To amend title 35, United States Code, and the Leahy-Smith America Invents Act to make improvements and technical corrections, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 23, 2013

Mr. Goodlatte (for himself, Mr. DeFazio, Mr. Coble, Ms. Lofgren, Mr. Smith of Texas, Ms. Eshoo, Mr. Chaffetz, Mr. Bachus, Mr. Marino, Mr. Farr, and Mr. Holding) introduced the following bill; which was referred to the Committee on the Judiciary

A BILL

To amend title 35, United States Code, and the Leahy-Smith America Invents Act to make improvements and technical corrections, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) Short Title.—This Act may be cited as the “Innovation Act”.

(b) Table of Contents.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Definitions.
Sec. 3. Patent infringement actions.
SEC. 2. DEFINITIONS.

In this Act:

(1) DIRECTOR.—The term "Director" means the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.

(2) OFFICE.—The term "Office" means the United States Patent and Trademark Office.

SEC. 3. PATENT INFRINGEMENT ACTIONS.

(a) PLEADING REQUIREMENTS.—

(1) AMENDMENT.—Chapter 29 of title 35, United States Code, is amended by inserting after section 281 the following:

"§ 281A. Pleading requirements for patent infringement actions

"(a) PLEADING REQUIREMENTS.—Except as provided in subsection (b), in a civil action in which a party asserts a claim for relief arising under any Act of Congress relating to patents, a party alleging infringement shall include in the initial complaint, counterclaim, or cross-claim for patent infringement, unless the informa-
tion is not reasonably accessible to such party, the fol-
lowing:

“(1) An identification of each patent allegedly
infringed.

“(2) An identification of each claim of each pat-
et identified under paragraph (1) that is allegedly
infringed.

“(3) For each claim identified under paragraph
(2), an identification of each accused apparatus,
product, feature, device, method, system, process,
function, act, service, or other instrumentality (re-
ferred to in this section as an ‘accused instrumen-
tality’) alleged to infringe the claim.

“(4) For each accused instrumentality identi-
fied under paragraph (3), an identification with par-
ticularity, if known, of—

“(A) the name or model number of each
accused instrumentality; or

“(B) if there is no name or model number,
a description of each accused instrumentality
that, when used, allegedly results in the prac-
tice of the claimed invention.

“(5) For each accused instrumentality identi-
fied under paragraph (3), an explanation of—
“(A) where each element of each claim identified under paragraph (2) is found within the accused instrumentality;

“(B) whether each such element is infringed literally or under the doctrine of equivalents; and

“(C) with detailed specificity, how the terms in each claim identified under paragraph (2) correspond to the functionality of the accused instrumentality.

“(6) For each claim that is alleged to have been infringed indirectly, a description of—

“(A) the direct infringement;

“(B) any person alleged to be a direct infringer known to the party alleging infringement; and

“(C) the acts of the alleged indirect infringer that contribute to or are inducing the direct infringement.

“(7) A description of the right of the party alleging infringement to assert each—

“(A) patent identified under paragraph (1); and

“(B) patent claim identified under paragraph (2).
“(8) A description of the principal business of the party alleging infringement.

“(9) A list of each complaint filed, of which the party alleging infringement has knowledge, that asserts or asserted any of the patents identified under paragraph (1).

“(10) For each patent identified under paragraph (1), whether such patent has been specifically declared as essential, potentially essential, or having potential to become essential to any standard-setting body, and whether the United States Government or a foreign government has imposed specific licensing requirements with respect to such patent.

“(b) INFORMATION NOT READILY ACCESSIBLE.—A party required to disclose the information described under subsection (a) shall include with such disclosure a description of any information described under subsection (a) that is not disclosed, why such undisclosed information was not readily accessible, and the efforts made by such party to access such undisclosed information.

“(c) CONFIDENTIAL INFORMATION.—For good cause shown by a party required to disclose the information described under subsection (a), the court may allow certain information that the court determines to be confidential to be filed under seal.
“(d) Exemption.—A civil action that includes a claim for relief arising under section 271(e)(2) shall not be subject to the requirements of subsection (a).”.

(2) Conforming Amendment.—The table of sections for chapter 29 of title 35, United States Code, is amended by inserting after the item relating to section 281 the following new item:

“281A. Pleading requirements for patent infringement actions.”.

(b) Fees and Other Expenses.—

(1) Amendment.—Section 285 of title 35, United States Code, is amended to read as follows:

“§285. Fees and other expenses

“(a) Award.—The court shall award, to a prevailing party, reasonable fees and other expenses incurred by that party in connection with a civil action in which any party asserts a claim for relief arising under any Act of Congress relating to patents, unless the court finds that the position of the nonprevailing party or parties was substantially justified or that special circumstances make an award unjust.

“(b) Recovery.—If a nonprevailing party is unable to pay reasonable fees and other expenses awarded by the court pursuant to subsection (a), the court may make the reasonable fees and other expenses recoverable against any interested party joined pursuant to section 299(d).
“(c) COVENANT NOT TO SUE.—A party to a civil action that asserts a claim for relief arising under any Act of Congress relating to patents against another party, and that subsequently unilaterally extends to such other party a covenant not to sue for infringement with respect to the patent or patents at issue, shall be deemed to be a nonprevailing party (and the other party the prevailing party) for purposes of this section, unless the party asserting such claim would have been entitled, at the time that such covenant was extended, to voluntarily dismiss the action or claim without a court order under Rule 41 of the Federal Rules of Civil Procedure.”.

(2) CONFORMING AMENDMENT AND AMENDMENT.—

(A) CONFORMING AMENDMENT.—The item relating to section 285 of the table of sections for chapter 29 of title 35, United States Code, is amended to read as follows:

“285. Fees and other expenses.”.

(B) AMENDMENT.—Section 273 of title 35, United States Code, is amended by striking subsections (f) and (g).

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on the date of the enactment of this Act and shall apply to any action for which a complaint is filed on or after that date.
(c) JOINDER OF INTERESTED PARTIES.—Section 299 of title 35, United States Code, is amended by adding at the end the following new subsection:

“(d) JOINDER OF INTERESTED PARTIES.—

“(1) JOINDER.—In a civil action arising under any Act of Congress relating to patents, the court shall grant a motion by a party defending against an allegation of infringement of a patent claim to join an interested party if such defending party shows that the party alleging infringement has no substantial interest in the patent or patents at issue other than asserting such patent claim in litigation.

“(2) LIMITATION ON JOINDER.—The court may deny a motion to join an interested party under paragraph (1) if—

“(A) the interested party is not subject to service of process; or

“(B) joinder under paragraph (1) would deprive the court of subject matter jurisdiction or make venue improper.

“(3) INTERESTED PARTY DEFINED.—In this subsection, the term ‘interested party’ means a person, other than the party alleging infringement, that—
“(A) is an assignee of the patent or patents at issue;

“(B) has a right, including a contingent right, to enforce or sublicense the patent or patents at issue; or

“(C) has a direct financial interest in the patent or patents at issue, including the right to any part of an award of damages or any part of licensing revenue, except that a person with a direct financial interest does not include—

“(i) an attorney or law firm providing legal representation in the civil action described in paragraph (1) if the sole basis for the financial interest of the attorney or law firm in the patent or patents at issue arises from the attorney or law firm’s receipt of compensation reasonably related to the provision of the legal representation; or

“(ii) a person whose sole financial interest in the patent or patents at issue is ownership of an equity interest in the party alleging infringement, unless such person also has the right or ability to influence, direct, or control the civil action.”.

(d) DISCOVERY LIMITS.—
(1) **AMENDMENT.**—Chapter 29 of title 35, United States Code, is amended by adding at the end the following new section:

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§ 299A. Discovery in patent infringement action

“(a) DISCOVERY IN PATENT INFRINGEMENT ACTION.—Except as provided in subsection (b), in a civil action arising under any Act of Congress relating to patents, if the court determines that a ruling relating to the construction of terms used in a patent claim asserted in the complaint is required, discovery shall be limited, until such ruling is issued, to information necessary for the court to determine the meaning of the terms used in the patent claim, including any interpretation of those terms used to support the claim of infringement.

“(b) DISCRETION TO EXPAND SCOPE OF DISCOVERY.—

“(1) TIMELY RESOLUTION OF ACTIONS.—If, under any provision of Federal law (including the amendments made by the Drug Price Competition and Patent Term Restoration Act of 1984 (Public Law 98–417)), resolution within a specified period of time of a civil action arising under any Act of Congress relating to patents will necessarily affect the rights of a party with respect to the patent, the court may permit discovery, in addition to the dis-
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covery authorized under subsection (a), before the ruling described in subsection (a) is issued as necessary to ensure timely resolution of the action.

“(2) Resolution of motions.—When necessary to resolve a motion properly raised by a party before a ruling relating to the construction of terms described in subsection (a), the court may allow limited discovery in addition to the discovery authorized under subsection (a) as necessary to resolve the motion.”.

(2) Conforming amendment.—The table of sections for chapter 29 of title 35, United States Code, is amended by adding at the end the following new item:

“299A. Discovery in patent infringement action.”.

(e) Effective date.—Except as otherwise provided in this section, the amendments made by this section shall take effect on the date of the enactment of this Act and shall apply to any action for which a complaint is filed on or after that date.

SEC. 4. TRANSPARENCY OF PATENT OWNERSHIP.

(a) Amendments.—Section 290 of title 35, United States Code, is amended—

(1) in the heading, by striking “suits” and inserting “suits; disclosure of interests”;

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(2) by striking “The clerks” and inserting “(a)
NOTICE OF PATENT SUITS.—The clerks”; and

(3) by adding at the end the following new sub-
sections:
“(b) INITIAL DISCLOSURE.—
“(1) IN GENERAL.—Except as provided in para-
graph (2), upon the filing of an initial complaint for
patent infringement, the plaintiff shall disclose to
the Patent and Trademark Office, the court, and
each adverse party the identity of each of the fol-
lowing:
“(A) The assignee of the patent or patents
at issue.
“(B) Any entity with a right to sublicense
or enforce the patent or patents at issue.
“(C) Any entity, other than the plaintiff,
that the plaintiff knows to have a financial in-
terest in the patent or patents at issue or the
plaintiff.
“(D) The ultimate parent entity of any as-
signee identified under subparagraph (A) and
any entity identified under subparagraphs (B)
and (C).
“(2) EXEMPTION.—The requirements of para-
graph (1) shall not apply with respect to a civil ac-
tion filed under subsection (a) that includes a cause of action described under section 271(e)(2).

“(c) DISCLOSURE COMPLIANCE.—

“(1) PUBLICLY TRADED.—For purposes of subsection (b)(1)(C), if the financial interest is held by a corporation traded on a public stock exchange, an identification of the name of the corporation and the public exchange listing shall satisfy the disclosure requirement.

“(2) NOT PUBLICLY TRADED.—For purposes of subsection (b)(1)(C), if the financial interest is not held by a publicly traded corporation, the disclosure shall satisfy the disclosure requirement if the information identifies—

“(A) in the case of a partnership, the name of the partnership and the name and correspondence address of each partner or other entity that holds more than a 5-percent share of that partnership;

“(B) in the case of a corporation, the name of the corporation, the location of incorporation, the address of the principal place of business, and the name of each officer of the corporation; and
“(C) for each individual, the name and correspondence address of that individual.

“(d) ONGOING DUTY OF DISCLOSURE TO THE PATENT AND TRADEMARK OFFICE.—

“(1) IN GENERAL.—A plaintiff required to submit information under subsection (b) or a subsequent owner of the patent or patents at issue shall, not later than 90 days after any change in the assignee of the patent or patents at issue or an entity described under subparagraphs (B) and (D) of subsection (b)(1), submit to the Patent and Trademark Office the updated identification of such assignee or entity.

“(2) FAILURE TO COMPLY.—With respect to a patent for which the requirement of paragraph (1) has not been met—

“(A) the plaintiff or subsequent owner shall not be entitled to recover reasonable fees and other expenses under section 285 or increased damages under section 284 with respect to infringing activities taking place during any period of noncompliance with paragraph (1), unless the denial of such damages or fees would be manifestly unjust; and
“(B) the court shall award to a prevailing party accused of infringement reasonable fees and other expenses incurred to discover the updated assignee or entity described under paragraph (1), unless such sanctions would be unjust.

“(e) DEFINITIONS.—In this section:

“(1) FINANCIAL INTEREST.—The term ‘financial interest’—

“(A) means—

“(i) with regard to a patent or patents, the right of a person to receive proceeds related to the assertion of the patent or patents, including a fixed or variable portion of such proceeds; and

“(ii) with regard to the plaintiff, direct or indirect ownership or control by a person of more than 5 percent of such plaintiff; and

“(B) does not mean—

“(i) ownership of shares or other interests in a mutual or common investment fund, unless the owner of such interest participates in the management of such fund; or
“(ii) the proprietary interest of a policyholder in a mutual insurance company, of a depositor in a mutual savings association, or a similar proprietary interest, unless the outcome of the proceeding could substantially affect the value of such interest.

“(2) PROCEEDING.—The term ‘proceeding’ means all stages of a civil action, including pretrial and trial proceedings and appellate review.

“(3) ULTIMATE PARENT ENTITY.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), the term ‘ultimate parent entity’ has the meaning given such term in section 801.1(a)(3) of title 16, Code of Federal Regulations, or any successor regulation.

“(B) MODIFICATION OF DEFINITION.—The Director may modify the definition of ‘ultimate parent entity’ by regulation.”.

(b) TECHNICAL AND CONFORMING AMENDMENT.—
The item relating to section 290 in the table of sections for chapter 29 of title 35, United States Code, is amended to read as follows:

“290. Notice of patent suits; disclosure of interests.”.

(c) REGULATIONS.—The Director may promulgate such regulations as are necessary to establish a registra-
tion fee in an amount sufficient to recover the estimated costs of administering subsections (b) through (e) of section 290 of title 35, United States Code, as added by subsection (a), to facilitate the collection and maintenance of the information required by such subsections, and to ensure the timely disclosure of such information to the public.

(d) Effective Date.—The amendments made by this section shall take effect upon the expiration of the 6-month period beginning on the date of the enactment of this Act and shall apply to any action for which a complaint is filed on or after such effective date.

SEC. 5. CUSTOMER-SUIT EXCEPTION.

(a) Amendment.—Section 296 of title 35, United States Code, is amended to read as follows:

"§ 296. Stay of action against customer"

"(a) Stay of Action Against Customer.—Except as provided in subsection (d), in any civil action arising under any Act of Congress relating to patents, the court shall grant a motion to stay at least the portion of the action against a covered customer related to infringement of a patent involving a covered product or process if the following requirements are met:

"(1) The covered manufacturer and the covered customer consent in writing to the stay."
“(2) The covered manufacturer is a party to the action or to a separate action involving the same patent or patents related to the same covered product or process.

“(3) The covered customer agrees to be bound by any judgment entered against the covered manufacturer to the same extent that the covered manufacturer may be bound with respect to issues that the covered manufacturer and the covered customer have in common.

“(4) The motion is filed after the first pleading in the action and not later than 120 days after service of the first pleading in the action that specifically identifies—

“(A) the covered product or process as a basis for the alleged infringement of the patent by the covered customer; and

“(B) how the covered product or process is alleged to infringe the patent.

“(b) APPLICABILITY OF STAY.—A stay issued pursuant to subsection (a) shall apply only to the patents, products, systems, or components accused of infringement in the action.

“(c) LIFT OF STAY.—
“(1) IN GENERAL.—A stay entered pursuant to this section may be lifted upon grant of a motion based on a showing that—

“(A) the action involving the covered manufacturer will not resolve a major issue in suit against the covered customer; or

“(B) the stay unreasonably prejudices and would be manifestly unjust to the party seeking to lift the stay.

“(2) SEPARATE MANUFACTURER ACTION INVOLVED.—In the case of a stay entered based on the participation of the covered manufacturer in a separate action involving the same patent or patents related to the same covered product or process, a motion under this subsection may only be made if the court in such separate action determines the showing required under paragraph (1) has been met.

“(d) EXEMPTION.—This section shall not apply to an action that includes a cause of action described under section 271(e).

“(e) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to limit the ability of a court to grant any stay, or expand any stay granted pursuant to this section, if otherwise permitted by law.

“(f) DEFINITIONS.—In this section:
“(1) COVERED CUSTOMER.—The term ‘covered customer’ means a party accused of infringing a patent or patents in dispute based on a covered product or process.

“(2) COVERED MANUFACTURER.—The term ‘covered manufacturer’ means a person that manufactures or supplies, or causes the manufacture or supply of, a covered product or process or a relevant part of such product or process.

“(3) COVERED PRODUCT OR PROCESS.—The term ‘covered product or process’ means a product, process, system, service, component, material, or apparatus, or relevant part thereof, that—

“(A) is alleged to infringe the patent or patents in dispute; or

“(B) implements a process alleged to infringe the patent or patents in dispute.”.

(b) CONFORMING AMENDMENT.—The table of sections for chapter 29 of title 35, United States Code, is amended by striking the item relating to section 296 and inserting the following:

“296. Stay of action against customer.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act and shall apply to any action for which a complaint is filed on or after that date.
SEC. 6. PROCEDURES AND PRACTICES TO IMPLEMENT AND RECOMMENDATIONS TO THE JUDICIAL CONFERENCE.

(a) Judicial Conference Rules and Procedures on Discovery Burdens and Costs.—

(1) Rules and procedures.—The Judicial Conference of the United States, using existing resources, shall develop rules and procedures to implement the requirements described in paragraph (2) to address the asymmetries in discovery burdens and costs in any civil action arising under any Act of Congress relating to patents. Such rules and procedures shall include how and when payment for document discovery in addition to the discovery of core documentary evidence is to occur, and what information must be presented to demonstrate financial capacity before permitting document discovery in addition to the discovery of core documentary evidence.

(2) Rules and procedures to be considered.—The rules and procedures required under paragraph (1) shall include each of the following requirements:

(A) Discovery of core documentary evidence.—Each party to the action is entitled to receive core documentary evidence and shall be responsible for the costs of producing
core documentary evidence within the possession or control of each such party. Each party to the action may seek nondocumentary discovery as otherwise provided in the Federal Rules of Civil Procedure.

(B) ELECTRONIC COMMUNICATION.—If the parties determine that the discovery of electronic communication is necessary, such discovery shall occur after the parties have exchanged initial disclosures and core documentary evidence and shall be in accordance with the following:

(i) Any request for the production of electronic communication shall be specific and may not be a general request for the production of information relating to a product or business.

(ii) Each request shall identify the custodian of the information requested, the search terms, and a time frame. The parties shall cooperate to identify the proper custodians, the proper search terms, and the proper time frame.

(iii) A party may not submit production requests to more than 5 custodians,
unless the parties jointly agree to modify
the number of production requests without
leave of the court.

(iv) The court may consider contested
requests for up to 5 additional custodians
per producing party, upon a showing of a
distinct need based on the size, complexity,
and issues of the case.

(v) If a party requests the discovery
of electronic communication for additional
custodians beyond the limits agreed to by
the parties or granted by the court, the re-
questing party shall bear all reasonable
costs caused by such additional discovery.

(C) ADDITIONAL DOCUMENT DISCOVERY.—

(i) In general.—Each party to the
action may seek any additional document
discovery otherwise permitted under the
Federal Rules of Civil Procedure, if such
party bears the reasonable costs, including
reasonable attorney’s fees, of the additional
document discovery.

(ii) Requirements for additional
document discovery.—Unless the par-
ties mutually agree otherwise, no party
may be permitted additional document discovery unless such a party posts a bond, or provides other security, in an amount sufficient to cover the expected costs of such additional document discovery, or makes a showing to the court that such party has the financial capacity to pay the costs of such additional document discovery.

(iii) **Limits on Additional Document Discovery.**—A court, upon motion, may determine that a request for additional document discovery is excessive, irrelevant, or otherwise abusive and may set limits on such additional document discovery.

(iv) **Good Cause Modification.**—A court, upon motion and for good cause shown, may modify the requirements of subparagraphs (A) and (B) and any definition under paragraph (3). Not later than 30 days after the pretrial conference under Rule 16 of the Federal Rules of Civil Procedure, the parties shall jointly submit any proposed modifications of the requirements of subparagraphs (A) and (B) and any def-
inition under paragraph (3), unless the parties do not agree, in which case each party shall submit any proposed modification of such party and a summary of the disagreement over the modification.

(v) COMPUTER CODE.—A court, upon motion and for good cause shown, may determine that computer code should be included in the discovery of core documentary evidence. The discovery of computer code shall occur after the parties have exchanged initial disclosures and other core documentary evidence.

(D) DISCOVERY SEQUENCE AND SCOPE.—The parties shall discuss and address in the written report filed pursuant to Rule 26(f) of the Federal Rules of Civil Procedure the views and proposals of each party on the following:

(i) When the discovery of core documentary evidence should be completed.

(ii) Whether additional document discovery will be sought under subparagraph (C).

(iii) Any issues about infringement, invalidity, or damages that, if resolved be-
fore the additional discovery described in
subparagraph (C) commences, might sim-
plify or streamline the case, including the
identification of any terms or phrases re-
lating to any patent claim at issue to be
construed by the court and whether the
early construction of any of those terms or
phrases would be helpful.

(3) DEFINITIONS.—In this subsection:

(A) CORE DOCUMENTARY EVIDENCE.—In
this subsection, the term “core documentary
evidence”—

(i) includes—

(I) documents relating to the
conception of, reduction to practice of,
and application for, the patent or pat-
ents at issue;

(II) documents sufficient to show
the technical operation of the product
or process identified in the complaint
as infringing the patent or patents at
issue;

(III) documents relating to po-
tentially invalidating prior art;
(IV) documents relating to any licensing of, or other transfer of rights to, the patent or patents at issue before the date on which the complaint is filed;

(V) documents sufficient to show profit attributable to the claimed invention of the patent or patents at issue;

(VI) documents relating to any knowledge by the accused infringer of the patent or patents at issue before the date on which the complaint is filed;

(VII) documents relating to any knowledge by the patentee of infringement of the patent or patents at issue before the date on which the complaint is filed;

(VIII) documents relating to any licensing term or pricing commitment to which the patent or patents may be subject through any agency or standard-setting body; and
(IX) documents sufficient to show any marking or other notice provided of the patent or patents at issue; and

(ii) does not include computer code, except as specified in paragraph (2)(C)(v).

(B) ELECTRONIC COMMUNICATION.—The term “electronic communication” means any form of electronic communication, including email, text message, or instant message.

(4) IMPLEMENTATION BY THE DISTRICT COURTS.—Not later than 6 months after the date on which the Judicial Conference has developed the rules and procedures required by this subsection, each United States district court and the United States Court of Federal Claims shall revise the applicable local rules for such court to implement such rules and procedures.

(5) AUTHORITY FOR JUDICIAL CONFERENCE TO REVIEW AND MODIFY.—The Judicial Conference shall study the efficacy of the rules and procedures required by this subsection during the first 4 years following the implementation of such rules and procedures by the district courts and the United States Court of Federal Claims. The Judicial Conference
may modify such rules and procedures following such 4-year period.

(b) Judicial Conference Patent Case Management.—The Judicial Conference of the United States, using existing resources, shall develop case management procedures to be implemented by the United States district courts and the United States Court of Federal Claims for any civil action arising under any Act of Congress relating to patents, including initial disclosure and early case management conference practices that—

(1) will identify any potential dispositive issues of the case; and

(2) focus on early summary judgment motions when resolution of issues may lead to expedited disposition of the case.

(e) Revision of Form for Patent Infringement.—

(1) Elimination of Form.—The Supreme Court, using existing resources, shall eliminate Form 18 in the Appendix to the Federal Rules of Civil Procedure (relating to Complaint for Patent Infringement), effective on the date of the enactment of this Act.

(2) Revised Form.—The Supreme Court may prescribe a new form or forms setting out model al-
legations of patent infringement that, at a minimum, notify accused infringers of the asserted claim or claims, the products or services accused of infringement, and the plaintiff’s theory for how each accused product or service meets each limitation of each asserted claim. The Judicial Conference should exercise the authority under section 2073 of title 28, United States Code, to make recommendations with respect to such new form or forms.

(d) Protection of Intellectual-Property Licenses in Bankruptcy.—

(1) In General.—Section 1520(a) of title 11, United States Code, is amended—

(A) in paragraph (3), by striking “; and” and inserting a semicolon;

(B) in paragraph (4), by striking the period at the end and inserting “; and”; and

(C) by inserting at the end the following new paragraph:

“(5) section 365(n) applies to intellectual property of which the debtor is a licensor or which the debtor has transferred.”.

(2) Effective Date.—The amendments made by this subsection shall take effect on the date of the enactment of this Act and shall apply to any action
for which a complaint is pending on, or filed on or after, such date of enactment.

SEC. 7. SMALL BUSINESS EDUCATION, OUTREACH, AND INFORMATION ACCESS.

(a) SMALL BUSINESS EDUCATION AND OUTREACH.—

(1) RESOURCES FOR SMALL BUSINESS.—Using existing resources, the Director shall develop educational resources for small businesses to address concerns arising from patent infringement.

(2) SMALL BUSINESS PATENT OMBUDSMAN.—

The Patent Ombudsman Program established under section 28 of the Leahy-Smith America Invents Act (Public Law 112–29; 125 Stat. 339; 35 U.S.C. 2 note) shall coordinate with the existing small business outreach programs of the Office to provide education and awareness on abusive patent litigation practices.

(b) IMPROVING INFORMATION TRANSPARENCY FOR SMALL BUSINESS AND THE UNITED STATES PATENT AND TRADEMARK OFFICE USERS.—

(1) WEB SITE.—Using existing resources, the Director shall create a user-friendly section on the official Web site of the Office to notify the public when a patent case is brought in Federal court and
with respect to each patent at issue in such case, the
Director shall include—

(A) information disclosed pursuant to sub-
sections (b) and (d) of section 290 of title 35,
United States Code, as added by section 4(a) of
this Act; and

(B) any other information the Director de-
termines to be relevant.

(2) FORMAT.—In order to promote accessibility
for the public, the information described in para-
graph (1) shall be searchable by patent number, pat-
ent art area, and entity.

SEC. 8. STUDIES ON PATENT TRANSACTIONS, QUALITY,
AND EXAMINATION.

(a) STUDY ON SECONDARY MARKET OVERSIGHT FOR
PATENT TRANSACTIONS TO PROMOTE TRANSPARENCY
AND ETHICAL BUSINESS PRACTICES.—

(1) STUDY REQUIRED.—The Director, in con-
sultation with the Secretary of Commerce, the Sec-
retary of the Treasury, the Chairman of the Securi-
ties and Exchange Commission, the heads of other
relevant agencies, and interested parties, shall, using
existing resources of the Office, conduct a study—

(A) to develop legislative recommendations
to ensure greater transparency and account-
ability in patent transactions occurring on the secondary market;

(B) to examine the economic impact that the patent secondary market has on the United States;

(C) to examine licensing and other oversight requirements that may be placed on the patent secondary market, including on the participants in such markets, to ensure that the market is a level playing field and that brokers in the market have the requisite expertise and adhere to ethical business practices; and

(D) to examine the requirements placed on other markets.

(2) Submission of study.—Not later than 1 year after the date of the enactment of this Act, the Director shall submit a report to the Committee on the Judiciary of the House of Representatives and the Committee on the Judiciary of the Senate on the findings and recommendations of the Director from the study required under paragraph (1).

(b) Study on patents owned by the United States Government.—

(1) Study required.—The Director, in consultation with the heads of relevant agencies and in-
interested parties, shall, using existing resources of the
Office, conduct a study on patents owned by the
United States Government that—

(A) examines how such patents are li-
censed and sold, and any litigation relating to
the licensing or sale of such patents;

(B) provides legislative and administrative
recommendations on whether there should be
restrictions placed on patents acquired from the
United States Government;

(C) examines whether or not each relevant
agency maintains adequate records on the pat-
ents owned by such agency, specifically whether
such agency addresses licensing, assignment,
and Government grants for technology related
to such patents; and

(D) provides recommendations to ensure
that each relevant agency has an adequate
point of contact that is responsible for man-
aging the patent portfolio of the agency.

(2) Report on study.—Not later than 6
months after the date of the enactment of this Act,
the Director shall submit to the Committee on the
Judiciary of the House of Representatives and the
Committee on the Judiciary of the Senate a report
on the findings and recommendations of the Director
from the study required under paragraph (1).

(c) Study on Patent Quality and Access to
the Best Information During Examination.—

(1) GAO Study.—The Comptroller General of
the United States shall conduct a study on patent
examination at the Office and the technologies avail-
able to improve examination and improve patent
quality.

(2) Contents of the Study.—The study re-
quired under paragraph (1) shall include the fol-
lowing:

(A) An examination of patent quality at
the Office.

(B) An examination of ways to improve
quality, specifically through technology, that
shall include examining best practices at foreign
patent offices and the use of existing off-the-
shelf technologies to improve patent examina-
tion.

(C) A description of how patents are class-
sified.

(D) An examination of procedures in place
to prevent double patenting through filing by
applicants in multiple art areas.
(E) An examination of the types of off-the-shelf prior art databases and search software used by foreign patent offices and governments, particularly in Europe and Asia, and whether those databases and search tools could be used by the Office to improve patent examination.

(F) An examination of any other areas the Comptroller General determines to be relevant.

(3) REPORT TO CONGRESS.—Not later than 6 months after the date of the enactment of this Act, the Comptroller General shall submit to the Committee on the Judiciary of the House of Representatives and the Committee on the Judiciary of the Senate a report on the findings and recommendations from the study required by this subsection, including recommendations for any changes to laws and regulations that will improve the examination of patent applications and patent quality.

SEC. 9. IMPROVEMENTS AND TECHNICAL CORRECTIONS TO THE LEAHY-SMITH AMERICA INVENTS ACT.

(a) REPEAL OF CIVIL ACTION TO OBTAIN A PATENT.—

(1) REPEAL.—Section 145 of title 35, United States Code, is repealed.

(2) CONFORMING AMENDMENTS.—
(A) Federal circuit jurisdiction.—
Section 1295(a)(4) of title 28, United States Code, is amended—

(i) in subparagraph (A), by striking “except that an applicant or a party” and all that follows through the end of the subparagraph and inserting the following: “except that a party to a derivation proceeding may also have remedy by civil action pursuant to section 146 of title 35; an appeal under this subparagraph of a decision of the Board with respect to a derivation proceeding shall waive the right of such party to proceed under section 146 of title 35;”; and

(ii) in subparagraph (C), by striking “section 145, 146, or” and inserting “section 146 or”.

(B) Federal circuit appeal.—Section 141(a) of title 35, United States Code, is amended—

(i) by striking “may appeal the Board’s decision to” and inserting “may appeal the Board’s decision only to”; and

(ii) by striking the second sentence.
(C) ADJUSTMENT OF PATENT TERM.—Section 154(b)(1)(A)(iii) of title 35, United States Code, is amended by striking “section 141, 145, or 146” and inserting “section 141 or 146”.

(D) CLERICAL AMENDMENT.—The table of sections for chapter 13 of title 35, United States Code, is amended by repealing the item relating to section 145.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to any proceeding in which a decision is made by the Patent Trial and Appeal Board on or after the date of the enactment of this Act.

(b) POST-GRANT REVIEW AMENDMENT.—Section 325(e)(2) of title 35, United States Code is amended by striking “or reasonably could have raised”.

(c) USE OF DISTRICT-COURT CLAIM CONSTRUCTION IN POST-GRANT AND INTER PARTES REVIEWS.—

(1) INTER PARTES REVIEW.—Section 316(a) of title 35, United States Code, is amended—

(A) in paragraph (12), by striking “; and” and inserting a semicolon;

(B) in paragraph (13), by striking the period at the end and inserting “; and”; and
(C) by adding at the end the following new paragraph:

“(14) providing that for all purposes under this chapter—

“(A) each claim of a patent shall be construed as such claim would be in a civil action to invalidate a patent under section 282(b), including construing each claim of the patent in accordance with the ordinary and customary meaning of such claim as understood by one of ordinary skill in the art and the prosecution history pertaining to the patent; and

“(B) if a court has previously construed the claim or a claim term in a civil action in which the patent owner was a party, the Office shall consider such claim construction.”.

(2) POST-GRANT REVIEW.—Section 326(a) of title 35, United States Code, is amended—

(A) in paragraph (11), by striking “; and” and inserting a semicolon;

(B) in paragraph (12), by striking the period at the end and inserting “; and”; and

(C) by adding at the end the following new paragraph:
“(13) providing that for all purposes under this chapter—

“(A) each claim of a patent shall be construed as such claim would be in a civil action to invalidate a patent under section 282(b), including construing each claim of the patent in accordance with the ordinary and customary meaning of such claim as understood by one of ordinary skill in the art and the prosecution history pertaining to the patent; and

“(B) if a court has previously construed the claim or a claim term in a civil action in which the patent owner was a party, the Office shall consider such claim construction.”.

(3) Technical and Conforming Amendment.—Section 18(a)(1)(A) of the Leahy-Smith America Invents Act (Public Law 112–29; 126 Stat. 329) is amended by striking “Section 321(c)” and inserting “Sections 321(c) and 326(a)(13)”.

(4) Effective Date.—The amendments made by this subsection shall take effect upon the expiration of the 90-day period beginning on the date of the enactment of this Act, and shall apply to any proceeding under chapter 31 or 32 of title 35,
United States Code, for which the petition for review
is filed on or after such effective date.

(d) Codification of the Double-Patenting
Doctrine for First-Inventor-To-File Patents.—

(1) Amendment.—Chapter 10 of title 35, United States Code, is amended by adding at the
end the following new section:

§ 106. Prior art in cases of double patenting

“A claimed invention of a patent issued under section
151 (referred to as the ‘first patent’) that is not prior art
to a claimed invention of another patent (referred to as
the ‘second patent’) shall be considered prior art to the
claimed invention of the second patent for the purpose of
determining the nonobviousness of the claimed invention
of the second patent under section 103 if—

“(1) the claimed invention of the first patent
was effectively filed under section 102(d) on or be-
before the effective filing date of the claimed invention
of the second patent;

“(2) either—

“(A) the first patent and second patent
name the same inventor; or

“(B) the claimed invention of the first pat-
ent would constitute prior art to the claimed in-
vention of the second patent under section
102(a)(2) if an exception under section 102(b)(2) were deemed to be inapplicable and the claimed invention of the first patent was, or were deemed to be, effectively filed under section 102(d) before the effective filing date of the claimed invention of the second patent; and

“(3) the patentee of the second patent has not disclaimed the rights to enforce the second patent independently from, and beyond the statutory term of, the first patent.”.

(2) REGULATIONS.—The Director shall promulgate regulations setting forth the form and content of any disclaimer required for a patent to be issued in compliance with section 106 of title 35, United States Code, as added by paragraph (1). Such regulations shall apply to any disclaimer filed after a patent has issued. A disclaimer, when filed, shall be considered for the purpose of determining the validity of the patent under section 106 of title 35, United States Code.

(3) CONFORMING AMENDMENT.—The table of sections for chapter 10 of title 35, United States Code, is amended by adding at the end the following new item:

“106. Prior art in cases of double patenting.”.
(4) **Exclusive Rule.**—A patent subject to section 106 of title 35, United States Code, as added by paragraph (1), shall not be held invalid on any nonstatutory, double-patenting ground.

(5) **Effective Date.**—The amendments made by this subsection shall take effect on the date of the enactment of this Act and shall apply to a patent or patent application only if both the first and second patents described in section 106 of title 35, United States Code, as added by paragraph (1), are patents or patent applications that are described in section 3(n)(1) of the Leahy-Smith America Invents Act (35 U.S.C. 100 note).

(e) **Covered Business Method Patent Reviews.**—

(1) **Limitation; Repeal.**—

(A) **Limitation to First-to-Invent Patents.**—Section 18(a)(2) of the Leahy-Smith America Invents Act is amended by striking “shall not apply to a patent described in section 6(f)(2)(A) of this Act during the period in which a petition for post-grant review of that patent would satisfy the requirements of section 321(c) of title 35, United States Code” and inserting “shall not apply to a patent that is de-
scribed in section 3(n)(1) of this Act (but is not
described in section 3(n)(2) of this Act”.

(B) REPEAL OF SUNSET.—Section 18(a)
of the Leahy-Smith America Invents Act (35
U.S.C. 321 note) is amended by striking para-
graph (3).

(C) EFFECTIVE DATE.—The amendments
made by subparagraphs (A) and (B) shall take
effect on the date of the enactment of this Act.

(2) DEFINITION; CLARIFICATION.—

(A) DEFINITION.—For purposes of section
18(d) of the Leahy-Smith America Invents Act,
the words “used in the practice, administration,
or management of a financial product or serv-

ice” shall be construed consistently with the in-
stitution decision of the Patent Trial and Ap-
ppeal Board of the United States Patent and
Trademark Office in SAP America, Inc. v.
Versata Dev. Group, Inc., CBM2012–00001,
Paper 36 (January 9, 2013).

(B) SCOPE OF PRIOR ART.—Section
18(a)(1)(C)(i) of the Leahy-Smith America In-
vents Act is amended by striking “section
102(a)” and inserting “subsection (a), (d), or
(e) of section 102”.

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(C) **Effective date.**—Subparagraph (A) and the amendment made by subparagraph (B) shall take effect on the date of the enactment of this Act and shall apply to any proceeding pending on, or filed on or after, such date of enactment.

(3) **Authority to waive fee.**—Subject to available resources, the Director may waive payment of a filing fee for a transitional proceeding described under section 18(a) of the Leahy-Smith America Invents Act (35 U.S.C. 321 note).

(f) **Clarification of limits on patent term adjustment.**—

(1) **Amendments.**—Section 154(b)(1)(B) of title 35, United States Code, is amended—

(A) in the matter preceding clause (i), by striking “not including—” and inserting “the term of the patent shall be extended 1 day for each day after the end of that 3-year period until the patent is issued, not including—”;

(B) in clause (i), by striking “consumed by continued examination of the application requested by the applicant” and inserting “consumed after continued examination of the application is requested by the applicant”;

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(C) in clause (iii), by striking the comma at the end and inserting a period; and

(D) by striking the matter following clause (iii).

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to any patent application or patent that is pending on, or filed on or after, the date of the enactment of this Act.

(g) CLARIFICATION OF JURISDICTION.—

(1) IN GENERAL.—The Federal interest in preventing inconsistent final judicial determinations as to the legal force or effect of the claims in a patent presents a substantial Federal issue that is important to the Federal system as a whole.

(2) APPLICABILITY.—Paragraph (1)—

(A) shall apply to all cases filed on, after, or pending on, the date of the enactment of this Act; and

(B) shall not apply to a case in which a Federal court has issued a ruling on whether the case or a claim arises under any Act of Congress relating to patents or plant variety protection before the date of the enactment of this Act.

(h) TECHNICAL CORRECTIONS.—
(1) Novelty.—

(A) Amendment.—Section 102(b)(1)(A) of title 35, United States Code, is amended by striking “the inventor or joint inventor or by another” and inserting “the inventor or a joint inventor or another”.

(B) Effective Date.—The amendment made by subparagraph (A) shall be effective as if included in the amendment made by section 3(b)(1) of the Leahy-Smith America Invents Act (Public Law No. 112–29).

(2) Inventor’s Oath or Declaration.—

(A) Amendment.—Subsection (g)(1) of section 115 of title 35, United States Code, is amended—

(i) by striking “claims the benefit” and inserting “is entitled, as to each invention claimed in the application, to the benefit”; and

(ii) in subparagraph (A), by striking “meeting the requirements of subsection (a) was executed by the individual and was filed in connection with the earlier-filed application” and inserting the following: “executed by or on behalf of the individual
was filed in connection with the earlier-filed application and meets the requirements of this section as effective on the date such oath or declaration was filed”.

(B) EFFECTIVE DATE.—The amendment made by subparagraph (A) shall be effective as if included in the amendment made by section 4(a)(1) of the Leahy-Smith America Invents Act (Public Law No. 112–29).

(3) ASSIGNEE FILERS.—

(A) BENEFIT OF EARLIER FILING DATE; RIGHT OF PRIORITY.—Section 119(e)(1) of title 35, United States Code, is amended, in the first sentence, by striking “by an inventor or inventors named” and inserting “that names the inventor or a joint inventor”.

(B) BENEFIT OF EARLIER FILING DATE IN THE UNITED STATES.—Section 120 of title 35, United States Code, is amended, in the first sentence, by striking “names an inventor or joint inventor” and inserting “names the inventor or a joint inventor”.

(C) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect on the date of the enactment of this Act and shall
apply to any patent application, and any patent
issuing from such application, that is filed on or
after September 16, 2012.

(4) DERIVED PATENTS.—

(A) AMPENDMENT.—Section 291(b) of title
35, United States Code, is amended by striking
“or joint inventor” and inserting “or a joint in-
ventor”.

(B) EFFECTIVE DATE.—The amendment
made by subparagraph (A) shall be effective as
if included in the amendment made by section
3(h)(1) of the Leahy-Smith America Invents
Act (Public Law No. 112–29).

(5) SPECIFICATION.—Notwithstanding section
4(e) of the Leahy-Smith America Invents Act (Pub-
lic Law 112–29; 125 Stat. 297), the amendments
made by subsections (c) and (d) of section 4 of such
Act shall apply to any proceeding or matter, that is
pending on, or filed on or after, the date of the en-
actment of this Act.

(6) PATENT OWNER RESPONSE.—

(A) CONDUCT OF INTER PARTES RE-
VIEW.—Paragraph (8) of section 316(a) of title
35, United States Code, is amended by striking
“the petition under section 313” and inserting “the petition under section 311”.

(B) **CONDUCT OF POST-GRANT REVIEW.**—

Paragraph (8) of section 326(a) of title 35, United States Code, is amended by striking “the petition under section 323” and inserting “the petition under section 321”.

(C) **EFFECTIVE DATE.**—The amendments made by this paragraph shall take effect on the date of the enactment of this Act.

(7) **INTERNATIONAL APPLICATIONS.**—

(A) **AMENDMENTS.**—Section 202(b) of the Patent Law Treaties Implementation Act of 2012 (Public Law 112–211; 126 Stat. 1536) is amended—

(i) by striking paragraph (7); and

(ii) by redesignating paragraphs (8) and (9) as paragraphs (7) and (8).

(B) **EFFECTIVE DATE.**—The amendments made by subparagraph (A) shall be effective as if included in title II of the Patent Law Treaties Implementation Act of 2012 (Public Law 112–21).
SEC. 10. EFFECTIVE DATE.

Except as otherwise provided in this Act, the provisions of this Act shall take effect on the date of the enactment of this Act, and shall apply to any patent issued, or any action filed, on or after that date.