

# Union Calendar No. 200

113TH CONGRESS  
1ST SESSION

# H. R. 3309

[Report No. 113-279]

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

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## 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. FARENTHOLD, and Mr. HOLDING) introduced the following bill; which was referred to the Committee on the Judiciary

DECEMBER 2, 2013

Additional sponsors: Mr. CHABOT, Ms. MCCOLLUM, Mr. HUFFMAN, Mr. HONDA, Mr. JOHNSON of Ohio, and Mr. LARSEN of Washington

DECEMBER 2, 2013

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italic*]

[For text of introduced bill, see copy of bill as introduced on October 23, 2013]

# **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.

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

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) *SHORT TITLE.*—*This Act may be cited as the “In-*  
5 *novation Act”.*

6 (b) *TABLE OF CONTENTS.*—*The table of contents for*  
7 *this Act is as follows:*

*Sec. 1. Short title; table of contents.*

*Sec. 2. Definitions.*

*Sec. 3. Patent infringement actions.*

*Sec. 4. Transparency of patent ownership.*

*Sec. 5. Customer-suit exception.*

*Sec. 6. Procedures and practices to implement and recommendations to the Judi-*  
*cial Conference.*

*Sec. 7. Small business education, outreach, and information access.*

*Sec. 8. Studies on patent transactions, quality, and examination.*

*Sec. 9. Improvements and technical corrections to the Leahy-Smith America In-*  
*vents Act.*

*Sec. 10. Effective date.*

8 **SEC. 2. DEFINITIONS.**

9 *In this Act:*

10 (1) *DIRECTOR.*—*The term “Director” means the*  
11 *Under Secretary of Commerce for Intellectual Prop-*  
12 *erty and Director of the United States Patent and*  
13 *Trademark Office.*

14 (2) *OFFICE.*—*The term “Office” means the*  
15 *United States Patent and Trademark Office.*

16 **SEC. 3. PATENT INFRINGEMENT ACTIONS.**

17 (a) *PLEADING REQUIREMENTS.*—

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

1 **“§281A. Pleading requirements for patent infringe-**  
2 **ment actions**

3 “(a) *PLEADING REQUIREMENTS.*—*Except as provided*  
4 *in subsection (b), in a civil action in which a party asserts*  
5 *a claim for relief arising under any Act of Congress relating*  
6 *to patents, a party alleging infringement shall include in*  
7 *the initial complaint, counterclaim, or cross-claim for pat-*  
8 *ent infringement, unless the information is not reasonably*  
9 *accessible to such party, the following:*

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

12 “(2) *An identification of each claim of each pat-*  
13 *ent identified under paragraph (1) that is allegedly*  
14 *infringed.*

15 “(3) *For each claim identified under paragraph*  
16 *(2), an identification of each accused process, ma-*  
17 *chine, manufacture, or composition of matter (re-*  
18 *ferred to in this section as an ‘accused instrumen-*  
19 *tality’) alleged to infringe the claim.*

20 “(4) *For each accused instrumentality identified*  
21 *under paragraph (3), an identification with particu-*  
22 *larity, if known, of—*

23 “(A) *the name or model number of each ac-*  
24 *cused instrumentality; or*

25 “(B) *if there is no name or model number,*  
26 *a description of each accused instrumentality.*

1           “(5) For each accused instrumentality identified  
2 under paragraph (3), a clear and concise statement  
3 of—

4                   “(A) where each element of each claim iden-  
5 tified under paragraph (2) is found within the  
6 accused instrumentality; and

7                   “(B) with detailed specificity, how each  
8 limitation of each claim identified under para-  
9 graph (2) is met by the accused instrumentality.

10           “(6) For each claim of indirect infringement, a  
11 description of the acts of the alleged indirect infringer  
12 that contribute to or are inducing the direct infringe-  
13 ment.

14           “(7) A description of the authority of the party  
15 alleging infringement to assert each patent identified  
16 under paragraph (1) and of the grounds for the  
17 court’s jurisdiction.

18           “(8) A clear and concise description of the prin-  
19 cipal business, if any, of the party alleging infringe-  
20 ment.

21           “(9) A list of each complaint filed, of which the  
22 party alleging infringement has knowledge, that as-  
23 serts or asserted any of the patents identified under  
24 paragraph (1).

1           “(10) For each patent identified under para-  
2           graph (1), whether a standard-setting body has spe-  
3           cifically declared such patent to be essential, poten-  
4           tially essential, or having potential to become essen-  
5           tial to that standard-setting body, and whether the  
6           United States Government or a foreign government  
7           has imposed specific licensing requirements with re-  
8           spect to such patent.

9           “(b) *INFORMATION NOT READILY ACCESSIBLE.*—If in-  
10          formation required to be disclosed under subsection (a) is  
11          not readily accessible to a party, that information may in-  
12          stead be generally described, along with an explanation of  
13          why such undisclosed information was not readily acces-  
14          sible, and of any efforts made by such party to access such  
15          information.

16          “(c) *CONFIDENTIAL INFORMATION.*—A party required  
17          to disclose information described under subsection (a) may  
18          file, under seal, information believed to be confidential, with  
19          a motion setting forth good cause for such sealing. If such  
20          motion is denied by the court, the party may seek to file  
21          an amended complaint.

22          “(d) *EXEMPTION.*—A civil action that includes a  
23          claim for relief arising under section 271(e)(2) shall not  
24          be subject to the requirements of subsection (a).”.

1           (2) *CONFORMING AMENDMENT.*—*The table of sec-*  
2           *tions for chapter 29 of title 35, United States Code,*  
3           *is amended by inserting after the item relating to sec-*  
4           *tion 281 the following new item:*

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

5           (b) *FEEES AND OTHER EXPENSES.*—

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

8           “**§ 285. Fees and other expenses**

9           “(a) *AWARD.*—*The court shall award, to a prevailing*  
10          *party, reasonable fees and other expenses incurred by that*  
11          *party in connection with a civil action in which any party*  
12          *asserts a claim for relief arising under any Act of Congress*  
13          *relating to patents, unless the court finds that the position*  
14          *and conduct of the nonprevailing party or parties were rea-*  
15          *sonably justified in law and fact or that special cir-*  
16          *cumstances (such as severe economic hardship to a named*  
17          *inventor) make an award unjust.*

18          “(b) *CERTIFICATION AND RECOVERY.*—*Upon motion*  
19          *of any party to the action, the court shall require another*  
20          *party to the action to certify whether or not the other party*  
21          *will be able to pay an award of fees and other expenses*  
22          *if such an award is made under subsection (a). If a nonpre-*  
23          *vailing party is unable to pay an award that is made*  
24          *against it under subsection (a), the court may make a party*

1 *that has been joined under section 299(d) with respect to*  
2 *such party liable for the unsatisfied portion of the award.*

3       “(c) *COVENANT NOT TO SUE.*—*A party to a civil ac-*  
4 *tion that asserts a claim for relief arising under any Act*  
5 *of Congress relating to patents against another party, and*  
6 *that subsequently unilaterally extends to such other party*  
7 *a covenant not to sue for infringement with respect to the*  
8 *patent or patents at issue, shall be deemed to be a nonpre-*  
9 *vailing party (and the other party the prevailing party)*  
10 *for purposes of this section, unless the party asserting such*  
11 *claim would have been entitled, at the time that such cov-*  
12 *enant was extended, to voluntarily dismiss the action or*  
13 *claim without a court order under Rule 41 of the Federal*  
14 *Rules of Civil Procedure.”.*

15           (2) *CONFORMING AMENDMENT AND AMEND-*  
16 *MENT.*—

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

      “285. *Fees and other expenses.*”.

21           (B) *AMENDMENT.*—*Section 273 of title 35,*  
22 *United States Code, is amended by striking sub-*  
23 *sections (f) and (g).*

24           (3) *EFFECTIVE DATE.*—*The amendments made*  
25 *by this subsection shall take effect on the date of the*



1       enactment of this Act and shall apply to any action  
2       for which a complaint is filed on or after the first day  
3       of the 6-month period ending on that effective date.

4       (c) *JOINDER OF INTERESTED PARTIES.*—Section 299  
5       of title 35, United States Code, is amended by adding at  
6       the end the following new subsection:

7       “(d) *JOINDER OF INTERESTED PARTIES.*—

8               “(1) *JOINDER.*—In a civil action arising under  
9       any Act of Congress relating to patents in which fees  
10       and other expenses have been awarded under section  
11       285 to a prevailing party defending against an alle-  
12       gation of infringement of a patent claim, and in  
13       which the nonprevailing party alleging infringement  
14       is unable to pay the award of fees and other expenses,  
15       the court shall grant a motion by the prevailing party  
16       to join an interested party if such prevailing party  
17       shows that the nonprevailing party has no substantial  
18       interest in the subject matter at issue other than as-  
19       serting such patent claim in litigation.

20       “(2) *LIMITATION ON JOINDER.*—

21               “(A) *DISCRETIONARY DENIAL OF MOTION.*—  
22       The court may deny a motion to join an inter-  
23       ested party under paragraph (1) if—

24               “(i) the interested party is not subject  
25       to service of process; or

1           “(ii) joinder under paragraph (1)  
2           would deprive the court of subject matter ju-  
3           risdiction or make venue improper.

4           “(B) *REQUIRED DENIAL OF MOTION.*—The  
5           court shall deny a motion to join an interested  
6           party under paragraph (1) if—

7           “(i) the interested party did not timely  
8           receive the notice required by paragraph  
9           (3); or

10           “(ii) within 30 days after receiving the  
11           notice required by paragraph (3), the inter-  
12           ested party renounces, in writing and with  
13           notice to the court and the parties to the ac-  
14           tion, any ownership, right, or direct finan-  
15           cial interest (as described in paragraph (4))  
16           that the interested party has in the patent  
17           or patents at issue.

18           “(3) *NOTICE REQUIREMENT.*—An interested  
19           party may not be joined under paragraph (1) unless  
20           it has been provided actual notice, within 30 days  
21           after the date on which it has been identified in the  
22           initial disclosure provided under section 290(b), that  
23           it has been so identified and that such party may  
24           therefore be an interested party subject to joinder  
25           under this subsection. Such notice shall be provided

1 *by the party who subsequently moves to join the inter-*  
2 *ested party under paragraph (1), and shall include*  
3 *language that—*

4 *“(A) identifies the action, the parties there-*  
5 *to, the patent or patents at issue, and the plead-*  
6 *ing or other paper that identified the party*  
7 *under section 290(b); and*

8 *“(B) informs the party that it may be*  
9 *joined in the action and made subject to paying*  
10 *an award of fees and other expenses under sec-*  
11 *tion 285(b) if—*

12 *“(i) fees and other expenses are award-*  
13 *ed in the action against the party alleging*  
14 *infringement of the patent or patents at*  
15 *issue under section 285(a);*

16 *“(ii) the party alleging infringement is*  
17 *unable to pay the award of fees and other*  
18 *expenses;*

19 *“(iii) the party receiving notice under*  
20 *this paragraph is determined by the court*  
21 *to be an interested party; and*

22 *“(iv) the party receiving notice under*  
23 *this paragraph has not, within 30 days*  
24 *after receiving such notice, renounced in*  
25 *writing, and with notice to the court and*

1           *the parties to the action, any ownership,*  
2           *right, or direct financial interest (as de-*  
3           *scribed in paragraph (4)) that the interested*  
4           *party has in the patent or patents at issue.*

5           “(4) *INTERESTED PARTY DEFINED.*—*In this sub-*  
6           *section, the term ‘interested party’ means a person,*  
7           *other than the party alleging infringement, that—*

8                   “(A) *is an assignee of the patent or patents*  
9                   *at issue;*

10                   “(B) *has a right, including a contingent*  
11                   *right, to enforce or sublicense the patent or pat-*  
12                   *ents at issue; or*

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

18                           “(i) *an attorney or law firm providing*  
19                           *legal representation in the civil action de-*  
20                           *scribed in paragraph (1) if the sole basis for*  
21                           *the financial interest of the attorney or law*  
22                           *firm in the patent or patents at issue arises*  
23                           *from the attorney or law firm’s receipt of*  
24                           *compensation reasonably related to the pro-*  
25                           *vision of the legal representation; or*

1                   “(ii) a person whose sole financial in-  
2                   terest in the patent or patents at issue is  
3                   ownership of an equity interest in the party  
4                   alleging infringement, unless such person  
5                   also has the right or ability to influence, di-  
6                   rect, or control the civil action.”.

7           (d) *DISCOVERY LIMITS.*—

8                   (1) *AMENDMENT.*—Chapter 29 of title 35, United  
9                   States Code, is amended by adding at the end the fol-  
10                  lowing new section:

11   **“§ 299A. Discovery in patent infringement action**

12           “(a) *DISCOVERY IN PATENT INFRINGEMENT ACTION.*—  
13   *Except as provided in subsection (b), in a civil action aris-*  
14   *ing under any Act of Congress relating to patents, if the*  
15   *court determines that a ruling relating to the construction*  
16   *of terms used in a patent claim asserted in the complaint*  
17   *is required, discovery shall be limited, until such ruling is*  
18   *issued, to information necessary for the court to determine*  
19   *the meaning of the terms used in the patent claim, includ-*  
20   *ing any interpretation of those terms used to support the*  
21   *claim of infringement.*

22           “(b) *DISCRETION TO EXPAND SCOPE OF DIS-*  
23   *COVERY.*—

24                   “(1) *TIMELY RESOLUTION OF ACTIONS.*—*If,*  
25                   *under any provision of Federal law (including the*

1        *amendments made by the Drug Price Competition*  
2        *and Patent Term Restoration Act of 1984 (Public*  
3        *Law 98–417)), resolution within a specified period of*  
4        *time of a civil action arising under any Act of Con-*  
5        *gress relating to patents will necessarily affect the*  
6        *rights of a party with respect to the patent, the court*  
7        *shall permit discovery, in addition to the discovery*  
8        *authorized under subsection (a), before the ruling de-*  
9        *scribed in subsection (a) is issued as necessary to en-*  
10       *sure timely resolution of the action.*

11            *“(2) RESOLUTION OF MOTIONS.—When necessary*  
12        *to resolve a motion properly raised by a party before*  
13        *a ruling relating to the construction of terms de-*  
14        *scribed in subsection (a) is issued, the court may*  
15        *allow limited discovery in addition to the discovery*  
16        *authorized under subsection (a) as necessary to resolve*  
17        *the motion.*

18            *“(3) SPECIAL CIRCUMSTANCES.—In special cir-*  
19        *cumstances that would make denial of discovery a*  
20        *manifest injustice, the court may permit discovery, in*  
21        *addition to the discovery authorized under subsection*  
22        *(a), as necessary to prevent the manifest injustice.”.*

23            *(2) CONFORMING AMENDMENT.—The table of sec-*  
24        *tions for chapter 29 of title 35, United States Code,*

1        *is amended by adding at the end the following new*  
2        *item:*

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

3        *(e) SENSE OF CONGRESS.—It is the sense of Congress*  
4        *that it is an abuse of the patent system and against public*  
5        *policy for a party to send out purposely evasive demand*  
6        *letters to end users alleging patent infringement. Demand*  
7        *letters sent should, at the least, include basic information*  
8        *about the patent in question, what is being infringed, and*  
9        *how it is being infringed. Any actions or litigation that*  
10       *stem from these types of purposely evasive demand letters*  
11       *to end users should be considered a fraudulent or deceptive*  
12       *practice and an exceptional circumstance when considering*  
13       *whether the litigation is abusive.*

14       *(f) DEMAND LETTERS.—Section 284 of title 35, United*  
15       *States Code, is amended—*

16            *(1) in the first undesignated paragraph, by*  
17            *striking “Upon finding” and inserting “(a) IN GEN-*  
18            *ERAL.—Upon finding”;*

19            *(2) in the second undesignated paragraph, by*  
20            *striking “When the damages” and inserting “(b) AS-*  
21            *SESSMENT BY COURT; TREBLE DAMAGES.—When the*  
22            *damages”;*

23            *(3) by inserting after subsection (b), as des-*  
24            *ignated by paragraph (2) of this subsection, the fol-*  
25            *lowing:*

1       “(c) *WILLFUL INFRINGEMENT*.—A claimant seeking to  
2 establish willful infringement may not rely on evidence of  
3 pre-suit notification of infringement unless that notifica-  
4 tion identifies with particularity the asserted patent, iden-  
5 tifies the product or process accused, and explains with par-  
6 ticularity, to the extent possible following a reasonable in-  
7 vestigation or inquiry, how the product or process infringes  
8 one or more claims of the patent.”; and

9           (4) in the last undesignated paragraph, by strik-  
10 ing “The court” and inserting “(d) *EXPERT TESTI-*  
11 *MONY*.—The court”.

12       (g) *EFFECTIVE DATE*.—Except as otherwise provided  
13 in this section, the amendments made by this section shall  
14 take effect on the date of the enactment of this Act and shall  
15 apply to any action for which a complaint is filed on or  
16 after that date.

17 **SEC. 4. TRANSPARENCY OF PATENT OWNERSHIP.**

18       (a) *AMENDMENTS*.—Section 290 of title 35, United  
19 States Code, is amended—

20           (1) in the heading, by striking “**suits**” and in-  
21 serting “**suits; disclosure of interests**”;

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

24           (3) by adding at the end the following new sub-  
25 sections:



1       “(b) *INITIAL DISCLOSURE.*—

2               “(1) *IN GENERAL.*—*Except as provided in para-*  
3 *graph (2), upon the filing of an initial complaint for*  
4 *patent infringement, the plaintiff shall disclose to the*  
5 *Patent and Trademark Office, the court, and each ad-*  
6 *verse party the identity of each of the following:*

7                       “(A) *The assignee of the patent or patents*  
8 *at issue.*

9                       “(B) *Any entity with a right to sublicense*  
10 *or enforce the patent or patents at issue.*

11                      “(C) *Any entity, other than the plaintiff,*  
12 *that the plaintiff knows to have a financial in-*  
13 *terest in the patent or patents at issue or the*  
14 *plaintiff.*

15                      “(D) *The ultimate parent entity of any as-*  
16 *signee identified under subparagraph (A) and*  
17 *any entity identified under subparagraph (B) or*  
18 *(C).*

19               “(2) *EXEMPTION.*—*The requirements of para-*  
20 *graph (1) shall not apply with respect to a civil ac-*  
21 *tion filed under subsection (a) that includes a cause*  
22 *of action described under section 271(e)(2).*

23       “(c) *DISCLOSURE COMPLIANCE.*—

24               “(1) *PUBLICLY TRADED.*—*For purposes of sub-*  
25 *section (b)(1)(C), if the financial interest is held by*

1       *a corporation traded on a public stock exchange, an*  
2       *identification of the name of the corporation and the*  
3       *public exchange listing shall satisfy the disclosure re-*  
4       *quirement.*

5               “(2) *NOT PUBLICLY TRADED.*—*For purposes of*  
6       *subsection (b)(1)(C), if the financial interest is not*  
7       *held by a publicly traded corporation, the disclosure*  
8       *shall satisfy the disclosure requirement if the informa-*  
9       *tion identifies—*

10               “(A) *in the case of a partnership, the name*  
11       *of the partnership and the name and correspond-*  
12       *ence address of each partner or other entity that*  
13       *holds more than a 5-percent share of that part-*  
14       *nership;*

15               “(B) *in the case of a corporation, the name*  
16       *of the corporation, the location of incorporation,*  
17       *the address of the principal place of business,*  
18       *and the name of each officer of the corporation;*  
19       *and*

20               “(C) *for each individual, the name and cor-*  
21       *respondence address of that individual.*

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

24               “(1) *IN GENERAL.*—*A plaintiff required to sub-*  
25       *mit information under subsection (b) or a subsequent*

1     owner of the patent or patents at issue shall, not later  
2     than 90 days after any change in the assignee of the  
3     patent or patents at issue or an entity described  
4     under subparagraph (B) or (D) of subsection (b)(1),  
5     submit to the Patent and Trademark Office the up-  
6     dated identification of such assignee or entity.

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

10             “(A) the plaintiff or subsequent owner shall  
11     not be entitled to recover reasonable fees and  
12     other expenses under section 285 or increased  
13     damages under section 284 with respect to in-  
14     fringing activities taking place during any pe-  
15     riod of noncompliance with paragraph (1), un-  
16     less the denial of such damages or fees would be  
17     manifestly unjust; and

18             “(B) the court shall award to a prevailing  
19     party accused of infringement reasonable fees  
20     and other expenses under section 285 that are in-  
21     curred to discover the updated assignee or entity  
22     described under paragraph (1), unless such sanc-  
23     tions would be unjust.

24             “(e) *DEFINITIONS.*—In this section:

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

3           “(A) *means*—

4                   “(i) *with regard to a patent or patents,*  
5                   *the right of a person to receive proceeds re-*  
6                   *lated to the assertion of the patent or pat-*  
7                   *ents, including a fixed or variable portion*  
8                   *of such proceeds; and*

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

13           “(B) *does not mean*—

14                   “(i) *ownership of shares or other inter-*  
15                   *ests in a mutual or common investment*  
16                   *fund, unless the owner of such interest par-*  
17                   *ticipates in the management of such fund;*  
18                   *or*

19                   “(ii) *the proprietary interest of a pol-*  
20                   *icyholder in a mutual insurance company*  
21                   *or of a depositor in a mutual savings asso-*  
22                   *ciation, or a similar proprietary interest,*  
23                   *unless the outcome of the proceeding could*  
24                   *substantially affect the value of such inter-*  
25                   *est.*

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

4           “(3) *ULTIMATE PARENT ENTITY.*—

5                   “(A) *IN GENERAL.*—Except as provided in  
6                   *subparagraph (B), the term ‘ultimate parent en-*  
7                   *tity’ has the meaning given such term in section*  
8                   *801.1(a)(3) of title 16, Code of Federal Regula-*  
9                   *tions, or any successor regulation.*

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

13           “(b) *TECHNICAL AND CONFORMING AMENDMENT.*—The  
14           *item relating to section 290 in the table of sections for chap-*  
15           *ter 29 of title 35, United States Code, is amended to read*  
16           *as follows:*

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

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

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

6 **SEC. 5. CUSTOMER-SUIT EXCEPTION.**

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

9 **“§296. Stay of action against customer**

10           “(a) *STAY OF ACTION AGAINST CUSTOMER.*—*Except*  
11 *as provided in subsection (d), in any civil action arising*  
12 *under any Act of Congress relating to patents, the court*  
13 *shall grant a motion to stay at least the portion of the ac-*  
14 *tion against a covered customer related to infringement of*  
15 *a patent involving a covered product or process if the fol-*  
16 *lowing requirements are met:*

17                   “(1) *The covered manufacturer and the covered*  
18 *customer consent in writing to the stay.*

19                   “(2) *The covered manufacturer is a party to the*  
20 *action or to a separate action involving the same pat-*  
21 *ent or patents related to the same covered product or*  
22 *process.*

23                   “(3) *The covered customer agrees to be bound by*  
24 *any issues that the covered customer has in common*  
25 *with the covered manufacturer and are finally de-*

1        *decided as to the covered manufacturer in an action de-*  
2        *scribed in paragraph (2).*

3                *“(4) The motion is filed after the first pleading*  
4        *in the action but not later than the later of—*

5                        *“(A) the 120th day after the date on which*  
6                        *the first pleading in the action is served that*  
7                        *specifically identifies the covered product or*  
8                        *process as a basis for the covered customer’s al-*  
9                        *leged infringement of the patent and that specifi-*  
10                        *cally identifies how the covered product or proc-*  
11                        *ess is alleged to infringe the patent; or*

12                        *“(B) the date on which the first scheduling*  
13                        *order in the case is entered.*

14                *“(b) APPLICABILITY OF STAY.—A stay issued under*  
15        *subsection (a) shall apply only to the patents, products, sys-*  
16        *tems, or components accused of infringement in the action.*

17                *“(c) LIFT OF STAY.—*

18                        *“(1) IN GENERAL.—A stay entered under this*  
19                        *section may be lifted upon grant of a motion based*  
20                        *on a showing that—*

21                        *“(A) the action involving the covered manu-*  
22                        *facturer will not resolve a major issue in suit*  
23                        *against the covered customer; or*

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

4           “(2) *SEPARATE MANUFACTURER ACTION IN-*  
5           *VOLVED.—In the case of a stay entered based on the*  
6           *participation of the covered manufacturer in a sepa-*  
7           *rate action involving the same patent or patents re-*  
8           *lated to the same covered product or process, a motion*  
9           *under this subsection may only be made if the court*  
10          *in such separate action determines the showing re-*  
11          *quired under paragraph (1) has been met.*

12          “(d) *EXEMPTION.—This section shall not apply to an*  
13          *action that includes a cause of action described under sec-*  
14          *tion 271(e)(2).*

15          “(e) *CONSENT JUDGMENT.—If, following the grant of*  
16          *a motion to stay under this section, the covered manufac-*  
17          *turer seeks or consents to entry of a consent judgment relat-*  
18          *ing to one or more of the common issues that gave rise to*  
19          *the stay, or declines to prosecute through appeal a final de-*  
20          *cision as to one or more of the common issues that gave*  
21          *rise to the stay, the court may, upon grant of a motion,*  
22          *determine that such consent judgment or unappealed final*  
23          *decision shall not be binding on the covered customer with*  
24          *respect to one or more of such common issues based on a*  
25          *showing that such an outcome would unreasonably preju-*



1 *dice and be manifestly unjust to the covered customer in*  
2 *light of the circumstances of the case.*

3 “(f) *RULE OF CONSTRUCTION.*—*Nothing in this sec-*  
4 *tion shall be construed to limit the ability of a court to*  
5 *grant any stay, expand any stay granted under this section,*  
6 *or grant any motion to intervene, if otherwise permitted*  
7 *by law.*

8 “(g) *DEFINITIONS.*—*In this section:*

9 “(1) *COVERED CUSTOMER.*—*The term ‘covered*  
10 *customer’ means a party accused of infringing a pat-*  
11 *ent or patents in dispute based on a covered product*  
12 *or process.*

13 “(2) *COVERED MANUFACTURER.*—*The term ‘cov-*  
14 *ered manufacturer’ means a person that manufactures*  
15 *or supplies, or causes the manufacture or supply of,*  
16 *a covered product or process or a relevant part there-*  
17 *of.*

18 “(3) *COVERED PRODUCT OR PROCESS.*—*The*  
19 *term ‘covered product or process’ means a product,*  
20 *process, system, service, component, material, or ap-*  
21 *paratus, or relevant part thereof, that—*

22 “(A) *is alleged to infringe the patent or pat-*  
23 *ents in dispute; or*

24 “(B) *implements a process alleged to in-*  
25 *fringe the patent or patents in dispute.”.*

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

          “296. *Stay of action against customer.*”.

5           (c) *EFFECTIVE DATE.*—*The amendments made by this*  
6 *section shall take effect on the date of the enactment of this*  
7 *Act and shall apply to any action for which a complaint*  
8 *is filed on or after the first day of the 30-day period that*  
9 *ends on that date.*

10 **SEC. 6. PROCEDURES AND PRACTICES TO IMPLEMENT REC-**  
11 **COMMENDATIONS OF THE JUDICIAL CON-**  
12 **FERENCE.**

13           (a) *JUDICIAL CONFERENCE RULES AND PROCEDURES*  
14 *ON DISCOVERY BURDENS AND COSTS.*—

15                 (1) *RULES AND PROCEDURES.*—*The Judicial*  
16 *Conference of the United States, using existing re-*  
17 *sources, shall develop rules and procedures to imple-*  
18 *ment the issues and proposals described in paragraph*  
19 *(2) to address the asymmetries in discovery burdens*  
20 *and costs in any civil action arising under any Act*  
21 *of Congress relating to patents. Such rules and proce-*  
22 *dures shall include how and when payment for docu-*  
23 *ment discovery in addition to the discovery of core*  
24 *documentary evidence is to occur, and what informa-*  
25 *tion must be presented to demonstrate financial ca-*

1        *capacity before permitting document discovery in addi-*  
2        *tion to the discovery of core documentary evidence.*

3                (2) *RULES AND PROCEDURES TO BE CONSID-*  
4        *ERED.—The rules and procedures required under*  
5        *paragraph (1) should address each of the following*  
6        *issues and proposals:*

7                (A) *DISCOVERY OF CORE DOCUMENTARY*  
8        *EVIDENCE.—Whether and to what extent each*  
9        *party to the action is entitled to receive core doc-*  
10        *umentary evidence and shall be responsible for*  
11        *the costs of producing core documentary evidence*  
12        *within the possession or control of each such*  
13        *party, and whether and to what extent each*  
14        *party to the action may seek nondocumentary*  
15        *discovery as otherwise provided in the Federal*  
16        *Rules of Civil Procedure.*

17                (B) *ELECTRONIC COMMUNICATION.—If the*  
18        *parties determine that the discovery of electronic*  
19        *communication is appropriate, whether such dis-*  
20        *covery shall occur after the parties have ex-*  
21        *changed initial disclosures and core documentary*  
22        *evidence and whether such discovery shall be in*  
23        *accordance with the following:*

24                        (i) *Any request for the production of*  
25                        *electronic communication shall be specific*

1           *and may not be a general request for the*  
2           *production of information relating to a*  
3           *product or business.*

4           *(ii) Each request shall identify the cus-*  
5           *todian of the information requested, the*  
6           *search terms, and a time frame. The parties*  
7           *shall cooperate to identify the proper*  
8           *custodians, the proper search terms, and the*  
9           *proper time frame.*

10          *(iii) A party may not submit produc-*  
11          *tion requests to more than 5 custodians, un-*  
12          *less the parties jointly agree to modify the*  
13          *number of production requests without leave*  
14          *of the court.*

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

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

1 (C) *ADDITIONAL DOCUMENT DISCOVERY.*—

2 *Whether the following should apply:*

3 (i) *IN GENERAL.*—*Each party to the*  
4 *action may seek any additional document*  
5 *discovery otherwise permitted under the*  
6 *Federal Rules of Civil Procedure, if such*  
7 *party bears the reasonable costs, including*  
8 *reasonable attorney’s fees, of the additional*  
9 *document discovery.*

10 (ii) *REQUIREMENTS FOR ADDITIONAL*  
11 *DOCUMENT DISCOVERY.*—*Unless the parties*  
12 *mutually agree otherwise, no party may be*  
13 *permitted additional document discovery*  
14 *unless such a party posts a bond, or pro-*  
15 *vides other security, in an amount sufficient*  
16 *to cover the expected costs of such additional*  
17 *document discovery, or makes a showing to*  
18 *the court that such party has the financial*  
19 *capacity to pay the costs of such additional*  
20 *document discovery.*

21 (iii) *LIMITS ON ADDITIONAL DOCU-*  
22 *MENT DISCOVERY.*—*A court, upon motion,*  
23 *may determine that a request for additional*  
24 *document discovery is excessive, irrelevant,*

1            *or otherwise abusive and may set limits on*  
2            *such additional document discovery.*

3            *(iv) GOOD CAUSE MODIFICATION.—A*  
4            *court, upon motion and for good cause*  
5            *shown, may modify the requirements of sub-*  
6            *paragraphs (A) and (B) and any definition*  
7            *under paragraph (3). Not later than 30*  
8            *days after the pretrial conference under*  
9            *Rule 16 of the Federal Rules of Civil Proce-*  
10           *dure, the parties shall jointly submit any*  
11           *proposed modifications of the requirements*  
12           *of subparagraphs (A) and (B) and any defi-*  
13           *inition under paragraph (3), unless the par-*  
14           *ties do not agree, in which case each party*  
15           *shall submit any proposed modification of*  
16           *such party and a summary of the disagree-*  
17           *ment over the modification.*

18           *(v) COMPUTER CODE.—A court, upon*  
19           *motion and for good cause shown, may de-*  
20           *termine that computer code should be in-*  
21           *cluded in the discovery of core documentary*  
22           *evidence. The discovery of computer code*  
23           *shall occur after the parties have exchanged*  
24           *initial disclosures and other core documen-*  
25           *tary evidence.*

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

6                     (i) *When the discovery of core docu-*  
7                     *mentary evidence should be completed.*

8                     (ii) *Whether additional document dis-*  
9                     *covery will be sought under subparagraph*  
10                    *(C).*

11                    (iii) *Any issues about infringement,*  
12                    *invalidity, or damages that, if resolved be-*  
13                    *fore the additional discovery described in*  
14                    *subparagraph (C) commences, might sim-*  
15                    *plify or streamline the case, including the*  
16                    *identification of any terms or phrases relat-*  
17                    *ing to any patent claim at issue to be con-*  
18                    *strued by the court and whether the early*  
19                    *construction of any of those terms or*  
20                    *phrases would be helpful.*

21           (3) *DEFINITIONS.*—*In this subsection:*

22                     (A) *CORE DOCUMENTARY EVIDENCE.*—*The*  
23                     *term “core documentary evidence”*—

24                             (i) *includes—*

1           (I) documents relating to the con-  
2           ception of, reduction to practice of, and  
3           application for, the patent or patents  
4           at issue;

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

10          (III) documents relating to poten-  
11          tially invalidating prior art;

12          (IV) documents relating to any li-  
13          censing of, or other transfer of rights  
14          to, the patent or patents at issue before  
15          the date on which the complaint is  
16          filed;

17          (V) documents sufficient to show  
18          profit attributable to the claimed in-  
19          vention of the patent or patents at  
20          issue;

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



1                   (VII) documents relating to any  
2                   knowledge by the patentee of infringe-  
3                   ment of the patent or patents at issue  
4                   before the date on which the complaint  
5                   is filed;

6                   (VIII) documents relating to any  
7                   licensing term or pricing commitment  
8                   to which the patent or patents may be  
9                   subject through any agency or stand-  
10                  ard-setting body; and

11                  (IX) documents sufficient to show  
12                  any marking or other notice provided  
13                  of the patent or patents at issue; and  
14                  (ii) does not include computer code, ex-  
15                  cept as specified in paragraph (2)(C)(v).

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

20                  (4) *IMPLEMENTATION BY THE DISTRICT*  
21                  *COURTS*.—Not later than 6 months after the date on  
22                  which the Judicial Conference has developed the rules  
23                  and procedures required by this subsection, each  
24                  United States district court and the United States  
25                  Court of Federal Claims shall revise the applicable

1 *local rules for such court to implement such rules and*  
2 *procedures.*

3 (5) *AUTHORITY FOR JUDICIAL CONFERENCE TO*  
4 *REVIEW AND MODIFY.—*

5 (A) *STUDY OF EFFICACY OF RULES AND*  
6 *PROCEDURES.—The Judicial Conference shall*  
7 *study the efficacy of the rules and procedures re-*  
8 *quired by this subsection during the 4-year pe-*  
9 *riod beginning on the date on which such rules*  
10 *and procedures by the district courts and the*  
11 *United States Court of Federal Claims are first*  
12 *implemented. The Judicial Conference may mod-*  
13 *ify such rules and procedures following such 4-*  
14 *year period.*

15 (B) *INITIAL MODIFICATIONS.—Before the ex-*  
16 *piration of the 4-year period described in sub-*  
17 *paragraph (A), the Judicial Conference may*  
18 *modify the requirements under this subsection—*

19 (i) *by designating categories of “core*  
20 *documentary evidence”, in addition to those*  
21 *designated under paragraph (3)(A), as the*  
22 *Judicial Conference determines to be appro-*  
23 *priate and necessary; and*

24 (ii) *as otherwise necessary to prevent a*  
25 *manifest injustice, the imposition of a re-*

1                    *quirement the costs of which clearly out-*  
2                    *weigh its benefits, or a result that could not*  
3                    *reasonably have been intended by the Con-*  
4                    *gress.*

5            *(b) JUDICIAL CONFERENCE PATENT CASE MANAGE-*  
6 *MENT.—The Judicial Conference of the United States, using*  
7 *existing resources, shall develop case management proce-*  
8 *dures to be implemented by the United States district courts*  
9 *and the United States Court of Federal Claims for any civil*  
10 *action arising under any Act of Congress relating to pat-*  
11 *ents, including initial disclosure and early case manage-*  
12 *ment conference practices that—*

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

15                    *(2) focus on early summary judgment motions*  
16                    *when resolution of issues may lead to expedited dis-*  
17                    *position of the case.*

18            *(c) REVISION OF FORM FOR PATENT INFRINGE-*  
19 *MENT.—*

20                    *(1) ELIMINATION OF FORM.—The Supreme*  
21                    *Court, using existing resources, shall eliminate Form*  
22                    *18 in the Appendix to the Federal Rules of Civil Pro-*  
23                    *cedure (relating to Complaint for Patent Infringe-*  
24                    *ment), effective on the date of the enactment of this*  
25                    *Act.*

1           (2) *REVISED FORM.*—*The Supreme Court may*  
2           *prescribe a new form or forms setting out model alle-*  
3           *gations of patent infringement that, at a minimum,*  
4           *notify accused infringers of the asserted claim or*  
5           *claims, the products or services accused of infringe-*  
6           *ment, and the plaintiff's theory for how each accused*  
7           *product or service meets each limitation of each as-*  
8           *serted claim. The Judicial Conference should exercise*  
9           *the authority under section 2073 of title 28, United*  
10          *States Code, to make recommendations with respect to*  
11          *such new form or forms.*

12          (d) *PROTECTION OF INTELLECTUAL-PROPERTY LI-*  
13          *CENSES IN BANKRUPTCY.*—

14               (1) *IN GENERAL.*—*Section 1520(a) of title 11,*  
15               *United States Code, is amended—*

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

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

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

22                       “*(5) section 365(n) applies to intellectual prop-*  
23                       *erty of which the debtor is a licensor or which the*  
24                       *debtor has transferred.*”.

25               (2) *TRADEMARKS.*—

1           (A) *IN GENERAL.*—Section 101(35A) of title  
2 11, United States Code, is amended—

3           (i) in subparagraph (E), by striking  
4 “or”;

5           (ii) in subparagraph (F), by striking  
6 “title 17;” and inserting “title 17; or”; and

7           (iii) by adding after subparagraph (F)  
8 the following new subparagraph:

9           “(G) a trademark, service mark, or trade  
10 name, as those terms are defined in section 45 of  
11 the Act of July 5, 1946 (commonly referred to as  
12 the ‘Trademark Act of 1946’) (15 U.S.C. 1127);”.

13          (B) *CONFORMING AMENDMENT.*—Section  
14 365(n)(2) of title 11, United States Code, is  
15 amended—

16           (i) in subparagraph (B)—

17           (I) by striking “royalty pay-  
18 ments” and inserting “royalty or other  
19 payments”; and

20           (II) by striking “and” after the  
21 semicolon;

22           (ii) in subparagraph (C), by striking  
23 the period at the end of clause (ii) and in-  
24 serting “; and”; and

1                   (iii) by adding at the end the following  
2                   new subparagraph:

3                   “(D) in the case of a trademark, service mark,  
4                   or trade name, the trustee shall not be relieved of a  
5                   contractual obligation to monitor and control the  
6                   quality of a licensed product or service.”.

7                   (3) *EFFECTIVE DATE.*—The amendments made  
8                   by this subsection shall take effect on the date of the  
9                   enactment of this Act and shall apply to any case  
10                  that is pending on, or for which a petition or com-  
11                  plaint is filed on or after, such date of enactment.

12 **SEC. 7. SMALL BUSINESS EDUCATION, OUTREACH, AND IN-**  
13 **FORMATION ACCESS.**

14                  (a) *SMALL BUSINESS EDUCATION AND OUTREACH.*—

15                  (1) *RESOURCES FOR SMALL BUSINESS.*—Using  
16                  existing resources, the Director shall develop edu-  
17                  cational resources for small businesses to address con-  
18                  cerns arising from patent infringement.

19                  (2) *SMALL BUSINESS PATENT OMBUDSMAN.*—The  
20                  Patent Ombudsman Program established under sec-  
21                  tion 28 of the Leahy-Smith America Invents Act  
22                  (Public Law 112–29; 125 Stat. 339; 35 U.S.C. 2 note)  
23                  shall coordinate with the existing small business out-  
24                  reach programs of the Office, and the relevant offices  
25                  at the Small Business Administration and the Minor-

1        *ity Business Development Agency, to provide edu-*  
2        *cation and awareness on abusive patent litigation*  
3        *practices. The Director may give special consideration*  
4        *to the unique needs of small firms owned by disabled*  
5        *veterans, service-disabled veterans, women, and mi-*  
6        *nority entrepreneurs in planning and executing the*  
7        *outreach efforts by the Office.*

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

11            *(1) WEB SITE.—Using existing resources, the Di-*  
12        *rector shall create a user-friendly section on the offi-*  
13        *cial Web site of the Office to notify the public when*  
14        *a patent case is brought in Federal court and, with*  
15        *respect to each patent at issue in such case, the Direc-*  
16        *tor shall include—*

17            *(A) information disclosed under subsections*  
18        *(b) and (d) of section 290 of title 35, United*  
19        *States Code, as added by section 4(a) of this Act;*  
20        *and*

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

23            *(2) FORMAT.—In order to promote accessibility*  
24        *for the public, the information described in paragraph*

1       (1) shall be searchable by patent number, patent art  
2       area, and entity.

3       **SEC. 8. STUDIES ON PATENT TRANSACTIONS, QUALITY, AND**  
4               **EXAMINATION.**

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

8               (1) *STUDY REQUIRED.—The Director, in con-*  
9       *sultation with the Secretary of Commerce, the Sec-*  
10       *retary of the Treasury, the Chairman of the Securities*  
11       *and Exchange Commission, the heads of other rel-*  
12       *evant agencies, and interested parties, shall, using ex-*  
13       *isting resources of the Office, conduct a study—*

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

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

21               (C) *to examine licensing and other oversight*  
22       *requirements that may be placed on the patent*  
23       *secondary market, including on the participants*  
24       *in such markets, to ensure that the market is a*  
25       *level playing field and that brokers in the market*



1           *have the requisite expertise and adhere to ethical*  
2           *business practices; and*

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

5           *(2) REPORT ON STUDY.—Not later than 1 year*  
6           *after the date of the enactment of this Act, the Direc-*  
7           *tor shall submit a report to the Committee on the Ju-*  
8           *diciary of the House of Representatives and the Com-*  
9           *mittee on the Judiciary of the Senate on the findings*  
10          *and recommendations of the Director from the study*  
11          *required under paragraph (1).*

12          *(b) STUDY ON PATENTS OWNED BY THE UNITED*  
13          *STATES GOVERNMENT.—*

14                  *(1) STUDY REQUIRED.—The Director, in con-*  
15          *sultation with the heads of relevant agencies and in-*  
16          *terested parties, shall, using existing resources of the*  
17          *Office, conduct a study on patents owned by the*  
18          *United States Government that—*

19                          *(A) examines how such patents are licensed*  
20                          *and sold, and any litigation relating to the li-*  
21                          *censing or sale of such patents;*

22                          *(B) provides legislative and administrative*  
23                          *recommendations on whether there should be re-*  
24                          *strictions placed on patents acquired from the*  
25                          *United States Government;*

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

7           (D) provides recommendations to ensure  
8           that each relevant agency has an adequate point  
9           of contact that is responsible for managing the  
10          patent portfolio of the agency.

11          (2) *REPORT ON STUDY.*—Not later than 6  
12          months after the date of the enactment of this Act, the  
13          Director shall submit to the Committee on the Judici-  
14          ary of the House of Representatives and the Com-  
15          mittee on the Judiciary of the Senate a report on the  
16          findings and recommendations of the Director from  
17          the study required under paragraph (1).

18          (c) *STUDY ON PATENT QUALITY AND ACCESS TO THE*  
19          *BEST INFORMATION DURING EXAMINATION.*—

20                 (1) *GAO STUDY.*—The Comptroller General of  
21                 the United States shall conduct a study on patent ex-  
22                 amination at the Office and the technologies available  
23                 to improve examination and improve patent quality.

1           (2) *CONTENTS OF THE STUDY.*—*The study re-*  
2           *quired under paragraph (1) shall include the fol-*  
3           *lowing:*

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

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

12                   (C) *A description of how patents are classi-*  
13           *fied.*

14                   (D) *An examination of procedures in place*  
15           *to prevent double patenting through filing by ap-*  
16           *plicants in multiple art areas.*

17                   (E) *An examination of the types of off-the-*  
18           *shelf prior art databases and search software*  
19           *used by foreign patent offices and governments,*  
20           *particularly in Europe and Asia, and whether*  
21           *those databases and search tools could be used by*  
22           *the Office to improve patent examination.*

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

1           (3) *REPORT ON STUDY.*—Not later than 6  
2           months after the date of the enactment of this Act, the  
3           Comptroller General shall submit to the Committee on  
4           the Judiciary of the House of Representatives and the  
5           Committee on the Judiciary of the Senate a report on  
6           the findings and recommendations from the study re-  
7           quired by this subsection, including recommendations  
8           for any changes to laws and regulations that will im-  
9           prove the examination of patent applications and  
10          patent quality.

11          (d) *STUDY ON PATENT SMALL CLAIMS COURT.*—

12                 (1) *STUDY REQUIRED.*—

13                         (A) *IN GENERAL.*—The Director of the Ad-  
14                         ministrative Office of the United States Courts,  
15                         in consultation with the Director of the Federal  
16                         Judicial Center and the United States Patent  
17                         and Trademark Office, shall, using existing re-  
18                         sources, conduct a study to examine the idea of  
19                         developing a pilot program for patent small  
20                         claims courts in certain judicial districts within  
21                         the existing patent pilot program mandated by  
22                         Public Law 111–349.

23                         (B) *CONTENTS OF STUDY.*—The study  
24                         under subparagraph (A) shall examine—

1                   (i) *the number of and qualifications*  
2                   *for judges that could serve on such small*  
3                   *claims courts;*

4                   (ii) *how such small claims courts*  
5                   *would be designated and the necessary cri-*  
6                   *teria for such designation;*

7                   (iii) *the costs that would be incurred*  
8                   *for establishing, maintaining, and oper-*  
9                   *ating such a pilot program; and*

10                  (iv) *the steps that would be taken to*  
11                  *ensure that the courts in the pilot program*  
12                  *are not misused for abusive patent litiga-*  
13                  *tion.*

14                  (2) *REPORT ON STUDY.*—*Not later than 1 year*  
15                  *after the date of the enactment of this Act, the Direc-*  
16                  *tor of the Administrative Office of the United States*  
17                  *Courts shall submit a report to the Committee on the*  
18                  *Judiciary of the House of Representatives and the*  
19                  *Committee on the Judiciary of the Senate on the find-*  
20                  *ings and recommendations of the Director of the Ad-*  
21                  *ministrative Office from the study required under*  
22                  *paragraph (1).*

23                  (e) *STUDY ON DEMAND LETTERS.*—

24                  (1) *STUDY.*—*The Director, in consultation with*  
25                  *the heads of other appropriate agencies, shall conduct*

1        *a study of the prevalence of the practice of sending*  
2        *patent demand letters in bad faith and the extent to*  
3        *which that practice may, through fraudulent or decep-*  
4        *tive practices, impose a negative impact on the mar-*  
5        *ketplace.*

6            (2) *REPORT TO CONGRESS.—Not later than 1*  
7        *year after the date of the enactment of this Act, the*  
8        *Director shall submit a report to the Committee on*  
9        *the Judiciary of the House of Representatives and the*  
10       *Committee on the Judiciary of the Senate on the find-*  
11       *ings and recommendations of the Director from the*  
12       *study required under paragraph (1).*

13           (3) *PATENT DEMAND LETTER DEFINED.—In this*  
14       *subsection, the term “patent demand letter” means a*  
15       *written communication relating to a patent that*  
16       *states or indicates, directly or indirectly, that the re-*  
17       *cipient or anyone affiliated with the recipient is or*  
18       *may be infringing the patent.*

19        (f) *STUDY ON BUSINESS METHOD PATENT QUALITY.—*

20           (1) *GAO STUDY.—The Comptroller General of*  
21       *the United States shall conduct a study on the volume*  
22       *and nature of litigation involving business method*  
23       *patents.*

24           (2) *CONTENTS OF STUDY.—The study required*  
25       *under paragraph (1) shall focus on examining the*

1 *quality of business method patents asserted in suits*  
2 *alleging patent infringement, and may include an ex-*  
3 *amination of any other areas that the Comptroller*  
4 *General determines to be relevant.*

5 (3) *REPORT TO CONGRESS.—Not later than 6*  
6 *months after the date of the enactment of this Act, the*  
7 *Comptroller General shall submit to the Committee on*  
8 *the Judiciary of the House of Representatives and the*  
9 *Committee on the Judiciary of the Senate a report on*  
10 *the findings and recommendations from the study re-*  
11 *quired by this subsection, including recommendations*  
12 *for any changes to laws or regulations that the Comp-*  
13 *troller General considers appropriate on the basis of*  
14 *the study.*

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

17 (a) *REPEAL OF CIVIL ACTION TO OBTAIN A PAT-*  
18 *ENT.—*

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

21 (2) *CONFORMING AMENDMENTS.—*

22 (A) *FEDERAL CIRCUIT JURISDICTION.—Sec-*  
23 *tion 1295(a)(4) of title 28, United States Code,*  
24 *is amended—*

1           (i) in subparagraph (A), by striking  
2           “except that an applicant or a party” and  
3           all that follows through the end of the sub-  
4           paragraph and inserting the following: “ex-  
5           cept that a party to a derivation proceeding  
6           may also have remedy by civil action under  
7           section 146 of title 35; an appeal under this  
8           subparagraph of a decision of the Board  
9           with respect to a derivation proceeding shall  
10          waive the right of such party to proceed  
11          under section 146 of title 35;”; and

12          (ii) in subparagraph (C), by striking  
13          “section 145, 146, or” and inserting “sec-  
14          tion 146 or”.

15          (B) *FEDERAL CIRCUIT APPEAL*.—Section  
16          141(a) of title 35, United States Code, is amend-  
17          ed—

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

21                 (ii) by striking the second sentence.

22          (C) *ADJUSTMENT OF PATENT TERM*.—Sec-  
23          tion 154(b)(1)(A)(iii) of title 35, United States  
24          Code, is amended by striking “section 141, 145,  
25          or 146” and inserting “section 141 or 146”.



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

5           (3) *EFFECTIVE DATE.*—*The amendments made*  
6           *by this subsection shall take effect on the date of the*  
7           *enactment of this Act and apply to any proceeding in*  
8           *which a decision is made by the Patent Trial and Ap-*  
9           *peal Board on or after such date of enactment.*

10          (b) *POST-GRANT REVIEW AMENDMENT.*—*Section*  
11          *325(e)(2) of title 35, United States Code is amended by*  
12          *striking “or reasonably could have raised”.*

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

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

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

19                         (B) *in paragraph (13), by striking the pe-*  
20                         *riod at the end and inserting “; and”; and*

21                         (C) *by adding at the end the following new*  
22                         *paragraph:*

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

1           “(A) each claim of a patent shall be con-  
2           strued as such claim would be in a civil action  
3           to invalidate a patent under section 282(b), in-  
4           cluding construing each claim of the patent in  
5           accordance with the ordinary and customary  
6           meaning of such claim as understood by one of  
7           ordinary skill in the art and the prosecution his-  
8           tory pertaining to the patent; and

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

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

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

17                 (B) in paragraph (12), by striking the pe-  
18                 riod at the end and inserting “; and”; and

19                 (C) by adding at the end the following new  
20                 paragraph:

21                 “(13) providing that for all purposes under this  
22          chapter—

23                         “(A) each claim of a patent shall be con-  
24                         strued as such claim would be in a civil action  
25                         to invalidate a patent under section 282(b), in-

1           *cluding construing each claim of the patent in*  
2           *accordance with the ordinary and customary*  
3           *meaning of such claim as understood by one of*  
4           *ordinary skill in the art and the prosecution his-*  
5           *tory pertaining to the patent; and*

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

10           (3) *TECHNICAL AND CONFORMING AMEND-*  
11           *MENT.—Section 18(a)(1)(A) of the Leahy-Smith*  
12           *America Invents Act (Public Law 112–29; 126 Stat.*  
13           *329; 35 U.S.C. 321 note) is amended by striking*  
14           *“Section 321(c)” and inserting “Sections 321(c) and*  
15           *326(a)(13)”.*

16           (4) *EFFECTIVE DATE.—The amendments made*  
17           *by this subsection shall take effect upon the expiration*  
18           *of the 90-day period beginning on the date of the en-*  
19           *actment of this Act, and shall apply to any pro-*  
20           *ceeding under chapter 31 or 32 of title 35, United*  
21           *States Code, as the case may be, for which the peti-*  
22           *tion for review is filed on or after such effective date.*

23           (d) *CODIFICATION OF THE DOUBLE-PATENTING DOC-*  
24           *TRINE FOR FIRST-INVENTOR-TO-FILE PATENTS.—*

1           (1) *AMENDMENT.*—Chapter 10 of title 35, United  
2           *States Code, is amended by adding at the end the fol-*  
3           *lowing new section:*

4           **“§ 106. Prior art in cases of double patenting**

5           *“A claimed invention of a patent issued under section*  
6           *151 (referred to as the ‘first patent’) that is not prior art*  
7           *to a claimed invention of another patent (referred to as the*  
8           *‘second patent’) shall be considered prior art to the claimed*  
9           *invention of the second patent for the purpose of deter-*  
10           *mining the nonobviousness of the claimed invention of the*  
11           *second patent under section 103 if—*

12                   *“(1) the claimed invention of the first patent was*  
13                   *effectively filed under section 102(d) on or before the*  
14                   *effective filing date of the claimed invention of the sec-*  
15                   *ond patent;*

16                   *“(2) either—*

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

19                           *“(B) the claimed invention of the first pat-*  
20                           *ent would constitute prior art to the claimed in-*  
21                           *vention of the second patent under section*  
22                           *102(a)(2) if an exception under section 102(b)(2)*  
23                           *were deemed to be inapplicable and the claimed*  
24                           *invention of the first patent was, or were deemed*  
25                           *to be, effectively filed under section 102(d) before*

1           *the effective filing date of the claimed invention*  
2           *of the second patent; and*

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

7           (2) *REGULATIONS.—The Director shall promul-*  
8           *gate regulations setting forth the form and content of*  
9           *any disclaimer required for a patent to be issued in*  
10          *compliance with section 106 of title 35, United States*  
11          *Code, as added by paragraph (1). Such regulations*  
12          *shall apply to any disclaimer filed after a patent has*  
13          *issued. A disclaimer, when filed, shall be considered*  
14          *for the purpose of determining the validity of the pat-*  
15          *ent under section 106 of title 35, United States Code.*

16          (3) *CONFORMING AMENDMENT.—The table of sec-*  
17          *tions for chapter 10 of title 35, United States Code,*  
18          *is amended by adding at the end the following new*  
19          *item:*

          “106. *Prior art in cases of double patenting.*”.

20          (4) *EXCLUSIVE RULE.—A patent subject to sec-*  
21          *tion 106 of title 35, United States Code, as added by*  
22          *paragraph (1), shall not be held invalid on any non-*  
23          *statutory, double-patenting ground.*

24          (5) *EFFECTIVE DATE.—The amendments made*  
25          *by this subsection shall take effect on the date of the*

1 *enactment of this Act and shall apply to a patent or*  
2 *patent application only if both the first and second*  
3 *patents described in section 106 of title 35, United*  
4 *States Code, as added by paragraph (1), are patents*  
5 *or patent applications that are described in section*  
6 *3(n)(1) of the Leahy-Smith America Invents Act (35*  
7 *U.S.C. 100 note).*

8 *(e) PTO PATENT REVIEWS.—*

9 *(1) CLARIFICATION.—*

10 *(A) SCOPE OF PRIOR ART.—Section*  
11 *18(a)(1)(C)(i) of the Leahy-Smith America In-*  
12 *vents Act (35 U.S.C. 321 note) is amended by*  
13 *striking “section 102(a)” and inserting “sub-*  
14 *section (a) or (e) of section 102”.*

15 *(B) EFFECTIVE DATE.—The amendment*  
16 *made by subparagraph (A) shall take effect on*  
17 *the date of the enactment of this Act and shall*  
18 *apply to any proceeding pending on, or filed on*  
19 *or after, such date of enactment.*

20 *(2) AUTHORITY TO WAIVE FEE.—Subject to*  
21 *available resources, the Director may waive payment*  
22 *of a filing fee for a transitional proceeding described*  
23 *under section 18(a) of the Leahy-Smith America In-*  
24 *vents Act (35 U.S.C. 321 note).*

1           (f) *CLARIFICATION OF LIMITS ON PATENT TERM AD-*  
2 *JUSTMENT.*—

3           (1) *AMENDMENTS.*—Section 154(b)(1)(B) of title  
4 35, *United States Code*, is amended—

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

10           (B) in clause (i), by striking “consumed by  
11 continued examination of the application re-  
12 quested by the applicant” and inserting “con-  
13 sumed after continued examination of the appli-  
14 cation is requested by the applicant”;

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

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

19           (2) *EFFECTIVE DATE.*—The amendments made  
20 by this subsection shall take effect on the date of the  
21 enactment of this Act and apply to any patent appli-  
22 cation or patent that is pending on, or filed on or  
23 after, such date of enactment.

24           (g) *CLARIFICATION OF JURISDICTION.*—

1           (1) *IN GENERAL.*—*The Federal interest in pre-*  
2           *venting inconsistent final judicial determinations as*  
3           *to the legal force or effect of the claims in a patent*  
4           *presents a substantial Federal issue that is important*  
5           *to the Federal system as a whole.*

6           (2) *APPLICABILITY.*—*Paragraph (1)*—

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

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

15           (h) *PATENT PILOT PROGRAM IN CERTAIN DISTRICT*  
16 *COURTS DURATION.*—

17                   (1) *DURATION.*—*Section 1(c) of Public Law*  
18                   *111–349 (124 Stat. 3674; 28 U.S.C. 137 note) is*  
19                   *amended to read as follows:*

20                   “(c) *DURATION.*—*The program established under sub-*  
21                   *section (a) shall be maintained using existing resources,*  
22                   *and shall terminate 20 years after the end of the 6-month*  
23                   *period described in subsection (b).”*



1           (2) *EFFECTIVE DATE.*—*The amendment made by*  
2 *paragraph (1) shall take effect on the date of the en-*  
3 *actment of this Act.*

4           (i) *TECHNICAL CORRECTIONS.*—

5           (1) *NOVELTY.*—

6           (A) *AMENDMENT.*—*Section 102(b)(1)(A) of*  
7 *title 35, United States Code, is amended by*  
8 *striking “the inventor or joint inventor or by an-*  
9 *other” and inserting “the inventor or a joint in-*  
10 *ventor or another”.*

11           (B) *EFFECTIVE DATE.*—*The amendment*  
12 *made by subparagraph (A) shall be effective as*  
13 *if included in the amendment made by section*  
14 *3(b)(1) of the Leahy-Smith America Invents Act*  
15 *(Public Law 112–29).*

16           (2) *INVENTOR’S OATH OR DECLARATION.*—

17           (A) *AMENDMENT.*—*The second sentence of*  
18 *section 115(a) of title 35, United States Code, is*  
19 *amended—*

20           (i) *by striking “Except as otherwise*  
21 *provided” and inserting “Except for an ap-*  
22 *plication filed under section 118 or as oth-*  
23 *erwise provided”; and*

1                   (ii) by striking “shall execute” and in-  
2                   serting “may be required by the Director to  
3                   execute”.

4                   (B) *EFFECTIVE DATE.*—The amendments  
5                   made by subparagraph (A) shall be effective as  
6                   if included in the amendment made by section  
7                   4(a)(1) of the Leahy-Smith America Invents Act  
8                   (Public Law 112–29).

9                   (3) *ASSIGNEE FILERS.*—

10                  (A) *BENEFIT OF EARLIER FILING DATE;*  
11                  *RIGHT OF PRIORITY.*—Section 119(e)(1) of title  
12                  35, United States Code, is amended, in the first  
13                  sentence, by striking “by an inventor or inven-  
14                  tors named” and inserting “that names the in-  
15                  ventor or a joint inventor”.

16                  (B) *BENEFIT OF EARLIER FILING DATE IN*  
17                  *THE UNITED STATES.*—Section 120 of title 35,  
18                  United States Code, is amended, in the first sen-  
19                  tence, by striking “names an inventor or joint  
20                  inventor” and inserting “names the inventor or  
21                  a joint inventor”.

22                  (C) *EFFECTIVE DATE.*—The amendments  
23                  made by this paragraph shall take effect on the  
24                  date of the enactment of this Act and shall apply  
25                  to any patent application, and any patent

1           *issuing from such application, that is filed on or*  
2           *after September 16, 2012.*

3           (4) *DERIVED PATENTS.—*

4                 (A) *AMENDMENT.—Section 291(b) of title*  
5                 *35, United States Code, is amended by striking*  
6                 *“or joint inventor” and inserting “or a joint in-*  
7                 *ventor”.*

8                 (B) *EFFECTIVE DATE.—The amendment*  
9                 *made by subparagraph (A) shall be effective as*  
10                *if included in the amendment made by section*  
11                *3(h)(1) of the Leahy-Smith America Invents Act*  
12                *(Public Law No. 112–29).*

13           (5) *SPECIFICATION.—Notwithstanding section*  
14            *4(e) of the Leahy-Smith America Invents Act (Public*  
15            *Law 112–29; 125 Stat. 297), the amendments made*  
16            *by subsections (c) and (d) of section 4 of such Act*  
17            *shall apply to any proceeding or matter that is pend-*  
18            *ing on, or filed on or after, the date of the enactment*  
19            *of this Act.*

20           (6) *TIME LIMIT FOR COMMENCING MISCONDUCT*  
21            *PROCEEDINGS.—*

22                 (A) *AMENDMENT.—The fourth sentence of*  
23                 *section 32 of title 35, United States Code, is*  
24                 *amended by striking “1 year” and inserting “2*  
25                 *years”.*

1           (B) *EFFECTIVE DATE.*—*The amendment*  
2 *made by this paragraph shall take effect on the*  
3 *date of the enactment of this Act and shall apply*  
4 *to any action in which the Office files a com-*  
5 *plaint on or after such date of enactment.*

6           (7) *PATENT OWNER RESPONSE.*—

7           (A) *CONDUCT OF INTER PARTES REVIEW.*—  
8 *Paragraph (8) of section 316(a) of title 35,*  
9 *United States Code, is amended by striking “the*  
10 *petition under section 313” and inserting “the*  
11 *petition under section 311”.*

12           (B) *CONDUCT OF POST-GRANT REVIEW.*—  
13 *Paragraph (8) of section 326(a) of title 35,*  
14 *United States Code, is amended by striking “the*  
15 *petition under section 323” and inserting “the*  
16 *petition under section 321”.*

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

20           (8) *INTERNATIONAL APPLICATIONS.*—

21           (A) *AMENDMENTS.*—*Section 202(b) of the*  
22 *Patent Law Treaties Implementation Act of*  
23 *2012 (Public Law 112–211; 126 Stat. 1536) is*  
24 *amended—*

25                   *(i) by striking paragraph (7); and*

1                   (ii) by redesignating paragraphs (8)  
2                   and (9) as paragraphs (7) and (8), respec-  
3                   tively.

4                   (B) *EFFECTIVE DATE.*—The amendments  
5                   made by subparagraph (A) shall be effective as  
6                   if included in title II of the Patent Law Treaties  
7                   Implementation Act of 2012 (Public Law 112–  
8                   21).

9 **SEC. 10. EFFECTIVE DATE.**

10               *Except as otherwise provided in this Act, the provi-*  
11               *sions of this Act shall take effect on the date of the enact-*  
12               *ment of this Act, and shall apply to any patent issued, or*  
13               *any action filed, on or after that date.*

Union Calendar No. 200

113<sup>TH</sup> CONGRESS  
1<sup>ST</sup> Session

**H. R. 3309**

[Report No. 113-279]

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**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.

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DECEMBER 2, 2013

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed