

114TH CONGRESS
1ST SESSION

H. R. 9

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

FEBRUARY 5, 2015

Mr. GOODLATTE (for himself, Mr. DEFAZIO, Mr. ISSA, Mr. NADLER, Mr. SMITH of Texas, Ms. LOFGREN, Mr. CHABOT, Ms. ESHOO, Mr. FORBES, Mr. PIERLUISI, Mr. CHAFFETZ, Mr. JEFFRIES, Mr. MARINO, Mr. FARENTHOLD, Mr. HOLDING, Mr. JOHNSON of Ohio, Mr. HUFFMAN, Mr. HONDA, Mr. LARSEN of Washington, and Mr. THOMPSON of California) 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.

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
5 “Innovation 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 recommendations of the Judicial 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 Invents Act.
- Sec. 10. Effective date.

1 **SEC. 2. DEFINITIONS.**

2 In this Act:

3 (1) DIRECTOR.—The term “Director” means
 4 the Under Secretary of Commerce for Intellectual
 5 Property and Director of the United States Patent
 6 and Trademark Office.

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

9 **SEC. 3. PATENT INFRINGEMENT ACTIONS.**

10 (a) PLEADING REQUIREMENTS.—

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

14 **“§ 281A. Pleading requirements for patent infringe-**
 15 **ment actions**

16 “(a) PLEADING REQUIREMENTS.—Except as pro-
 17 vided in subsection (b), in a civil action in which a party
 18 asserts a claim for relief arising under any Act of Con-
 19 gress relating to patents, a party alleging infringement
 20 shall include in the initial complaint, counterclaim, or

1 cross-claim for patent infringement, unless the informa-
2 tion is not reasonably accessible to such party, the fol-
3 lowing:

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

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

9 “(3) For each claim identified under paragraph
10 (2), an identification of each accused process, ma-
11 chine, manufacture, or composition of matter (re-
12 ferred to in this section as an ‘accused instrumen-
13 tality’) alleged to infringe the claim.

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

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

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

21 “(5) For each accused instrumentality identi-
22 fied under paragraph (3), a clear and concise state-
23 ment of—

1 “(A) where each element of each claim
2 identified under paragraph (2) is found within
3 the accused instrumentality; and

4 “(B) with detailed specificity, how each
5 limitation of each claim identified under para-
6 graph (2) is met by the accused instrumen-
7 tality.

8 “(6) For each claim of indirect infringement, a
9 description of the acts of the alleged indirect in-
10 fringer that contribute to or are inducing the direct
11 infringement.

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

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

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

23 “(10) For each patent identified under para-
24 graph (1), whether a standard-setting body has spe-
25 cifically declared such patent to be essential, poten-

1 tially essential, or having potential to become essen-
2 tial to that standard-setting body, and whether the
3 United States Government or a foreign government
4 has imposed specific licensing requirements with re-
5 spect to such patent.

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

13 “(c) CONFIDENTIAL INFORMATION.—A party re-
14 quired to disclose information described under subsection
15 (a) may file, under seal, information believed to be con-
16 fidential, with a motion setting forth good cause for such
17 sealing. If such motion is denied by the court, the party
18 may seek to file an amended complaint.

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

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

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

1 (b) FEES AND OTHER EXPENSES.—

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

4 **“§ 285. Fees and other expenses**

5 “(a) AWARD.—The court shall award, to a prevailing
6 party, reasonable fees and other expenses incurred by that
7 party in connection with a civil action in which any party
8 asserts a claim for relief arising under any Act of Con-
9 gress relating to patents, unless the court finds that the
10 position and conduct of the nonprevailing party or parties
11 were reasonably justified in law and fact or that special
12 circumstances (such as severe economic hardship to a
13 named inventor) make an award unjust.

14 “(b) CERTIFICATION AND RECOVERY.—Upon motion
15 of any party to the action, the court shall require another
16 party to the action to certify whether or not the other
17 party will be able to pay an award of fees and other ex-
18 penses if such an award is made under subsection (a). If
19 a nonprevailing party is unable to pay an award that is
20 made against it under subsection (a), the court may make
21 a party that has been joined under section 299(d) with
22 respect to such party liable for the unsatisfied portion of
23 the award.

24 “(c) COVENANT NOT TO SUE.—A party to a civil ac-
25 tion that asserts a claim for relief arising under any Act

1 of Congress relating to patents against another party, and
 2 that subsequently unilaterally extends to such other party
 3 a covenant not to sue for infringement with respect to the
 4 patent or patents at issue, shall be deemed to be a nonpre-
 5 vailing party (and the other party the prevailing party)
 6 for purposes of this section, unless the party asserting
 7 such claim would have been entitled, at the time that such
 8 covenant was extended, to voluntarily dismiss the action
 9 or claim without a court order under Rule 41 of the Fed-
 10 eral Rules of Civil Procedure.”.

11 (2) CONFORMING AMENDMENT AND AMEND-
 12 MENT.—

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

“285. Fees and other expenses.”.

17 (B) AMENDMENT.—Section 273 of title
 18 35, United States Code, is amended by striking
 19 subsections (f) and (g).

20 (3) EFFECTIVE DATE.—The amendments made
 21 by this subsection shall take effect on the date of the
 22 enactment of this Act and shall apply to any action
 23 for which a complaint is filed on or after the first
 24 day of the 6-month period ending on that effective
 25 date.

1 (c) JOINDER OF INTERESTED PARTIES.—Section
2 299 of title 35, United States Code, is amended by adding
3 at the end the following new subsection:

4 “(d) JOINDER OF INTERESTED PARTIES.—

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

17 “(2) LIMITATION ON JOINDER.—

18 “(A) DISCRETIONARY DENIAL OF MO-
19 TION.—The court may deny a motion to join an
20 interested party under paragraph (1) if—

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

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

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

4 “(i) the interested party did not time-
5 ly receive the notice required by paragraph
6 (3); or

7 “(ii) within 30 days after receiving
8 the notice required by paragraph (3), the
9 interested party renounces, in writing and
10 with notice to the court and the parties to
11 the action, any ownership, right, or direct
12 financial interest (as described in para-
13 graph (4)) that the interested party has in
14 the patent or patents at issue.

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

1 “(A) identifies the action, the parties
2 thereto, the patent or patents at issue, and the
3 pleading or other paper that identified the
4 party under section 290(b); and

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

9 “(i) fees and other expenses are
10 awarded in the action against the party al-
11 leging infringement of the patent or pat-
12 ents at issue under section 285(a);

13 “(ii) the party alleging infringement is
14 unable to pay the award of fees and other
15 expenses;

16 “(iii) the party receiving notice under
17 this paragraph is determined by the court
18 to be an interested party; and

19 “(iv) the party receiving notice under
20 this paragraph has not, within 30 days
21 after receiving such notice, renounced in
22 writing, and with notice to the court and
23 the parties to the action, any ownership,
24 right, or direct financial interest (as de-
25 scribed in paragraph (4)) that the inter-

1 ested party has in the patent or patents at
2 issue.

3 “(4) INTERESTED PARTY DEFINED.—In this
4 subsection, the term ‘interested party’ means a per-
5 son, other than the party alleging infringement,
6 that—

7 “(A) is an assignee of the patent or pat-
8 ents at issue;

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

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

17 “(i) an attorney or law firm providing
18 legal representation in the civil action de-
19 scribed in paragraph (1) if the sole basis
20 for the financial interest of the attorney or
21 law firm in the patent or patents at issue
22 arises from the attorney or law firm’s re-
23 ceipt of compensation reasonably related to
24 the provision 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
 4 party alleging infringement, unless such
 5 person also has the right or ability to influ-
 6 ence, direct, or control the civil action.”.

7 (d) DISCOVERY LIMITS.—

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

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

12 “(a) DISCOVERY IN PATENT INFRINGEMENT AC-
 13 TION.—Except as provided in subsections (b) and (c), in
 14 a civil action arising under any Act of Congress relating
 15 to patents, if the court determines that a ruling relating
 16 to the construction of terms used in a patent claim as-
 17 serted in the complaint is required, discovery shall be lim-
 18 ited, until such ruling is issued, to information necessary
 19 for the court to determine the meaning of the terms used
 20 in the patent claim, including any interpretation of those
 21 terms used to support the claim of infringement.

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

24 “(1) TIMELY RESOLUTION OF ACTIONS.—In the
 25 case of an action under any provision of Federal law

1 (including an action that includes a claim for relief
2 arising under section 271(e)), for which resolution
3 within a specified period of time of a civil action
4 arising under any Act of Congress relating to pat-
5 ents will necessarily affect the rights of a party with
6 respect to the patent, the court shall permit dis-
7 covery, in addition to the discovery authorized under
8 subsection (a), before the ruling described in sub-
9 section (a) is issued as necessary to ensure timely
10 resolution of the action.

11 “(2) RESOLUTION OF MOTIONS.—When nec-
12 essary to resolve a motion properly raised by a party
13 before a ruling relating to the construction of terms
14 described 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 re-
17 solve 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,
21 in addition to the discovery authorized under sub-
22 section (a), as necessary to prevent the manifest in-
23 justice.

24 “(4) ACTIONS SEEKING RELIEF BASED ON COM-
25 PETITIVE HARM.—The limitation on discovery pro-

1 vided under subsection (a) shall not apply to an ac-
 2 tion seeking a preliminary injunction to redress
 3 harm arising from the use, sale, or offer for sale of
 4 any allegedly infringing instrumentality that com-
 5 petes with a product sold or offered for sale, or a
 6 process used in manufacture, by a party alleging in-
 7 fringement.

8 “(c) EXCLUSION FROM DISCOVERY LIMITATION.—
 9 The parties may voluntarily consent to be excluded, in
 10 whole or in part, from the limitation on discovery provided
 11 under subsection (a) if at least one plaintiff and one de-
 12 fendant enter into a signed stipulation, to be filed with
 13 and signed by the court. With regard to any discovery ex-
 14 cluded from the requirements of subsection (a) under the
 15 signed stipulation, with respect to such parties, such dis-
 16 covery shall proceed according to the Federal Rules of
 17 Civil Procedure.”.

18 (2) CONFORMING AMENDMENT.—The table of
 19 sections for chapter 29 of title 35, United States
 20 Code, is amended by adding at the end the following
 21 new item:

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

22 (e) SENSE OF CONGRESS.—It is the sense of Con-
 23 gress that it is an abuse of the patent system and against
 24 public policy for a party to send out purposely evasive de-
 25 mand letters to end users alleging patent infringement.

1 Demand letters sent should, at the least, include basic in-
2 formation about the patent in question, what is being in-
3 fringed, and how it is being infringed. Any actions or liti-
4 gation that stem from these types of purposely evasive de-
5 mand letters to end users should be considered a fraudu-
6 lent or deceptive practice and an exceptional circumstance
7 when considering whether the litigation is abusive.

8 (f) DEMAND LETTERS.—Section 284 of title 35,
9 United States Code, is amended—

10 (1) in the first undesignated paragraph, by
11 striking “Upon finding” and inserting “(a) IN GEN-
12 ERAL.—Upon finding”;

13 (2) in the second undesignated paragraph, by
14 striking “When the damages” and inserting “(b) AS-
15 SESSMENT BY COURT; TREBLE DAMAGES.—When
16 the damages”;

17 (3) by inserting after subsection (b), as des-
18 ignated by paragraph (2) of this subsection, the fol-
19 lowing:

20 “(c) WILLFUL INFRINGEMENT.—A claimant seeking
21 to establish willful infringement may not rely on evidence
22 of pre-suit notification of infringement unless that notifi-
23 cation identifies with particularity the asserted patent,
24 identifies the product or process accused, identifies the ul-
25 timate parent entity of the claimant, and explains with

1 particularity, to the extent possible following a reasonable
 2 investigation or inquiry, how the product or process in-
 3 fringes one or more claims of the patent.”; and

4 (4) in the last undesignated paragraph, by
 5 striking “The court” and inserting “(d) EXPERT
 6 TESTIMONY.—The court”.

7 (g) EFFECTIVE DATE.—Except as otherwise provided
 8 in this section, the amendments made by this section shall
 9 take effect on the date of the enactment of this Act and
 10 shall apply to any action for which a complaint is filed
 11 on or after that date.

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

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

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

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

19 (3) by adding at the end the following new sub-
 20 sections:

21 “(b) INITIAL DISCLOSURE.—

22 “(1) IN GENERAL.—Except as provided in para-
 23 graph (2), upon the filing of an initial complaint for
 24 patent infringement, the plaintiff shall disclose to
 25 the Patent and Trademark Office, the court, and

1 each adverse party the identity of each of the fol-
2 lowing:

3 “(A) The assignee of the patent or patents
4 at issue.

5 “(B) Any entity with a right to sublicense
6 or enforce the patent or patents at issue.

7 “(C) Any entity, other than the plaintiff,
8 that the plaintiff knows to have a financial in-
9 terest in the patent or patents at issue or the
10 plaintiff.

11 “(D) The ultimate parent entity of any as-
12 signee identified under subparagraph (A) and
13 any entity identified under subparagraph (B) or
14 (C).

15 “(2) EXEMPTION.—The requirements of para-
16 graph (1) shall not apply with respect to a civil ac-
17 tion filed under subsection (a) that includes a cause
18 of action described under section 271(e)(2).

19 “(c) DISCLOSURE COMPLIANCE.—

20 “(1) PUBLICLY TRADED.—For purposes of sub-
21 section (b)(1)(C), if the financial interest is held by
22 a corporation traded on a public stock exchange, an
23 identification of the name of the corporation and the
24 public exchange listing shall satisfy the disclosure re-
25 quirement.

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

6 “(A) in the case of a partnership, the
7 name of the partnership and the name and cor-
8 respondence address of each partner or other
9 entity that holds more than a 5-percent share
10 of that partnership;

11 “(B) in the case of a corporation, the
12 name of the corporation, the location of incor-
13 poration, the address of the principal place of
14 business, and the name of each officer of the
15 corporation; and

16 “(C) for each individual, the name and
17 correspondence address of that individual.

18 “(d) ONGOING DUTY OF DISCLOSURE TO THE PAT-
19 ENT AND TRADEMARK OFFICE.—

20 “(1) IN GENERAL.—A plaintiff required to sub-
21 mit information under subsection (b) or a subse-
22 quent owner of the patent or patents at issue shall,
23 not later than 90 days after any change in the as-
24 signee of the patent or patents at issue or an entity
25 described under subparagraph (B) or (D) of sub-

1 section (b)(1), submit to the Patent and Trademark
2 Office the updated identification of such assignee or
3 entity.

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

7 “(A) the plaintiff or subsequent owner
8 shall not be entitled to recover reasonable fees
9 and other expenses under section 285 or in-
10 creased damages under section 284 with respect
11 to infringing activities taking place during any
12 period of noncompliance with paragraph (1),
13 unless the denial of such damages or fees would
14 be manifestly unjust; and

15 “(B) the court shall award to a prevailing
16 party accused of infringement reasonable fees
17 and other expenses under section 285 that are
18 incurred to discover the updated assignee or en-
19 tity described under paragraph (1), unless such
20 sanctions would be unjust.

21 “(e) DEFINITIONS.—In this section:

22 “(1) FINANCIAL INTEREST.—The term ‘finan-
23 cial interest’—

24 “(A) means—

1 “(i) with regard to a patent or pat-
2 ents, the right of a person to receive pro-
3 ceeds related to the assertion of the patent
4 or patents, including a fixed or variable
5 portion of such proceeds; and

6 “(ii) with regard to the plaintiff, di-
7 rect or indirect ownership or control by a
8 person of more than 5 percent of such
9 plaintiff; and

10 “(B) does not mean—

11 “(i) ownership of shares or other in-
12 terests in a mutual or common investment
13 fund, unless the owner of such interest
14 participates in the management of such
15 fund; or

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

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

1 “(3) ULTIMATE PARENT ENTITY.—

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

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

10 (b) TECHNICAL AND CONFORMING AMENDMENT.—

11 The item relating to section 290 in the table of sections
12 for chapter 29 of title 35, United States Code, is amended
13 to read as follows:

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

14 (c) REGULATIONS.—The Director may promulgate
15 such regulations as are necessary to establish a registra-
16 tion fee in an amount sufficient to recover the estimated
17 costs of administering subsections (b) through (e) of sec-
18 tion 290 of title 35, United States Code, as added by sub-
19 section (a), to facilitate the collection and maintenance of
20 the information required by such subsections, and to en-
21 sure the timely disclosure of such information to the pub-
22 lic.

23 (d) EFFECTIVE DATE.—The amendments made by
24 this section shall take effect upon the expiration of the
25 6-month period beginning on the date of the enactment

1 of this Act and shall apply to any action for which a com-
2 plaint is filed on or after such effective date.

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

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

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

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

14 “(1) The covered manufacturer and the covered
15 customer consent in writing to the stay.

16 “(2) The covered manufacturer is a party to
17 the action or to a separate action involving the same
18 patent or patents related to the same covered prod-
19 uct or process.

20 “(3) The covered customer agrees to be bound
21 by any issues that the covered customer has in com-
22 mon with the covered manufacturer and are finally
23 decided as to the covered manufacturer in an action
24 described in paragraph (2).

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

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

10 “(B) the date on which the first scheduling
11 order in the case is entered.

12 “(b) APPLICABILITY OF STAY.—A stay issued under
13 subsection (a) shall apply only to the patents, products,
14 systems, or components accused of infringement in the ac-
15 tion.

16 “(c) LIFT OF STAY.—

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

20 “(A) the action involving the covered man-
21 ufacturer will not resolve a major issue in suit
22 against the covered customer; or

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

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

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

12 “(e) CONSENT JUDGMENT.—If, following the grant
13 of a motion to stay under this section, the covered manu-
14 facturer seeks or consents to entry of a consent judgment
15 relating to one or more of the common issues that gave
16 rise to the stay, or declines to prosecute through appeal
17 a final decision as to one or more of the common issues
18 that gave rise to the stay, the court may, upon grant of
19 a motion, determine that such consent judgment or
20 unappealed final decision shall not be binding on the cov-
21 ered customer with respect to one or more of such common
22 issues based on a showing that such an outcome would
23 unreasonably prejudice and be manifestly unjust to the
24 covered customer in light of the circumstances of the case.

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

6 “(g) DEFINITIONS.—In this section:

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

11 “(2) COVERED MANUFACTURER.—The term
 12 ‘covered manufacturer’ means a person that manu-
 13 factures or supplies, or causes the manufacture or
 14 supply of, a covered product or process or a relevant
 15 part thereof.

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

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

22 “(B) implements a process alleged to in-
 23 fringe the patent or patents in dispute.”.

24 (b) CONFORMING AMENDMENT.—The table of sec-
 25 tions for chapter 29 of title 35, United States Code, is

1 amended by striking the item relating to section 296 and
2 inserting the following:

“296. Stay of action against customer.”.

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

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

11 (a) **JUDICIAL CONFERENCE RULES AND PROCE-**
12 **DURES ON DISCOVERY BURDENS AND COSTS.**—

13 (1) **RULES AND PROCEDURES.**—The Judicial
14 Conference of the United States, using existing re-
15 sources, shall develop rules and procedures to imple-
16 ment the issues and proposals described in para-
17 graph (2) to address the asymmetries in discovery
18 burdens and costs in any civil action arising under
19 any Act of Congress relating to patents. Such rules
20 and procedures shall include how and when payment
21 for document discovery in addition to the discovery
22 of core documentary evidence is to occur, and what
23 information must be presented to demonstrate finan-
24 cial capacity before permitting document discovery

1 in addition to the discovery of core documentary evi-
2 dence.

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
10 documentary evidence and shall be responsible
11 for the costs of producing core documentary
12 evidence within the possession or control of
13 each such party, and whether and to what ex-
14 tent each party to the action may seek non-
15 documentary discovery as otherwise provided in
16 the Federal Rules of Civil Procedure.

17 (B) ELECTRONIC COMMUNICATION.—If the
18 parties determine that the discovery of elec-
19 tronic communication is appropriate, whether
20 such discovery shall occur after the parties have
21 exchanged initial disclosures and core documen-
22 tary evidence and whether such discovery shall
23 be in 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
5 custodian of the information requested, the
6 search terms, and a time frame. The par-
7 ties shall cooperate to identify the proper
8 custodians, the proper search terms, and
9 the proper time frame.

10 (iii) A party may not submit produc-
11 tion requests to more than 5 custodians,
12 unless the parties jointly agree to modify
13 the number of production requests without
14 leave 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
21 of 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 par-
12 ties mutually agree otherwise, no party
13 may be permitted additional document dis-
14 covery unless such a party posts a bond, or
15 provides other security, in an amount suffi-
16 cient to cover the expected costs of such
17 additional document discovery, or makes a
18 showing to the court that such party has
19 the financial capacity to pay the costs of
20 such additional document discovery.

21 (iii) LIMITS ON ADDITIONAL DOCU-
22 MENT DISCOVERY.—A court, upon motion,
23 may determine that a request for addi-
24 tional document discovery is excessive, ir-
25 relevant, or otherwise abusive and may set

1 limits on such additional document dis-
2 covery.

3 (iv) GOOD CAUSE MODIFICATION.—A
4 court, upon motion and for good cause
5 shown, may modify the requirements of
6 subparagraphs (A) and (B) and any defini-
7 tion under paragraph (3). Not later than
8 30 days after the pretrial conference under
9 Rule 16 of the Federal Rules of Civil Pro-
10 cedure, the parties shall jointly submit any
11 proposed modifications of the requirements
12 of subparagraphs (A) and (B) and any def-
13 inition under paragraph (3), unless the
14 parties do not agree, in which case each
15 party shall submit any proposed modifica-
16 tion of such party and a summary of the
17 disagreement 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 documen-
22 tary evidence. The discovery of computer
23 code shall occur after the parties have ex-
24 changed initial disclosures and other core
25 documentary evidence.

(D) DISCOVERY SEQUENCE AND SCOPE.—

Whether 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 before the additional discovery described in subparagraph (C) commences, might simplify or streamline the case, including the identification of any terms or phrases relating 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.—The term “core documentary evidence”—

(i) includes—

1 (I) documents relating to the
2 conception of, reduction to practice of,
3 and application for, the patent or pat-
4 ents 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 po-
11 tentially invalidating prior art;

12 (IV) documents relating to any
13 licensing of, or other transfer of rights
14 to, the patent or patents at issue be-
15 fore the date on which the complaint
16 is 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
24 the date on which the complaint is
25 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 com-
5 plaint 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
12 show any marking or other notice pro-
13 vided of the patent or patents at
14 issue; and

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

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

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

1 States Court of Federal Claims shall revise the ap-
2 plicable local rules for such court to implement such
3 rules and procedures.

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

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

16 (B) INITIAL MODIFICATIONS.—Before the
17 expiration of the 4-year period described in sub-
18 paragraph (A), the Judicial Conference may
19 modify the requirements under this sub-
20 section—

21 (i) by designating categories of “core
22 documentary evidence”, in addition to
23 those designated under paragraph (3)(A),
24 as the Judicial Conference determines to
25 be appropriate and necessary; and

1 (ii) as otherwise necessary to prevent
2 a manifest injustice, the imposition of a re-
3 quirement the costs of which clearly out-
4 weigh its benefits, or a result that could
5 not reasonably have been intended by the
6 Congress.

7 (b) JUDICIAL CONFERENCE PATENT CASE MANAGE-
8 MENT.—The Judicial Conference of the United States,
9 using existing resources, shall develop case management
10 procedures to be implemented by the United States dis-
11 trict courts and the United States Court of Federal Claims
12 for any civil action arising under any Act of Congress re-
13 lating to patents, including initial disclosure and early case
14 management conference practices that—

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

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

20 (c) REVISION OF FORM FOR PATENT INFRINGE-
21 MENT.—

22 (1) ELIMINATION OF FORM.—The Supreme
23 Court, using existing resources, shall eliminate Form
24 18 in the Appendix to the Federal Rules of Civil
25 Procedure (relating to Complaint for Patent In-

1 fringement), effective on the date of the enactment
2 of this Act.

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

14 (d) PROTECTION OF INTELLECTUAL-PROPERTY LI-
15 CENSES IN BANKRUPTCY.—

16 (1) IN GENERAL.—Section 1522 of title 11,
17 United States Code, is amended by adding at the
18 end the following:

19 “(e) Section 365(n) shall apply to cases under this
20 chapter. If the foreign representative rejects or repudiates
21 a contract under which the debtor is a licensor of intellec-
22 tual property, the licensee under such contract shall be
23 entitled to make the election and exercise the rights de-
24 scribed in section 365(n).”.

25 (2) TRADEMARKS.—

1 (A) IN GENERAL.—Section 101(35A) of
2 title 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
11 of the Act of July 5, 1946 (commonly referred
12 to as the ‘Trademark Act of 1946’) (15 U.S.C.
13 1127);”.

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

17 (i) in subparagraph (B)—

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

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

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

1 (iii) by adding at the end the fol-
 2 lowing new subparagraph:

3 “(D) in the case of a trademark, service mark,
 4 or trade name, the trustee shall not be relieved of
 5 a 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 OUT-
 15 REACH.—

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

20 (2) SMALL BUSINESS PATENT OUTREACH.—The
 21 existing small business patent outreach programs of
 22 the Office, and the relevant offices at the Small
 23 Business Administration and the Minority Business
 24 Development Agency, shall provide education and
 25 awareness on abusive patent litigation practices. The

1 Director may give special consideration to the
2 unique needs of small firms owned by disabled vet-
3 erans, service-disabled veterans, women, and minor-
4 ity entrepreneurs in planning and executing the out-
5 reach efforts by the Office.

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

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

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

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

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

1 **SEC. 8. STUDIES ON PATENT TRANSACTIONS, QUALITY,**
2 **AND EXAMINATION.**

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

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

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

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

19 (C) to examine licensing and other over-
20 sight requirements that may be placed on the
21 patent secondary market, including on the par-
22 ticipants in such markets, to ensure that the
23 market is a level playing field and that brokers
24 in the market have the requisite expertise and
25 adhere to ethical business practices; and

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

3 (2) REPORT ON STUDY.—Not later than 18
4 months after the date of the enactment of this Act,
5 the Director shall submit a report to the Committee
6 on the Judiciary of the House of Representatives
7 and the Committee on the Judiciary of the Senate
8 on the findings and recommendations of the Director
9 from the study required under paragraph (1).

10 (b) STUDY ON PATENTS OWNED BY THE UNITED
11 STATES GOVERNMENT.—

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

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

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

24 (C) examines whether or not each relevant
25 agency maintains adequate records on the pat-

1 ents owned by such agency, specifically whether
2 such agency addresses licensing, assignment,
3 and Government grants for technology related
4 to such patents; and

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

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

16 (c) STUDY ON PATENT QUALITY AND ACCESS TO
17 THE BEST INFORMATION DURING EXAMINATION.—

18 (1) GAO STUDY.—The Comptroller General of
19 the United States shall, using existing resources,
20 conduct a study on patent examination at the Office
21 and the technologies available to improve examina-
22 tion and improve patent quality.

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

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

3 (B) An examination of ways to improve
4 patent quality, specifically through technology,
5 that shall include examining best practices at
6 foreign patent offices and the use of existing
7 off-the-shelf technologies to improve patent ex-
8 amination.

9 (C) A description of how patents are clas-
10 sified.

11 (D) An examination of procedures in place
12 to prevent double patenting through filing by
13 applicants in multiple art areas.

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

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

22 (3) REPORT ON STUDY.—Not later than 1 year
23 after the date of the enactment of this Act, the
24 Comptroller General shall submit to the Committee
25 on the Judiciary of the House of Representatives

1 and the Committee on the Judiciary of the Senate
2 a report on the findings and recommendations from
3 the study required by this subsection, including rec-
4 ommendations for any changes to laws and regula-
5 tions that will improve the examination of patent ap-
6 plications and patent quality.

7 (d) STUDY ON PATENT SMALL CLAIMS COURT.—

8 (1) STUDY REQUIRED.—

9 (A) IN GENERAL.—The Director of the
10 Administrative Office of the United States
11 Courts, in consultation with the Director of the
12 Federal Judicial Center and the United States
13 Patent and Trademark Office, shall, using ex-
14 isting resources, conduct a study to examine the
15 idea of developing a pilot program for patent
16 small claims procedures in certain judicial dis-
17 tricts within the existing patent pilot program
18 mandated by Public Law 111–349.

19 (B) CONTENTS OF STUDY.—The study
20 under subparagraph (A) shall examine—

21 (i) the necessary criteria for using
22 small claims procedures;

23 (ii) the costs that would be incurred
24 for establishing, maintaining, and oper-
25 ating such a pilot program; and

1 (iii) the steps that would be taken to
2 ensure that the procedures used in the
3 pilot program are not misused for abusive
4 patent litigation.

5 (2) REPORT ON STUDY.—Not later than 1 year
6 after the date of the enactment of this Act, the Di-
7 rector of the Administrative Office of the United
8 States Courts shall submit a report to the Com-
9 mittee on the Judiciary of the House of Representa-
10 tives and the Committee on the Judiciary of the
11 Senate on the findings and recommendations of the
12 Director of the Administrative Office from the study
13 required under paragraph (1).

14 (e) STUDY ON DEMAND LETTERS.—

15 (1) STUDY.—The Director, in consultation with
16 the heads of other appropriate agencies, shall, using
17 existing resources, conduct a study of the prevalence
18 of the practice of sending patent demand letters in
19 bad faith and the extent to which that practice may,
20 through fraudulent or deceptive practices, impose a
21 negative impact on the marketplace.

22 (2) REPORT TO CONGRESS.—Not later than 1
23 year after the date of the enactment of this Act, the
24 Director shall submit a report to the Committee on
25 the Judiciary of the House of Representatives and

1 the Committee on the Judiciary of the Senate on the
2 findings and recommendations of the Director from
3 the study required under paragraph (1).

4 (3) PATENT DEMAND LETTER DEFINED.—In
5 this subsection, the term “patent demand letter”
6 means a written communication relating to a patent
7 that states or indicates, directly or indirectly, that
8 the recipient or anyone affiliated with the recipient
9 is or may be infringing the patent.

10 (f) STUDY ON BUSINESS METHOD PATENT QUAL-
11 ITY.—

12 (1) GAO STUDY.—The Comptroller General of
13 the United States shall, using existing resources,
14 conduct a study on the volume and nature of litiga-
15 tion involving business method patents.

16 (2) CONTENTS OF STUDY.—The study required
17 under paragraph (1) shall focus on examining the
18 quality of business method patents asserted in suits
19 alleging patent infringement, and may include an ex-
20 amination of any other areas that the Comptroller
21 General determines to be relevant.

22 (3) REPORT TO CONGRESS.—Not later than 1
23 year after the date of the enactment of this Act, the
24 Comptroller General shall submit to the Committee
25 on the Judiciary of the House of Representatives

1 and the Committee on the Judiciary of the Senate
2 a report on the findings and recommendations from
3 the study required by this subsection, including rec-
4 ommendations for any changes to laws or regula-
5 tions that the Comptroller General considers appro-
6 priate on the basis of the study.

7 (g) STUDY ON IMPACT OF LEGISLATION ON ABILITY
8 OF INDIVIDUALS AND SMALL BUSINESSES TO PROTECT
9 EXCLUSIVE RIGHTS TO INVENTIONS AND DISCOV-
10 ERIES.—

11 (1) STUDY REQUIRED.—The Director, in con-
12 sultation with the Secretary of Commerce, the Direc-
13 tor of the Administrative Office of the United States
14 Courts, the Director of the Federal Judicial Center,
15 the heads of other relevant agencies, and interested
16 parties, shall, using existing resources of the Office,
17 conduct a study to examine the economic impact of
18 sections 3, 4, and 5 of this Act, and any amend-
19 ments made by such sections, on the ability of indi-
20 viduals and small businesses owned by women, vet-
21 erans, and minorities to assert, secure, and vindicate
22 the constitutionally guaranteed exclusive right to in-
23 ventions and discoveries by such individuals and
24 small business.

1 (2) REPORT ON STUDY.—Not later than 2
 2 years after the date of the enactment of this Act, the
 3 Director shall submit to the Committee on the Judi-
 4 ciary of the House of Representatives and the Com-
 5 mittee on the Judiciary of the Senate a report on
 6 the findings and recommendations of the Director
 7 from the study required under paragraph (1).

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

10 (a) 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 (b) USE OF DISTRICT-COURT CLAIM CONSTRUCTION
 14 IN 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
8 history pertaining to the patent; and

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

cluding 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; 35 U.S.C. 321 note) 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, as the case may be, for which the petition for review is filed on or after such effective date.

(c) CODIFICATION OF THE DOUBLE-PATENTING DOCTRINE FOR FIRST-INVENTOR-TO-FILE PATENTS.—

1 (1) AMENDMENT.—Chapter 10 of title 35,
2 United States Code, is amended by adding at the
3 end the following 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
8 the ‘second patent’) shall be considered prior art to the
9 claimed invention of the second patent for the purpose of
10 determining the nonobviousness of the claimed invention
11 of the second patent under section 103 if—

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

16 “(2) either—

17 “(A) the first patent and second patent
18 name the same individual or individuals as the
19 inventor; or

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

1 were deemed to be, effectively filed under sec-
2 tion 102(d) before the effective filing date of
3 the claimed invention of the second patent; and
4 “(3) the patentee of the second patent has not
5 disclaimed the rights to enforce the second patent
6 independently from, and beyond the statutory term
7 of, the first patent.”.

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

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

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

22 (4) EXCLUSIVE RULE.—A patent subject to sec-
23 tion 106 of title 35, United States Code, as added
24 by paragraph (1), shall not be held invalid on any
25 nonstatutory, double-patenting ground based on a

1 patent described in section 3(n)(1) of the Leahy-
 2 Smith America Invents Act (35 U.S.C. 100 note).

3 (5) EFFECTIVE DATE.—The amendments made
 4 by this subsection shall take effect upon the expira-
 5 tion of the 1-year period beginning on the date of
 6 the enactment of this Act and shall apply to a pat-
 7 ent or patent application only if both the first and
 8 second patents described in section 106 of title 35,
 9 United States Code, as added by paragraph (1), are
 10 patents or patent applications that are described in
 11 section 3(n)(1) of the Leahy-Smith America Invents
 12 Act (35 U.S.C. 100 note).

13 (d) PTO PATENT REVIEWS.—

14 (1) CLARIFICATION.—

15 (A) SCOPE OF PRIOR ART.—Section
 16 18(a)(1)(C)(i) of the Leahy-Smith America In-
 17 vents Act (35 U.S.C. 321 note) is amended by
 18 striking “section 102(a)” and inserting “sub-
 19 section (a) or (e) of section 102”.

20 (B) EFFECTIVE DATE.—The amendment
 21 made by subparagraph (A) shall take effect on
 22 the date of the enactment of this Act and shall
 23 apply to any proceeding pending on, or filed on
 24 or after, such date of enactment.

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

6 (e) CLARIFICATION OF LIMITS ON PATENT TERM
 7 ADJUSTMENT.—

8 (1) AMENDMENTS.—Section 154(b)(1)(B) of
 9 title 35, United States Code, is amended—

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

15 (B) in clause (i), by striking “consumed by
 16 continued examination of the application re-
 17 quested by the applicant” and inserting “con-
 18 sumed after continued examination of the appli-
 19 cation is requested by the applicant”;

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

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

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

1 enactment of this Act and apply to any patent appli-
2 cation that is pending on, or filed on or after, such
3 date of enactment.

4 (f) CLARIFICATION OF JURISDICTION.—

5 (1) IN GENERAL.—The Federal interest in pre-
6 venting inconsistent final judicial determinations as
7 to the legal force or effect of the claims in a patent
8 presents a substantial Federal issue that is impor-
9 tant to the Federal system as a whole.

10 (2) APPLICABILITY.—Paragraph (1)—

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

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

20 (g) PATENT PILOT PROGRAM IN CERTAIN DISTRICT
21 COURTS DURATION.—

22 (1) DURATION.—Section 1(c) of Public Law
23 111–349 (124 Stat. 3674; 28 U.S.C. 137 note) is
24 amended to read as follows:

1 “(c) DURATION.—The program established under
2 subsection (a) shall be maintained using existing re-
3 sources, and shall terminate 20 years after the end of the
4 6-month period described in subsection (b).”.

5 (2) EFFECTIVE DATE.—The amendment made
6 by paragraph (1) shall take effect on the date of the
7 enactment of this Act.

8 (h) TECHNICAL CORRECTIONS.—

9 (1) NOVELTY.—

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

15 (B) EFFECTIVE DATE.—The amendment
16 made by subparagraph (A) shall be effective as
17 if included in the amendment made by section
18 3(b)(1) of the Leahy-Smith America Invents
19 Act (Public Law 112–29).

20 (2) INVENTOR’S OATH OR DECLARATION.—

21 (A) AMENDMENT.—The second sentence of
22 section 115(a) of title 35, United States Code,
23 is amended by striking “shall execute” and in-
24 serting “may be required to execute”.

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

6 (3) ASSIGNEE FILERS.—

7 (A) BENEFIT OF EARLIER FILING DATE;
8 RIGHT OF PRIORITY.—Section 119(e)(1) of title
9 35, United States Code, is amended, in the first
10 sentence, by striking “by an inventor or inven-
11 tors named” and inserting “that names the in-
12 ventor or a joint inventor”.

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

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

25 (4) DERIVED PATENTS.—

1 (A) AMENDMENT.—Section 291(b) of title
2 35, United States Code, is amended by striking
3 “or joint inventor” and inserting “or a joint in-
4 ventor”.

5 (B) EFFECTIVE DATE.—The amendment
6 made by subparagraph (A) shall be effective as
7 if included in the amendment made by section
8 3(h)(1) of the Leahy-Smith America Invents
9 Act (Public Law 112–29).

10 (5) SPECIFICATION.—Notwithstanding section
11 4(e) of the Leahy-Smith America Invents Act (Pub-
12 lic Law 112–29; 125 Stat. 297), the amendments
13 made by subsections (c) and (d) of section 4 of such
14 Act shall apply to any proceeding or matter that is
15 pending on, or filed on or after, the date of the en-
16 actment of this Act.

17 (6) TIME LIMIT FOR COMMENCING MISCONDUCT
18 PROCEEDINGS.—

19 (A) AMENDMENT.—The fourth sentence of
20 section 32 of title 35, United States Code, is
21 amended by striking “1 year” and inserting
22 “18 months”.

23 (B) EFFECTIVE DATE.—The amendment
24 made by this paragraph shall take effect on the
25 date of the enactment of this Act and shall

1 apply to any action in which the Office files a
2 complaint on or after such date of enactment.

3 (7) PATENT OWNER RESPONSE.—

4 (A) CONDUCT OF INTER PARTES RE-
5 VIEW.—Paragraph (8) of section 316(a) of title
6 35, United States Code, is amended by striking
7 “the petition under section 313” and inserting
8 “the petition under section 311”.

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

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

17 (8) INTERNATIONAL APPLICATIONS.—

18 (A) AMENDMENTS.—Section 202(b) of the
19 Patent Law Treaties Implementation Act of
20 2012 (Public Law 112–211; 126 Stat. 1536) is
21 amended—

- 22 (i) by striking paragraph (7); and
23 (ii) by redesignating paragraphs (8)
24 and (9) as paragraphs (7) and (8), respec-
25 tively.

1 (B) EFFECTIVE DATE.—The amendments
2 made by subparagraph (A) shall be effective as
3 if included in title II of the Patent Law Trea-
4 ties Implementation Act of 2012 (Public Law
5 112–21).

6 **SEC. 10. EFFECTIVE DATE.**

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

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