act of Congress requires the information to be kept confidential by Government officers and employees; or

(2) the information has been obtained by the Government on a confidential basis, other than through an application by such person for a specific Government financial or other benefit, and is required to be kept secret in order to prevent undue injury to the competitive position of such person; or

(f) may divulge matters required to be kept confidential under other provisions of law or Government regulations.

5. PRESIDING OFFICER.—The Chairman shall preside at all meetings and hearings of the Committee except that in his absence the Ranking Majority Member present at the meeting or hearing shall preside unless by majority vote the Committee provides otherwise.

6. QUORUM.—(a) A majority of the members of the Committee are required to be actually present to report a matter or measure from the Committee. (See Standing Rules of the Senate 26.7(a)(1)).

(b) Except as provided in subsections (a) and (c), and other than for the conduct of hearings, nine members of the Committee, including one member of the minority party; or a majority of the members of the Committee, shall constitute a quorum for the transaction of such business as may be considered by the Committee.

(c) Three members of the Committee, one of whom shall be a member of the minority party, shall constitute a quorum for the purpose of taking sworn testimony, unless otherwise ordered by a majority of the full Committee.

SA 129. Mr. RISCH submitted an amendment intended to be proposed by him to the bill S. 23, supra; which was ordered to lie on the table.

SA 130. Mr. RISCH submitted an amendment intended to be proposed by him to the bill S. 23, supra; which was ordered to lie on the table.

SA 131. Mr. CARDIN submitted an amendment intended to be proposed by him to the bill S. 23, supra; which was ordered to lie on the table.

SA 132. Mr. CARDIN (for himself and Ms. LANDRIEU) submitted an amendment intended to be proposed by him to the bill S. 23, supra; which was ordered to lie on the table.

TEXT OF AMENDMENTS

SA 118. Mr. BENNET (for himself, Mr. BROWN of Massachusetts, Mr. RISCH, Mr. COONS, Mr. BINGAMAN, and Mr. CRAPO) submitted an amendment intended to be proposed by him to the bill S. 23, to amend title 35, United States Code, to provide for patent reform; which was ordered to lie on the table; as follows:

On page 32, line 12, strike “DAMAGES” and insert “DEFENSES; EVIDENTIARY REQUIREMENTS”.

On page 32, strike line 13 and all that follows through page 35, line 2.

On page 37, line 1, strike “(b)” and insert “(a)”.

On page 37, line 20, strike “(c)” and insert “(b)”.

On page 38, line 3, strike “(d)” and insert “(c)”.

On page 38, line 13, strike “(e)” and insert “(d)”.

On page 77, strike line 23 and all that follows through page 78, line 6.

On page 78, line 7, strike “(b)” and insert “(a)”.

On page 78, line 20, strike “(c)” and insert “(b)”.

SA 119. Mr. BENNET (for himself and Mr. UDALL of Colorado) submitted an amendment intended to be proposed by him to the bill S. 23, to amend title 35, United States Code, to provide for patent reform; which was ordered to lie on the table; as follows:

On page 104, between lines 22 and 23, insert the following:

SEC. 18. TELEVISION ACCESS.

(a) **SHORT TITLE.**—This section may be cited as the “Four Corners Television Access Act of 2011”.

(b) **SATELLITE CARRIAGE OF CERTAIN TELEVISION BROADCAST SIGNALS.**—Section 122(a)(4)(C) of title 17, United States Code, is amended—

(1) by redesignating clauses (i) and (ii) as subclauses (I) and (II), respectively;

(2) by striking “In the case of that State” and inserting the following:

“(i) In the case of that State”; and
 (3) by inserting before clause (ii) (as so redesignated by paragraph (2)) the following:

“(i) In the case of that State in which are located 2 counties that—

“(I) are located in the 44th largest designated market area for the year 2008 according to Nielsen Media Research; and

“(II) had a combined total of 27,540 television households, according to the *Nielsen DMA Market Atlas* by Nielsen Media Research for 2008,

the statutory license provided under this paragraph shall apply to secondary trans-

missions by a satellite carrier to subscribers in any such county of the primary transmissions of any network station located in that State, if the satellite carrier was making such secondary transmissions to any subscribers in that county on January 1, 2008.”.

(c) **CABLE CARRIAGE OF CERTAIN TELEVISION BROADCAST SIGNAL.**—Section 341 of Communications Act of 1934 (47 U.S.C. 341) is amended by adding at the end the following:

“(c) **RULE OF CONSTRUCTION.**—

“(1) **SIGNIFICANTLY VIEWED.**—Each television broadcast station broadcasting in the designated market area of a State capital is deemed significantly viewed in a covered county within the meaning of section 76.54 of title 47, Code of Federal Regulations, for purposes of the carriage and retransmission of the signals of such broadcast station by a cable system, translator, or other multi-channel video programming distributor.

“(2) **RETRANSMISSION PERMITTED.**—Notwithstanding the provisions of section 325(b), a cable system, translator, or other multi-channel video programming distributor may retransmit the signal of any television broadcast station described in paragraph (1) within a covered county.

“(3) **DEFINITION OF COVERED COUNTY.**—For purposes of this subsection, a county is a covered county if—

“(A) it is 1 of 2 counties located in the 44th largest designated market area for the year 2008 according to Nielsen Media Research; and

“(B) it had a combined total of 27,540 television households, according to the *Nielsen DMA Market Atlas* by Nielsen Media Research for 2008.”.

On page 104, line 23, strike “SEC. 18.” and insert “SEC. 19.”.

SA 120. Mr. KIRK submitted an amendment intended to be proposed by him to the bill S. 23, to amend title 35, United States Code, to provide for patent reform; which was ordered to lie on the table; as follows:

On page 104, between lines 22 and 23, insert the following:

SEC. 18. PATENT OMBUDSMAN PROGRAM FOR SMALL BUSINESS CONCERNS.

There is established in the United States Patent and Trademark Office a Patent Ombudsman Program. The duties of the Program’s staff shall include providing support and services relating to patent filings to small business concerns.

SA 121. Mr. LEAHY (for himself, Mr. GRASSLEY, Mr. KYL, and Mr. WHITEHOUSE) proposed an amendment to the bill S. 23, to amend title 35, United States Code, to provide for patent reform; as follows:

On page 1, strike line 5, and insert the following: “‘America Invents Act’”.

On page 9, line 8, strike “1 year” and insert “18 months”.

On page 32, strike line 12 and all that follows through page 35, line 2, and insert the following:

SEC. 4. VIRTUAL MARKING AND ADVICE OF COUNSEL.

On page 37, line 1, strike “(b)” and insert “(a)”.

On page 37, line 20, strike “(c)” and insert “(b)”.

On page 38, line 3, strike “(d)” and insert “(c)”.

On page 38, line 13, strike “(e)” and insert “(d)”.

On page 57, strike lines 17 through 23, and insert the following:

“(b) **PRELIMINARY INJUNCTIONS.**—If a civil action alleging infringement of a patent is

filed within 3 months of the grant of the patent, the court may not stay its consideration of the patent owner’s motion for a preliminary injunction against infringement of the patent on the basis that a petition for post-grant review has been filed or that such a proceeding has been instituted.”.

On page 59, strike lines 13 through 19.

On page 59, line 20, strike “(g)” and insert “(f)”.

On page 65, line 21, strike “18 months” and insert “1 year”.

On page 66, line 3, strike “18 months” and insert “1 year”.

On page 66, lines 4 and 5, strike “and shall apply only to patents issued on or after that date.” and insert “and, except as provided in section 18 and in paragraph (3), shall apply only to patents that are described in section 2(o)(1).”.

On page 66, line 8, after the period insert the following: “During the 4 year period following the effective date of subsections (a) and (d), the Director may, in his discretion, continue to apply the provisions of chapter 31 of title 35, United States Code, as amended by paragraph (3), as if subsection (a) had not been enacted to such proceedings instituted under section 314 (as amended by subsection (a)) or under section 324 as are instituted only on the basis of prior art consisting of patents and printed publications.”.

On page 69, line 2, strike “18 months” and insert “1 year”.

On page 69, line 14, strike “18 months” and insert “1 year”.

On page 74, line 22, strike “18 months” and insert “1 year”.

On page 75, line 16, strike “18 months” and insert “1 year”.

On page 75, line 22, strike “18 months” and insert “1 year”.

On page 76, line 5, strike “18 months” and insert “1 year”.

On page 77, strike line 23 and all that follows through page 78, line 6.

On page 78, line 7, strike “(b)” and insert “(a)”.

On page 78, line 20, strike “(c)” and insert “(b)”.

On page 79, strike lines 1 through 17, and insert the following:

(1) **IN GENERAL.**—The Director shall have authority to set or adjust by rule any fee established, authorized, or charged under title 35, United States Code, and the Trademark Act of 1946 (15 U.S.C. 1051 et seq.), notwithstanding the fee amounts established, authorized, or charged thereunder, for all services performed by or materials furnished by, the Office, provided that patent and trademark fee amounts are in the aggregate set to recover the estimated cost to the Office for processing, activities, services, and materials relating to patents and trademarks, respectively, including proportionate shares of the administrative costs of the Office.

On page 79, lines 19–21, strike “filing, processing, issuing, and maintaining patent applications and patents” and insert: “filing, searching, examining, issuing, appealing, and maintaining patent applications and patents”.

On page 86, between lines 8 and 9, insert the following:

(i) **REDUCTION IN FEES FOR SMALL ENTITY PATENTS.**—The Director shall reduce fees for providing prioritized examination of utility and plant patent applications by 50 percent for small entities that qualify for reduced fees under section 41(h)(1) of title 35, United States Code, so long as the fees of the prioritized examination program are set to recover the estimated cost of the program.

On page 86, line 9, strike “(i)” and insert “(j)”.

On page 91, between lines 14 and 15, insert the following:

(b) NO PROVISION OF FACILITIES AUTHORIZED.—The repeal made by the amendment in subsection (a)(1) shall not be construed to authorize the provision of any court facilities or administrative support services outside of the District of Columbia.

On page 91, line 15, strike “(b)” and insert “(c)”.

On page 91, line 23, strike “under either subsection” and all that follows through “shall certify” on page 92, line 2.

On page 92, line 7, before the semicolon insert the following: “, not including applications filed in another country, provisional applications under section 111(b), or international applications filed under the treaty defined in section 351(a) for which the basic national fee under section 41(a) was not paid”.

On page 92, between lines 7 and 8, insert the following:

“(3) did not in the prior calendar year have a gross income, as defined in section 61(a) of the Internal Revenue Code (26 U.S.C. 61(a)), exceeding 3 times the most recently reported median household income, as reported by the Bureau of Census; and”.

On page 92, strike lines 8 through 25.

On page 93, line 1, strike “(3) has not assigned, granted, conveyed, or is” and insert “(4) has not assigned, granted, conveyed, and is not”.

On page 93, lines 4 and 5, strike “has 5 or fewer employees and that such entity has” and insert “had”.

On page 93, line 7, strike “that does” and all that follows through line 11, and insert the following: “exceeding 3 times the most recently reported median household income, as reported by the Bureau of the Census, in the calendar year preceding the calendar year in which the fee is being paid, other than an entity of higher education where the applicant is not an employee, a relative of an employee, or have any affiliation with the entity of higher education.”.

On page 93, strike lines 12 through 17, and insert the following:

“(b) APPLICATIONS RESULTING FROM PRIOR EMPLOYMENT.—An applicant is not considered to be named on a previously filed application for purposes of subsection (a)(2) if the applicant has assigned, or is under an obligation by contract or law to assign, all ownership rights in the application as the result of the applicant’s previous employment.

“(c) FOREIGN CURRENCY EXCHANGE RATE.—If an applicant’s or entity’s gross income in the preceding year is not in United States dollars, the average currency exchange rate, as reported by the Internal Revenue Service, during the preceding year shall be used to determine whether the applicant’s or entity’s gross income exceeds the threshold specified in paragraphs (3) or (4) of subsection (a).”.

On page 94, between lines 18 and 19, insert the following:

(c) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to imply that other business methods are patentable or that other business-method patents are valid.

On page 94, line 19, strike “(c)” and insert “(d)”.

On page 103, between lines 11 and 12, insert the following:

“(c) DERIVATIVE JURISDICTION NOT REQUIRED.—The court to which a civil action is removed under this section is not precluded from hearing and determining any claim in such civil action because the State court from which such civil action is removed did not have jurisdiction over that claim.”.

On page 103, line 12, strike “(c)” and insert “(d)”.

On page 105, between lines 22 and 23, insert the following:

SEC. 18. TRANSITIONAL PROGRAM FOR COVERED BUSINESS-METHOD PATENTS.

(a) REFERENCES.—Except as otherwise expressly provided, wherever in this section language is expressed in terms of a section or chapter, the reference shall be considered to be made to that section or chapter in title 35, United States Code.

(b) TRANSITIONAL PROGRAM.—

(1) ESTABLISHMENT.—Not later than 1 year after the date of enactment of this Act, the Director shall issue regulations establishing and implementing a transitional post-grant review proceeding for review of the validity of covered business-method patents. The transitional proceeding implemented pursuant to this subsection shall be regarded as, and shall employ the standards and procedures of, a post-grant review under chapter 32, subject to the following exceptions and qualifications:

(A) Section 321(c) and subsections (e)(2), (f), and (g) of section 325 shall not apply to a transitional proceeding.

(B) A person may not file a petition for a transitional proceeding with respect to a covered business-method patent unless the person or his real party in interest has been sued for infringement of the patent or has been charged with infringement under that patent.

(C) A petitioner in a transitional proceeding who challenges the validity of 1 or more claims in a covered business-method patent on a ground raised under section 102 or 103 as in effect on the day prior to the date of enactment of this Act may support such ground only on the basis of—

(i) prior art that is described by section 102(a) (as in effect on the day prior to the date of enactment of this Act); or

(ii) prior art that—

(I) discloses the invention more than 1 year prior to the date of the application for patent in the United States; and

(II) would be described by section 102(a) (as in effect on the day prior to the date of enactment of this Act) if the disclosure had been made by another before the invention thereof by the applicant for patent.

(D) The petitioner in a transitional proceeding, or his real party in interest, may not assert either in a civil action arising in whole or in part under section 1338 of title 28, United States Code, or in a proceeding before the International Trade Commission that a claim in a patent is invalid on any ground that the petitioner raised during a transitional proceeding that resulted in a final written decision.

(E) The Director may institute a transitional proceeding only for a patent that is a covered business-method patent.

(2) EFFECTIVE DATE.—The regulations issued pursuant to paragraph (1) shall take effect on the date that is 1 year after the date of enactment of this Act and shall apply to all covered business-method patents issued before, on, or after such date of enactment, except that the regulations shall not apply to a patent described in the first sentence of section 5(f)(2) of this Act during the period that a petition for post-grant review of that patent would satisfy the requirements of section 321(c).

(3) SUNSET.—

(A) IN GENERAL.—This subsection, and the regulations issued pursuant to this subsection, are repealed effective on the date that is 4 years after the date that the regulations issued pursuant to paragraph (1) take effect.

(B) APPLICABILITY.—Notwithstanding subparagraph (A), this subsection and the regulations implemented pursuant to this subsection shall continue to apply to any petition for a transitional proceeding that is

filed prior to the date that this subsection is repealed pursuant to subparagraph (A).

(c) REQUEST FOR STAY.—

(1) IN GENERAL.—If a party seeks a stay of a civil action alleging infringement of a patent under section 281 in relation to a transitional proceeding for that patent, the court shall decide whether to enter a stay based on—

(A) whether a stay, or the denial thereof, will simplify the issues in question and streamline the trial;

(B) whether discovery is complete and whether a trial date has been set;

(C) whether a stay, or the denial thereof, would unduly prejudice the nonmoving party or present a clear tactical advantage for the moving party; and

(D) whether a stay, or the denial thereof, will reduce the burden of litigation on the parties and on the court.

(2) REVIEW.—A party may take an immediate interlocutory appeal from a district court’s decision under paragraph (1). The United States Court of Appeals for the Federal Circuit shall review the district court’s decision to ensure consistent application of established precedent.

(d) DEFINITION.—For purposes of this section, the term “covered business method patent” means a patent that claims a method or corresponding apparatus for performing data processing operations utilized in the practice, administration, or management of a financial product or service, except that the term shall not include patents for technological inventions. Solely for the purpose of implementing the transitional proceeding authorized by this subsection, the Director shall prescribe regulations for determining whether a patent is for a technological invention.

(e) RULE OF CONSTRUCTION.—Nothing in this section shall be construed as amending or interpreting categories of patent-eligible subject matter set forth under section 101.

SEC. 19. TRAVEL EXPENSES AND PAYMENT OF ADMINISTRATIVE JUDGES.

(a) AUTHORITY TO COVER CERTAIN TRAVEL RELATED EXPENSES.—Section 2(b)(11) of title 35, United States Code, is amended by inserting “, 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 non-federal employees attending such programs” after “world”.

(b) PAYMENT OF ADMINISTRATIVE JUDGES.—Section 3(b) of title 35, United States Code, is amended by adding at the end the following:

“(6) ADMINISTRATIVE PATENT JUDGES AND ADMINISTRATIVE TRADEMARK JUDGES.—The Director has the authority to fix the rate of basic pay for the administrative patent judges appointed pursuant to section 6 of this title 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. The payment of a rate of basic pay under this paragraph shall not be subject to the pay limitation of section 5306(e) or 5373 of title 5.”.

SEC. 20. PATENT AND TRADEMARK OFFICE FUNDING.

(a) DEFINITIONS.—In this section, the following definitions shall apply:

(1) DIRECTOR.—The term “Director” means the Director of the United States Patent and Trademark Office.

(2) FUND.—The term “Fund” means the public enterprise revolving fund established under subsection (c).

(3) OFFICE.—The term “Office” means the United States Patent and Trademark Office.

(4) TRADEMARK ACT OF 1946.—The term “Trademark Act of 1946” means an Act entitled “Act to provide for the registration and

protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes", approved July 5, 1946 (15 U.S.C. 1051 et seq.) (commonly referred to as the "Trademark Act of 1946" or the "Lanham Act").

(5) UNDER SECRETARY.—The term "Under Secretary" means the Under Secretary of Commerce for Intellectual Property.

(b) FUNDING.—

(1) IN GENERAL.—Section 42 of title 35, United States Code, is amended—

(A) in subsection (b), by striking "Patent and Trademark Office Appropriation Account" and inserting "United States Patent and Trademark Office Public Enterprise Fund"; and

(B) in subsection (c), in the first sentence—

(i) by striking "To the extent" and all that follows through "fees" and inserting "Fees"; and

(ii) by striking "shall be collected by and shall be available to the Director" and inserting "shall be collected by the Director and shall be available until expended".

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall take effect on the later of—

(A) October 1, 2011; or

(B) the first day of the first fiscal year that begins after the date of the enactment of this Act.

(c) USPTO REVOLVING FUND.—

(1) ESTABLISHMENT.—There is established in the Treasury of the United States a revolving fund to be known as the "United States Patent and Trademark Office Public Enterprise Fund". Any amounts in the Fund shall be available for use by the Director without fiscal year limitation.

(2) DERIVATION OF RESOURCES.—There shall be deposited into the Fund on or after the effective date of subsection (b)(1)—

(A) any fees collected under sections 41, 42, and 376 of title 35, United States Code, provided that notwithstanding any other provision of law, if such fees are collected by, and payable to, the Director, the Director shall transfer such amounts to the Fund, provided, however, that no funds collected pursuant to section 9(h) of this Act or section 1(a)(2) of Public Law 111-45 shall be deposited in the Fund; and

(B) any fees collected under section 31 of the Trademark Act of 1946 (15 U.S.C. 1113).

(3) EXPENSES.—Amounts deposited into the Fund under paragraph (2) shall be available, without fiscal year limitation, to cover—

(A) all expenses to the extent consistent with the limitation on the use of fees set forth in section 42(c) of title 35, United States Code, including all administrative and operating expenses, determined in the discretion of the Under Secretary to be ordinary and reasonable, incurred by the Under Secretary and the Director for the continued operation of all services, programs, activities, and duties of the Office relating to patents and trademarks, as such services, programs, activities, and duties are described under—

(i) title 35, United States Code; and

(ii) the Trademark Act of 1946; and

(B) all expenses incurred pursuant to any obligation, representation, or other commitment of the Office.

(d) ANNUAL REPORT.—Not later than 60 days after the end of each fiscal year, the Under Secretary and the Director shall submit a report to Congress which shall—

(1) summarize the operations of the Office for the preceding fiscal year, including financial details and staff levels broken down by each major activity of the Office;

(2) detail the operating plan of the Office, including specific expense and staff needs for the upcoming fiscal year;

(3) describe the long term modernization plans of the Office;

(4) set forth details of any progress towards such modernization plans made in the previous fiscal year; and

(5) include the results of the most recent audit carried out under subsection (f).

(e) ANNUAL SPENDING PLAN.—

(1) IN GENERAL.—Not later than 30 days after the beginning of each fiscal year, the Director shall notify the Committees on Appropriations of both Houses of Congress of the plan for the obligation and expenditure of the total amount of the funds for that fiscal year in accordance with section 605 of the Science, State, Justice, Commerce, and Related Agencies Appropriations Act, 2006 (Public Law 109-108; 119 Stat. 2334).

(2) CONTENTS.—Each plan under paragraph (1) shall—

(A) summarize the operations of the Office for the current fiscal year, including financial details and staff levels with respect to major activities; and

(B) detail the operating plan of the Office, including specific expense and staff needs, for the current fiscal year.

(f) AUDIT.—The Under Secretary shall, on an annual basis, provide for an independent audit of the financial statements of the Office. Such audit shall be conducted in accordance with generally acceptable accounting procedures.

(g) BUDGET.—The Fund shall prepare and submit each year to the President a business-type budget in a manner, and before a date, as the President prescribes by regulation for the budget program.

On page 105, line 23, strike "SEC. 18." and insert "SEC. 21."

At the end, add the following:

SEC. 22. BUDGETARY EFFECTS.

The budgetary effects of this Act, for the purpose of complying with the Statutory Pay-As-You-Go-Act of 2010, shall be determined by reference to the latest statement titled "Budgetary Effects of PAYGO Legislation" for this Act, submitted for printing in the Congressional Record by the Chairman of the Senate Budget Committee, provided that such statement has been submitted prior to the vote on passage.

SA 122. Mr. COONS submitted an amendment intended to be proposed by him to the bill S. 23, to amend title 35, United States Code, to provide for patent reform; which was ordered to lie on the table; as follows:

On page 77, strike line 23 and all that follows through page 78, line 6.

On page 78, line 7, strike "(b)" and insert "(a)".

On page 78, line 20, strike "(c)" and insert "(b)".

SA 123. Mr. KIRK (for himself and Mr. PRYOR) submitted an amendment intended to be proposed by him to the bill S. 23, to amend title 35, United States Code, to provide for patent reform; as follows:

On page 104, between lines 22 and 23, insert the following:

SEC. 18. PATENT OMBUDSMAN PROGRAM FOR SMALL BUSINESS CONCERNS.

Subject to available resources, the Director may establish in the United States Patent and Trademark Office a Patent Ombudsman Program. The duties of the Program's staff shall include providing support and services relating to patent filings to small business concerns.

SA 124. Mr. MENENDEZ submitted an amendment intended to be proposed

by him to the bill S. 23, to amend title 35, United States Code, to provide for patent reform; as follows:

On page 104, strike line 23, and insert the following:

SEC. 18. PRIORITY EXAMINATION FOR TECHNOLOGIES IMPORTANT TO AMERICAN COMPETITIVENESS.

Section 2(b)(2) of title 35, United States Code, is amended—

(1) in subparagraph (E), by striking ";" and inserting a semicolon;

(2) in subparagraph (F), by striking the semicolon and inserting ";" and"; and

(3) by adding at the end the following:

"(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, such as green technologies designed to foster renewable energy, clean energy, biofuels or bio-based products, agricultural sustainability, environmental quality, energy conservation, or energy efficiency, without recovering the aggregate extra cost of providing such prioritization, notwithstanding section 41 or any other provision of law;"

SEC. 19. EFFECTIVE DATE.

SA 125. Mr. CARDIN submitted an amendment intended to be proposed by him to the bill S. 23, to amend title 35, United States Code, to provide for patent reform; which was ordered to lie on the table; as follows:

On page 104, strike line 23, and insert the following:

SEC. 18. COMPLIANCE WITH CERTAIN ORDERS OF THE FEDERAL COMMUNICATIONS COMMISSION.

Section 1498 of title 28, United States Code, is amended by adding at the end the following:

"(f) Whenever, after the date of enactment of this subsection, a wireless carrier is alleged to infringe a patent or copyright not previously licensed as a means to comply with an order or directive of the Federal Communications Commission concerning enhanced 911 services, then that alleged infringement shall be construed as a use or manufacture for the United States for purposes of this section."

SEC. 19. EFFECTIVE DATE.

SA 126. Ms. STABENOW (for herself and Mr. LEVIN) submitted an amendment intended to be proposed by her to the bill S. 23, to amend title 35, United States Code, to provide for patent reform; which was ordered to lie on the table; as follows:

On page 104, strike line 23 and insert the following:

SEC. 18. DESIGNATION OF DETROIT SATELLITE OFFICE.

(a) DESIGNATION.—The satellite office of the United States Patent and Trademark Office to be located in Detroit, Michigan shall be known and designated as the "Elijah J. McCoy United States Patent and Trademark Office".

(b) REFERENCES.—Any reference in a law, map, regulation, document, paper, or other record of the United States to the satellite office of the United States Patent and Trademark Office to be located in Detroit, Michigan referred to in subsection (a) shall be deemed to be a reference to the "Elijah J. McCoy United States Patent and Trademark Office".

SEC. 19. EFFECTIVE DATE.

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