

Union Calendar No. 177

114TH CONGRESS
1ST SESSION

H. R. 9

[Report No. 114–235]

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

JULY 29, 2015

Additional sponsors: Mr. SWALWELL of California, Mr. PEARCE, Mr. SESSIONS, Mr. FINCHER, Mr. AMODEI, Mr. HARDY, Mr. CLEAVER, and Mr. CULBERSON

JULY 29, 2015

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 February 5, 2015]

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 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 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 all claims necessary to*
13 *produce the identification (under paragraph (3)) of*
14 *each process, machine, manufacture, or composition of*
15 *matter (referred to in this section as an ‘accused in-*
16 *strumentality’) that is alleged to infringe any claim*
17 *of each patent that is identified under paragraph (1).*

18 “(3) *For each claim identified under paragraph*
19 *(2), an identification of each accused instrumentality*
20 *alleged to infringe the claim.*

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

24 “(A) *the name or model number (or a rep-*
25 *resentative model number) of each accused in-*
26 *strumentality; or*

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

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

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

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

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

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

20 “(b) INFORMATION NOT READILY ACCESSIBLE.—If in-
21 formation required to be disclosed under subsection (a) is
22 not readily accessible to a party after an inquiry reasonable
23 under the circumstances, as required by Rule 11 of the Fed-
24 eral Rules of Civil Procedure, that information may instead
25 be generally described, along with an explanation of why

1 *such undisclosed information was not readily accessible,*
2 *and of any efforts made by such party to access such infor-*
3 *mation.*

4 “(c) *AMENDMENT OF PLEADINGS.*—*Nothing in this*
5 *section shall be construed to affect a party’s ability to*
6 *amend pleadings as specified in the Federal Rules of Civil*
7 *Procedure. Amendments permitted by the court are subject*
8 *to the pleading requirements set forth in this section.*

9 “(d) *CONFIDENTIAL INFORMATION.*—*A party required*
10 *to disclose information described under subsection (a) may*
11 *file, under seal, information believed to be confidential, with*
12 *a motion setting forth good cause for such sealing. If such*
13 *motion is denied by the court, the party may seek to file*
14 *an amended complaint.*

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

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

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

22 (b) *FEEES AND OTHER EXPENSES.*—

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

1 **“§ 285. Fees and other expenses**

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

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

20 “(c) *COVENANT NOT TO SUE.*—*A party to a civil ac-*
21 *tion who asserts a claim for relief arising under any Act*
22 *of Congress relating to patents against another party, and*
23 *who subsequently unilaterally (i) seeks dismissal of the ac-*
24 *tion without consent of the other party and (ii) extends to*
25 *such other party a covenant not to sue for infringement*
26 *with respect to the patent or patents at issue, may be the*

1 *subject of a motion for attorneys fees under subsection (a)*
2 *as if it were a non-prevailing party, unless the party assert-*
3 *ing such claim would have been entitled, at the time that*
4 *such covenant was extended, to dismiss voluntarily the ac-*
5 *tion without a court order under Rule 41 of the Federal*
6 *Rules of Civil Procedure, or the interests of justice require*
7 *otherwise.”.*

8 (2) *CONFORMING AMENDMENT AND AMEND-*
9 *MENT.—*

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

“285. Fees and other expenses.”.

14 (B) *AMENDMENT.—Section 273 of title 35,*
15 *United States Code, is amended by striking sub-*
16 *section (f).*

17 (C) *AMENDMENT.—*

18 (i) *IN GENERAL.—Section 273 of title*
19 *35, United States Code, as amended by sub-*
20 *paragraph (B), is further amended by strik-*
21 *ing subsection (g).*

22 (ii) *EFFECTIVE DATE.—The amend-*
23 *ment made by this subparagraph shall be*
24 *effective as if included in the amendment*

1 *made by section 3(b)(1) of the Leahy-Smith*
2 *America Invents Act (Public Law 112–29).*

3 (3) *EFFECTIVE DATE.*—*Except as otherwise pro-*
4 *vided in this subsection, the amendments made by*
5 *this subsection shall take effect on the date of the en-*
6 *actment of this Act and shall apply to any action for*
7 *which a complaint is filed on or after the first day*
8 *of the 6-month period ending on that effective date.*

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

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

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

1 “(2) *LIMITATION ON JOINDER.*—

2 “(A) *DISCRETIONARY DENIAL OF MOTION.*—

3 *The court may deny a motion to join an inter-*
4 *ested party under paragraph (1) if—*

5 “(i) *the interested party is not subject*
6 *to service of process; or*

7 “(ii) *joinder under paragraph (1)*
8 *would deprive the court of subject matter ju-*
9 *risdiction or make venue improper.*

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

13 “(i) *the interested party did not timely*
14 *receive the notice required by paragraph*
15 *(3); or*

16 “(ii) *within 30 days after receiving the*
17 *notice required by paragraph (3), the inter-*
18 *ested party renounces, in writing and with*
19 *notice to the court and the parties to the ac-*
20 *tion, any ownership, right, or direct finan-*
21 *cial interest (as described in paragraph (4))*
22 *that the interested party has in the patent*
23 *or patents at issue.*

24 “(3) *NOTICE REQUIREMENT.*—*An interested*
25 *party may not be joined under paragraph (1) unless*

1 *it has been provided actual notice, within 30 days*
2 *after the expiration of the time period during which*
3 *a certification under paragraph (4)(B) is required to*
4 *be filed, that the interested party has been identified*
5 *in the initial disclosure under section 290(b) and that*
6 *such party may therefore be an interested party sub-*
7 *ject to joinder under this subsection. Such notice shall*
8 *be provided by the party who subsequently moves to*
9 *join the interested party under paragraph (1), and*
10 *shall include language that—*

11 *“(A) identifies the action, the parties there-*
12 *to, the patent or patents at issue, and the plead-*
13 *ing or other paper that identified the party*
14 *under section 290(b); and*

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

19 *“(i) fees and other expenses are award-*
20 *ed in the action against the party alleging*
21 *infringement of the patent or patents at*
22 *issue under section 285(a);*

23 *“(ii) the party alleging infringement is*
24 *unable to pay the award of fees and other*
25 *expenses;*

1 “(iii) the party receiving notice under
2 this paragraph is determined by the court
3 to be an interested party; and

4 “(iv) the party receiving notice under
5 this paragraph has not, within 30 days
6 after receiving such notice, renounced in
7 writing, and with notice to the court and
8 the parties to the action, any ownership,
9 right, or direct financial interest (as de-
10 scribed in paragraph (4)) that the interested
11 party has in the patent or patents at issue.

12 “(4) *ADDITIONAL REQUIREMENTS FOR JOIN-*
13 *DER.—*

14 “(A) *INITIAL STATEMENT.—*This subsection
15 shall not apply to an action unless a party de-
16 fending against an allegation of infringement of
17 a patent claim files, not later than 14 days be-
18 fore the date on which a scheduling conference is
19 held or the date on which a scheduling order is
20 due under Rule 16(b) of the Federal Rules of
21 Civil Procedure, a statement that such party
22 holds a good faith belief, based on publicly avail-
23 able information and any other information
24 known to such party, that the party alleging in-
25 fringement has no substantial interest in the sub-

1 *ject matter at issue other than asserting the pat-*
2 *ent in litigation.*

3 “(B) *CERTIFICATION.*—*This subsection shall*
4 *not apply to an action if the party alleging in-*
5 *fringement files, not later than 45 days after the*
6 *date on which such party is served with the ini-*
7 *tial statement described under subparagraph (A),*
8 *a certification that—*

9 “(i) *establishes and certifies to the*
10 *court, under oath, that such party will have*
11 *sufficient funds available to satisfy any*
12 *award of reasonable attorney’s fees and ex-*
13 *penses under section 285 if an award is as-*
14 *essed;*

15 “(ii) *demonstrates that such party has*
16 *a substantial interest in the subject matter*
17 *at issue other than asserting the patent in*
18 *litigation; or*

19 “(iii) *is made under oath that there*
20 *are no other interested parties.*

21 “(5) *EXCEPTION FOR UNIVERSITY TECHNOLOGY*
22 *TRANSFER ORGANIZATIONS.*—*This subsection shall not*
23 *apply to a technology transfer organization whose*
24 *primary purpose is to facilitate the commercializa-*
25 *tion of technologies developed by one or more institu-*

1 *tions of higher education (as defined in section 101(a)*
2 *of the Higher Education Act of 1965 (20 U.S.C.*
3 *1001(a))) if such technology transfer organization is*
4 *alleging infringement on behalf of an entity that*
5 *would not be subject to this subsection.*

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

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

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

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

19 *“(i) an employee of the party alleging*
20 *infringement—*

21 *“(I) whose principal source of in-*
22 *come or employment is employment*
23 *with the party alleging infringement;*
24 *or*

1 “(II) whose sole financial interest
2 in the patent or patents at issue is a
3 salary or hourly wage paid by the
4 party alleging infringement;

5 “(ii) an attorney or law firm pro-
6 viding legal representation in the civil ac-
7 tion described in paragraph (1) if the sole
8 basis for the financial interest of the attor-
9 ney or law firm in the patent or patents at
10 issue arises from the attorney or law firm’s
11 receipt of compensation reasonably related
12 to the provision of the legal representation;
13 or

14 “(iii) a person whose sole financial in-
15 terest in the patent or patents at issue is
16 ownership of an equity or security interest
17 in the party alleging infringement, unless
18 such person also has the right or ability to
19 direct or control (membership on the board
20 of directors alone is not sufficient to dem-
21 onstrate such right or ability) the civil ac-
22 tion.

23 “(7) *SUBSTANTIAL INTEREST.*—In this sub-
24 section, the term ‘substantial interest’ includes an in-

1 *terest in the subject matter of a patent at issue if the*
 2 *party—*

3 *“(A) invented the subject matter; or*

4 *“(B) commercially practices or implements,*
 5 *made substantial preparations directed particu-*
 6 *larly to commercially practicing or imple-*
 7 *menting, or is engaged in research and develop-*
 8 *ment in, technology in the field of the subject*
 9 *matter.”.*

10 *(d) DISCOVERY STAY.—*

11 *(1) AMENDMENT.—Chapter 29 of title 35, United*
 12 *States Code, as amended by subsection (a), is further*
 13 *amended by inserting after section 281A (as added by*
 14 *such subsection) the following new section:*

15 **“§281B. Stay of discovery pending a preliminary mo-**
 16 ***tion.***

17 *“(a) IN GENERAL.—Except as provided in subsection*
 18 *(d), in an action for patent infringement under section 271*
 19 *or an action for a declaratory judgment that a patent is*
 20 *invalid or not infringed, discovery shall be stayed if—*

21 *“(1) the defendant moves to—*

22 *“(A) sever a claim or drop a party for*
 23 *misjoinder under Rule 21 of the Federal Rules of*
 24 *Civil Procedure;*

1 “(B) transfer the action under section
2 1404(a) of title 28;

3 “(C) transfer or dismiss the action under
4 section 1406(a) of title 28; or

5 “(D) dismiss the action pursuant to Federal
6 Rule of Civil Procedure 12(b); and

7 “(2) such motion is filed within 90 days after
8 service of the complaint and includes a declaration or
9 other evidence in support of the motion.

10 “(b) EXPIRATION OF STAY.—A stay entered under sub-
11 section (a) shall expire when all motions that are the basis
12 for the stay are decided by the court.

13 “(c) PRIORITY OF DECISION.—In an action described
14 in subsection (a), the court shall decide a motion to sever
15 a claim or drop a party for misjoinder under Rule 21 of
16 the Federal Rules of Civil Procedure, to transfer under sec-
17 tion 1404(a) to title 28, to transfer or dismiss under
18 1406(a) of title 28, or to dismiss the action pursuant to
19 Federal Rule of Civil Procedure 12(b) before the earlier of
20 the date on which the court—

21 “(1) decides any other substantive motion, pro-
22 vided however that the court may decide a question
23 of its own jurisdiction at any time; or

24 “(2) issues a scheduling order under Rule 16(b)
25 of the Federal Rules of Civil Procedure.

1 “(d) *EXCEPTION.*—

2 “(1) *DISCOVERY NECESSARY TO DECIDE MO-*
3 *TION.*—*Notwithstanding subsection (a), the court may*
4 *allow such discovery as the court determines to be*
5 *necessary to decide a motion to sever, drop a party,*
6 *dismiss, or transfer.*

7 “(2) *COMPETITIVE HARM.*—*Subsections (a) and*
8 *(c) shall not apply to an action in which the patentee*
9 *is granted a preliminary injunction to prevent harm*
10 *arising from the manufacture, use, sale, offer for sale,*
11 *or importation of an allegedly infringing product or*
12 *process that competes with a product or process made,*
13 *sold, or offered for sale by the patentee.*

14 “(3) *CONSENT OF THE PARTIES.*—*The patentee*
15 *and an opposing party shall be excluded, in whole or*
16 *in part, from the limitations of subsections (a) and*
17 *(c) upon such parties’ filing with the court a signed*
18 *stipulation agreeing to such exclusion.*

19 “(4) *FDA AND BIOLOGICAL PRODUCT APPLICA-*
20 *TION.*—*Subsections (a) and (c) shall not apply to an*
21 *action that includes a cause of action described under*
22 *section 271(e)(2).”.*

23 (2) *CONFORMING AMENDMENT.*—*The table of sec-*
24 *tions for chapter 29 of title 35, United States Code,*
25 *is amended by inserting after the item relating to sec-*

1 *tion 281A, as added by subsection (a), the following*
2 *new item:*

 “281B. *Stay of discovery pending a preliminary motion.*”.

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, identifies the ultimate
6 parent entity of the claimant, and explains with particu-
7 larity, to the extent possible following a reasonable inves-
8 tigation or inquiry, how the product or process infringes
9 one or more claims of the patent.”; and

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

13 (g) *VENUE.*—

14 (1) *AMENDMENT.*—Subsection (b) of section 1400
15 of title 28, United States Code, is amended to read as
16 follows:

17 “(b) *VENUE FOR ACTION RELATING TO PATENTS.*—
18 Notwithstanding subsections (b) and (c) of section 1391 of
19 this title, any civil action for patent infringement or any
20 action for a declaratory judgment that a patent is invalid
21 or not infringed may be brought only in a judicial dis-
22 trict—

23 “(1) where the defendant has its principal place
24 of business or is incorporated;

1 “(2) where the defendant has committed an act
2 of infringement of a patent in suit and has a regular
3 and established physical facility that gives rise to the
4 act of infringement;

5 “(3) where the defendant has agreed or consented
6 to be sued in the instant action;

7 “(4) where an inventor named on the patent in
8 suit conducted research or development that led to the
9 application for the patent in suit;

10 “(5) where a party has a regular and established
11 physical facility that such party controls and oper-
12 ates, not primarily for the purpose of creating venue,
13 and has—

14 “(A) engaged in management of significant
15 research and development of an invention
16 claimed in a patent in suit prior to the effective
17 filing date of the patent;

18 “(B) manufactured a tangible product that
19 is alleged to embody an invention claimed in a
20 patent in suit; or

21 “(C) implemented a manufacturing process
22 for a tangible good in which the process is al-
23 leged to embody an invention claimed in a pat-
24 ent in suit; or

1 “(6) for foreign defendants that do not meet the
2 requirements of paragraphs (1) or (2), according to
3 section 1391(d) of this title.”.

4 (2) *MANDAMUS RELIEF*.—For the purpose of de-
5 termining whether relief may issue under section
6 1651 of title 28, United States Code, a clearly and in-
7 disputably erroneous denial of a motion under section
8 1406(a) of such title to dismiss or transfer a case on
9 the basis of section 1400(b) of such title shall be
10 deemed to cause irreparable interim harm.

11 (3) *RETAILERS NOT ELIGIBLE FOR CUSTOMER*
12 *STAY*.—If a defendant does not meet the definition of
13 a retailer under section 296(a)(6) of title 35, United
14 States Code, as added by section 5, solely because the
15 defendant manufactures or causes the manufacture of
16 the covered product or process in suit, the retail fa-
17 cilities of such defendant shall not constitute a reg-
18 ular and established physical facility for purposes of
19 section 1400(b)(2) of title 28, United Code, as added
20 by paragraph (1).

21 (4) *TELEWORKERS*.—The dwelling or residence
22 of an employee or contractor of a defendant who
23 works at such dwelling or residence shall not con-
24 stitute a regular and established physical facility of

1 *the defendant for purposes of section 1400(b)(2) of*
 2 *title 28, United Code, as added by paragraph (1).*

3 *(h) EFFECTIVE DATE.—Except as otherwise provided*
 4 *in this section, the amendments made by this section shall*
 5 *take effect on the date of the enactment of this Act and shall*
 6 *apply to any action for which a complaint is filed on or*
 7 *after that date.*

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

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

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

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

15 *(3) by adding at the end the following new sub-*
 16 *sections:*

17 *“(b) INITIAL DISCLOSURE.—*

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

23 *“(A) The assignee of the patent or patents*
 24 *at issue.*

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

3 “(C) Any entity, other than the plaintiff,
4 that the plaintiff knows to have a financial in-
5 terest in the patent or patents at issue or the
6 plaintiff.

7 “(D) The ultimate parent entity of any as-
8 signee identified under subparagraph (A) and
9 any entity identified under subparagraph (B) or
10 (C).

11 “(E) A clear and concise description of the
12 principal business, if any, of the party alleging
13 infringement.

14 “(F) A list of each complaint filed, of which
15 the party alleging infringement has knowledge,
16 that asserts or asserted any of the patents identi-
17 fied under subparagraph (A).

18 “(G) For each patent identified under sub-
19 paragraph (A), whether a standard-setting body
20 has specifically declared such patent to be essen-
21 tial, potentially essential, or having potential to
22 become essential to that standard-setting body,
23 and whether the United States Government or a
24 foreign government has imposed specific licens-
25 ing requirements with respect to such patent.

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

5 “(c) *DISCLOSURE COMPLIANCE.*—

6 “(1) *PUBLICLY TRADED.*—*For purposes of sub-*
7 *section (b)(1)(C), if the financial interest is held by*
8 *a corporation traded on a public stock exchange, an*
9 *identification of the name of the corporation and the*
10 *public exchange listing shall satisfy the disclosure re-*
11 *quirement.*

12 “(2) *NOT PUBLICLY TRADED.*—*For purposes of*
13 *subsection (b)(1)(C), if the financial interest is not*
14 *held by a publicly traded corporation, the disclosure*
15 *shall satisfy the disclosure requirement if the informa-*
16 *tion identifies—*

17 “(A) *in the case of a partnership, the name*
18 *of the partnership and the name and correspond-*
19 *ence address of each partner or other entity that*
20 *holds more than a 5-percent share of that part-*
21 *nership;*

22 “(B) *in the case of a corporation, the name*
23 *of the corporation, the location of incorporation,*
24 *the address of the principal place of business,*

1 *and the name of each officer of the corporation;*
2 *and*

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

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

7 “(1) *IN GENERAL.—A plaintiff required to sub-*
8 *mit information under subsection (b) or a subsequent*
9 *owner of the patent or patents at issue shall, not later*
10 *than 90 days after any change in the assignee of the*
11 *patent or patents at issue or an entity described*
12 *under subparagraph (B) or (D) of subsection (b)(1),*
13 *submit to the Patent and Trademark Office the up-*
14 *dated identification of such assignee or entity.*

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

18 “(A) *the plaintiff or subsequent owner shall*
19 *not be entitled to recover reasonable fees and*
20 *other expenses under section 285 or increased*
21 *damages under section 284 with respect to in-*
22 *fringing activities taking place during any pe-*
23 *riod of noncompliance with paragraph (1), un-*
24 *less the denial of such damages or fees would be*
25 *manifestly unjust; and*

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

7 “(e) DEFINITIONS.—In this section:

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

10 “(A) means—

11 “(i) with regard to a patent or patents,
12 the right of a person to receive proceeds re-
13 lated to the assertion of the patent or pat-
14 ents, including a fixed or variable portion
15 of such proceeds; and

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

20 “(B) does not mean—

21 “(i) ownership of shares or other inter-
22 ests in a mutual or common investment
23 fund, unless the owner of such interest par-
24 ticipates in the management of such fund;
25 or

1 “(ii) the proprietary interest of a pol-
2 icyholder in a mutual insurance company
3 or of a depositor in a mutual savings asso-
4 ciation, or a similar proprietary interest,
5 unless the outcome of the proceeding could
6 substantially affect the value of such inter-
7 est.

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

11 “(3) *ULTIMATE PARENT ENTITY.*—

12 “(A) *IN GENERAL.*—Except as provided in
13 subparagraph (B), the term ‘ultimate parent en-
14 tity’ has the meaning given such term in section
15 801.1(a)(3) of title 16, Code of Federal Regula-
16 tions, or any successor regulation.

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

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

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

24 (c) *REGULATIONS.*—The Director may promulgate
25 such regulations as are necessary to establish a registration

1 *fee in an amount sufficient to recover the estimated costs*
2 *of administering subsections (b) through (e) of section 290*
3 *of title 35, United States Code, as added by subsection (a),*
4 *to facilitate the collection and maintenance of the informa-*
5 *tion required by such subsections, and to ensure the timely*
6 *disclosure of such information to the public.*

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

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

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

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

16 *“(a) DEFINITIONS.—In this section:*

17 *“(1) COVERED CUSTOMER.—The term ‘covered*
18 *customer’ means a retailer or end user that is accused*
19 *of infringing a patent or patents in dispute based*
20 *on—*

21 *“(A) the sale, or offer for sale, of a covered*
22 *product or covered process without material*
23 *modification of the product or process in a man-*
24 *ner that is alleged to infringe a patent or patents*
25 *in dispute; or*

1 “(B) the use by such retailer, the retailer’s
2 end user customer, or an end user of a covered
3 product or covered process without material
4 modification of the product or process in a man-
5 ner that is alleged to infringe a patent or patents
6 in dispute.

7 “(2) COVERED MANUFACTURER.—The term ‘cov-
8 ered manufacturer’ means a person that manufactures
9 or supplies, or causes the manufacture or supply of,
10 a covered product or covered process, or a relevant
11 part thereof.

12 “(3) COVERED PROCESS.—The term ‘covered
13 process’ means a process, method, or a relevant part
14 thereof, that is alleged to infringe a patent or patents
15 in dispute where such process, method, or relevant
16 part thereof is implemented by an apparatus, mate-
17 rial, system, software, or other instrumentality that is
18 provided by the covered manufacturer.

19 “(4) COVERED PRODUCT.—The term ‘covered
20 product’ means a product, system, service, component,
21 material, or apparatus, or relevant part thereof,
22 that—

23 “(A) is alleged to infringe a patent or pat-
24 ents in dispute; or

1 “(B) implements a process alleged to in-
2 fringe the patent or patents in dispute.

3 “(5) *END USER*.—The term ‘end user’ includes
4 an affiliate of an end user, but does not include an
5 entity that manufactures or causes the manufacture
6 of a covered product or covered process, or a relevant
7 part thereof.

8 “(6) *RETAILER*.—The term ‘retailer’ means an
9 entity that generates revenues predominately through
10 the sale to the public of consumer goods or services,
11 or an affiliate of such entity, but does not include an
12 entity that manufactures or causes the manufacturer
13 of a covered product or covered process, or a relevant
14 part thereof.

15 “(b) *STAY OF ACTION AGAINST CUSTOMER*.—Except
16 as provided in subsection (d), in any civil action in which
17 a party asserts a claim for relief arising under any Act
18 of Congress relating to patents, the court shall grant a mo-
19 tion to stay at least the portion of the action against a cov-
20 ered customer related to infringement of a patent involving
21 a covered product or covered process if the following require-
22 ments are met:

23 “(1) *PARTY TO THE ACTION*.—The covered man-
24 ufacturer is a party to the action or to a separate ac-
25 tion (in which a party asserts a claim for relief aris-

1 *ing under any Act of Congress relating to patents) in-*
2 *volving the same patent or patents related to the same*
3 *covered product or covered process.*

4 *“(2) AGREEMENT TO BE BOUND BY ISSUES DE-*
5 *TERMINED.—The covered customer agrees to be bound*
6 *as to issues determined in an action described in*
7 *paragraph (1) without a full and fair opportunity to*
8 *separately litigate any such issue, but only as to those*
9 *issues for which all other elements of the common law*
10 *doctrine of issue preclusion are met.*

11 *“(3) DEADLINE TO FILE MOTION.—The motion is*
12 *filed after the first pleading in the action but not*
13 *later than the later of—*

14 *“(A) the 120th day after the date on which*
15 *the first pleading or paper in the action is served*
16 *that specifically identifies the covered product or*
17 *covered process as a basis for the covered cus-*
18 *tomers’ alleged infringement of the patent and*
19 *that specifically identifies how the covered prod-*
20 *uct or covered process is alleged to infringe the*
21 *patent; or*

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

24 *“(4) MANUFACTURER CONSENT IN CERTAIN*
25 *CASES.—In a case in which the covered manufacturer*

1 *has been made a party to the action on motion by the*
2 *covered customer, the covered manufacturer and the*
3 *covered customer consent in writing to the stay.*

4 *“(c) LIFT OF STAY.—*

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

8 *“(A) the action involving the covered manu-*
9 *facturer will not resolve a major issue in the suit*
10 *against the covered customer (such as a covered*
11 *product or covered process identified in the mo-*
12 *tion to lift the stay is not a material part of the*
13 *claimed invention or inventions in the patent or*
14 *patents in dispute); or*

15 *“(B) the stay unreasonably prejudices or*
16 *would be manifestly unjust to the party seeking*
17 *to lift the stay.*

18 *“(2) SEPARATE MANUFACTURER ACTION IN-*
19 *VOLVED.—In the case of a stay entered under this sec-*
20 *tion based on the participation of the covered manu-*
21 *facturer in a separate action described in subsection*
22 *(b)(1), a motion under paragraph (1) may only be*
23 *granted if the court in such separate action deter-*
24 *mines that the showing required under paragraph (1)*
25 *has been made.*

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

4 “(e) *WAIVER OF ESTOPPEL EFFECT.*—*The court may,*
5 *upon motion, determine that a consent judgment or an*
6 *unappealed final order shall not be binding on the covered*
7 *customer with respect to one or more of the issues that gave*
8 *rise to the stay based on a showing that such consent judg-*
9 *ment or unappealed final order would unreasonably preju-*
10 *dice or be manifestly unjust to the covered customer in light*
11 *of the circumstances of the case if, following the grant of*
12 *a motion to stay under this section, the covered manufac-*
13 *turer described in subsection (b)(1)—*

14 “(1) *obtains or consents to entry of a consent*
15 *judgment relating to such issue that gave rise to the*
16 *stay; or*

17 “(2) *fails to prosecute to a final, non-appealable*
18 *judgment such issue that gave rise to the stay.*

19 “(f) *RULE OF CONSTRUCTION.*—*Nothing in this sec-*
20 *tion shall be construed to limit the ability of a court to*
21 *grant any stay, expand any stay granted under this section,*
22 *or grant any motion to intervene, if otherwise permitted*
23 *by law.”.*

24 “(b) *CONFORMING AMENDMENT.*—*The table of sections*
25 *for chapter 29 of title 35, United States Code, is amended*

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

“296. Stay of action against customer.”.

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

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

11 *(a) PILOT PROGRAM FOR RULES AND PROCEDURES ON*
12 *DISCOVERY BURDENS AND COSTS AND CASE MANAGE-*
13 *MENT.—*

14 *(1) DEFINITIONS.—In this subsection, the term*
15 *“electronic communication” means any form of elec-*
16 *tronic communication, including email, text message,*
17 *and instant message.*

18 *(2) DEVELOPMENT OF RULES AND PROCE-*
19 *DURES.—Not later than 3 months after the date of the*
20 *enactment of this Act, the Director of the Administra-*
21 *tive Office of the United States Courts shall designate*
22 *not fewer than 6 of the district courts of the United*
23 *States that are participating in the patent cases pilot*
24 *program established under section 1 of Public Law*
25 *111–349 (28 U.S.C.137 note) to develop rules and*

1 *procedures to implement the proposals described in*
2 *paragraphs (3) through (5) to address the*
3 *asymmetries in discovery burdens and costs, and to*
4 *establish case management procedures, in any civil*
5 *action arising under any Act of Congress relating to*
6 *patents.*

7 (3) *TYPES OF DISCOVERY RULES AND PROCE-*
8 *DURES TO BE CONSIDERED.—The discovery rules and*
9 *procedures required under paragraph (2) shall ad-*
10 *dress each of the following:*

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

21 (B) *ELECTRONIC COMMUNICATION.—If the*
22 *parties request discovery of electronic commu-*
23 *nication, how such discovery should be phased to*
24 *occur relative to the exchange of initial disclo-*

1 *asures and core documentary evidence, and ap-*
2 *propriate limitations to apply to such discovery.*

3 (C) *SCOPE OF DOCUMENTARY EVIDENCE.—*

4 *The kinds of evidence that should constitute “core*
5 *documentary evidence”.*

6 (4) *SPECIFIC DISCOVERY RULES AND PROCE-*
7 *DURES TO BE CONSIDERED FOR ADDITIONAL DOCU-*
8 *MENT DISCOVERY.—The discovery rules and proce-*
9 *dures required under paragraph (2) shall address*
10 *whether the following provisions, or variations on the*
11 *following provisions, should apply:*

12 (A) *IN GENERAL.—Whether each party to*
13 *the action may seek any additional document*
14 *discovery otherwise permitted under the Federal*
15 *Rules of Civil Procedure beyond core documen-*
16 *tary evidence, if such party bears the reasonable*
17 *costs, including reasonable attorney’s fees, of the*
18 *additional document discovery.*

19 (B) *REQUIREMENTS FOR ADDITIONAL DOC-*
20 *UMENT DISCOVERY.—Whether, unless the parties*
21 *mutually agree otherwise, no party may be per-*
22 *mitted additional document discovery unless*
23 *such a party posts a bond, or provides other se-*
24 *curity, in an amount sufficient to cover the ex-*
25 *pected costs of such additional document dis-*

1 *covery, or makes a showing to the court that such*
2 *party has the financial capacity to pay the costs*
3 *of such additional document discovery.*

4 (C) *GOOD CAUSE MODIFICATION.*—*Whether*
5 *a court, upon motion and for good cause shown,*
6 *may modify the requirements of subparagraphs*
7 *(A) and (B) and any definition of core documen-*
8 *tary evidence.*

9 (D) *COMPUTER CODE.*—*Whether a court,*
10 *upon motion and for good cause shown, may de-*
11 *termine that computer code should be included in*
12 *the discovery of core documentary evidence, and*
13 *whether the discovery of computer code shall*
14 *occur after the parties have exchanged initial*
15 *disclosures and other core documentary evidence.*

16 (E) *DISCOVERY SEQUENCE AND SCOPE.*—
17 *Whether the parties shall discuss and address in*
18 *the written report filed pursuant to rule 26(f) of*
19 *the Federal Rules of Civil Procedure the views*
20 *and proposals of each party on the following:*

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

23 (ii) *Whether additional document dis-*
24 *covery described in subparagraphs (A) and*
25 *(B) will be sought.*

1 (iii) Any issues about infringement,
2 invalidity, or damages that, if resolved be-
3 fore the additional document discovery de-
4 scribed in subparagraphs (A) and (B) com-
5 mences, might simplify or streamline the
6 case.

7 (5) CASE MANAGEMENT RULES AND PROCEDURES
8 TO BE CONSIDERED.—The rules and procedures re-
9 quired under paragraph (2) shall also address case
10 management procedures for any civil action arising
11 under any Act of Congress relating to patents, includ-
12 ing initial disclosure and early case management con-
13 ference practices that—

14 (A) will identify any potential dispositive
15 issues of the case; and

16 (B) focus on early summary judgment mo-
17 tions when resolution of issues may lead to expe-
18 dited disposition of the case.

19 (b) IMPLEMENTATION OF RULES AND PROCEDURES.—
20 Within 18 months after the designation by the Director of
21 the Administrative Office of the 6 district courts to develop
22 the rules and procedures pursuant to subsection (a), the 6
23 district courts shall complete the development of the rules
24 and procedures, and begin to implement them.

1 (c) *EXPANSION OF PILOT PROGRAM FOR RULES AND*
2 *PROCEDURES ON DISCOVERY BURDENS AND COSTS AND*
3 *CASE MANAGEMENT.*—*After the rules and procedures devel-*
4 *oped by the pilot program pursuant to subsection (a) have*
5 *been in effect for at least 2 years, the Judicial Conference*
6 *of the United States, using existing resources, may expand*
7 *the application of some or all of those rules and procedures*
8 *to be implemented by all the district courts, and the United*
9 *States Court of Federal Claims, for any civil action arising*
10 *under any Act of Congress relating to patents.*

11 (d) *REVISION OF FORM FOR PATENT INFRINGE-*
12 *MENT.*—

13 (1) *ELIMINATION OF FORM.*—*The Supreme*
14 *Court, using existing resources, shall eliminate Form*
15 *18 in the Appendix to the Federal Rules of Civil Pro-*
16 *cedure (relating to Complaint for Patent Infringe-*
17 *ment), effective on the date of the enactment of this*
18 *Act.*

19 (2) *REVISED FORM.*—*The Supreme Court may*
20 *prescribe a new form or forms setting out model alle-*
21 *gations of patent infringement that, at a minimum,*
22 *notify accused infringers of the asserted claim or*
23 *claims, the products or services accused of infringe-*
24 *ment, and the plaintiff's theory for how each accused*
25 *product or service meets each limitation of each as-*

1 *served claim. The Judicial Conference should exercise*
2 *the authority under section 2073 of title 28, United*
3 *States Code, to make recommendations with respect to*
4 *such new form or forms.*

5 *(e) PROTECTION OF INTELLECTUAL-PROPERTY LI-*
6 *CENSES IN BANKRUPTCY.—*

7 *(1) IN GENERAL.—Section 1522 of title 11,*
8 *United States Code, is amended by adding at the end*
9 *the following:*

10 *“(e) Section 365(n) shall apply to cases under this*
11 *chapter. If the foreign representative rejects or repudiates*
12 *a contract under which the debtor is a licensor of intellec-*
13 *tual property, the licensee under such contract shall be enti-*
14 *tled to make the election and exercise the rights described*
15 *in section 365(n).”.*

16 *(2) TRADEMARKS.—*

17 *(A) IN GENERAL.—Section 101(35A) of title*
18 *11, United States Code, is amended—*

19 *(i) in subparagraph (E), by striking*
20 *“or”;*

21 *(ii) in subparagraph (F), by striking*
22 *“title 17;” and inserting “title 17; or”; and*

23 *(iii) by adding after subparagraph (F)*
24 *the following new subparagraph:*

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

5 (B) CONFORMING AMENDMENT.—Section
6 365(n)(2) of title 11, United States Code, is
7 amended—

8 (i) in subparagraph (B)—

9 (I) by striking “royalty pay-
10 ments” and inserting “royalty or other
11 payments”; and

12 (II) by striking “and” after the
13 semicolon;

14 (ii) in subparagraph (C), by striking
15 the period at the end of clause (ii) and in-
16 serting “; and”; and

17 (iii) by adding at the end the following
18 new subparagraph:

19 “(D) in the case of a trademark, service
20 mark, or trade name, the licensee shall not be re-
21 lieved of any of its obligations to maintain the
22 quality of the products and services offered under
23 or in connection with the licensed trademark,
24 service mark, or trade name, and the trustee
25 shall retain the right to oversee and enforce qual-

1 *ity control for such products or services, or*
2 *both.”.*

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

8 (f) *IN GENERAL.*—*Not later than 12 months after the*
9 *date of the enactment of this Act, the Judicial Conference*
10 *of the United States, with the assistance of the Director of*
11 *the Federal Judicial Center and the Director of the Admin-*
12 *istrative Office of the United States Courts, shall prepare*
13 *and transmit to the Committees on the Judiciary of the*
14 *Senate and the House of Representatives a report on dis-*
15 *covery proceedings in cases pertaining to litigation involv-*
16 *ing patent laws of the United States. The report shall con-*
17 *tain, after looking at data compiled for the previous two*
18 *years before the date of the enactment of this Act, the fol-*
19 *lowing:*

20 (1) *The percentage of courts that have distinct*
21 *phases of discovery in the court rules.*

22 (2) *A description of at least two of the defini-*
23 *tions of such phases.*

1 (3) *Identify by name any court that does not*
 2 *have such distinct phases and a description of why*
 3 *such courts have not implemented such phases.*

4 (4) *With regard to proceedings in courts that*
 5 *have phases, in the case of a discovery proceeding that*
 6 *extends beyond the core documents phase, a descrip-*
 7 *tion of—*

8 (A) *what additional discovery was requested*
 9 *and any consistent pattern or trend in the rea-*
 10 *sons or justifications for the request;*

11 (B) *how much longer, on average, the pro-*
 12 *ceedings lasted than those settled within the first*
 13 *phase; and*

14 (C) *any patterns for the courts that repeat-*
 15 *edly have extended requests.*

16 (5) *Looking at proceedings in the courts that do*
 17 *not have phase rules, a description of—*

18 (A) *how long, on average, the discovery pro-*
 19 *ceedings last; and*

20 (B) *the scope of the requests.*

21 **SEC. 7. SMALL BUSINESS EDUCATION, OUTREACH, AND IN-**
 22 **FORMATION ACCESS.**

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

24 (1) *RESOURCES FOR SMALL BUSINESS.—Using*
 25 *existing resources, the Director shall develop edu-*

1 *ational resources for small businesses to address con-*
2 *cerns arising from patent infringement.*

3 (2) *SMALL BUSINESS PATENT OUTREACH.—The*
4 *existing small business patent outreach programs of*
5 *the Office, and the relevant offices at the Small Busi-*
6 *ness Administration and the Minority Business De-*
7 *velopment Agency, shall provide education and*
8 *awareness on abusive patent litigation practices. The*
9 *Director may give special consideration to the unique*
10 *needs of small firms owned by disabled veterans, serv-*
11 *ice-disabled veterans, women, and minority entre-*
12 *preneurs in planning and executing the outreach ef-*
13 *forts by the Office.*

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

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

23 (A) *information disclosed under subsections*
24 (b) *and (d) of section 290 of title 35, United*

1 *States Code, as added by section 4(a) of this Act;*
2 *and*

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

5 (2) *FORMAT.*—*In order to promote accessibility*
6 *for the public, the information described in paragraph*
7 *(1) shall be searchable by patent number, patent art*
8 *area, and entity.*

9 **SEC. 8. STUDIES ON PATENT TRANSACTIONS, QUALITY, AND**
10 **EXAMINATION.**

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

14 *(1) STUDY REQUIRED.*—*The Director, in con-*
15 *sultation with the Secretary of Commerce, the Sec-*
16 *retary of the Treasury, the Chairman of the Securities*
17 *and Exchange Commission, the heads of other rel-*
18 *evant agencies, and interested parties, shall, using ex-*
19 *isting resources of the Office, conduct a study—*

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

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

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

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

13 (2) *REPORT ON STUDY.*—Not later than 18
14 months after the date of the enactment of this Act, the
15 Director shall submit a report to the Committee on
16 the Judiciary of the House of Representatives and the
17 Committee on the Judiciary of the Senate on the find-
18 ings and recommendations of the Director from the
19 study required under paragraph (1).

20 (b) *STUDY ON PATENTS OWNED BY THE UNITED*
21 *STATES GOVERNMENT.*—

22 (1) *STUDY REQUIRED.*—The Director, in con-
23 sultation with the heads of relevant agencies and in-
24 terested parties, shall, using existing resources of the

1 *Office, conduct a study on patents owned by the*
2 *United States Government that—*

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

6 *(B) provides legislative and administrative*
7 *recommendations on whether there should be re-*
8 *strictions placed on patents acquired from the*
9 *United States Government;*

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

16 *(D) provides recommendations to ensure*
17 *that each relevant agency has an adequate point*
18 *of contact that is responsible for managing the*
19 *patent portfolio of the agency.*

20 *(2) REPORT ON STUDY.—Not later than 1 year*
21 *after the date of the enactment of this Act, the Direc-*
22 *tor shall submit to the Committee on the Judiciary of*
23 *the House of Representatives and the Committee on*
24 *the Judiciary of the Senate a report on the findings*

1 *and recommendations of the Director from the study*
2 *required under paragraph (1).*

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

5 *(1) GAO STUDY.—The Comptroller General of*
6 *the United States shall, using existing resources, con-*
7 *duct a study on patent examination at the Office and*
8 *the technologies available to improve examination and*
9 *improve patent quality.*

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

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

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

21 *(C) A description of how patents are classi-*
22 *fied.*

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

1 (E) *An examination of the types of off-the-*
2 *shelf prior art databases and search software*
3 *used by foreign patent offices and governments,*
4 *particularly in Europe and Asia, and whether*
5 *those databases and search tools could be used by*
6 *the Office to improve patent examination.*

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

9 (3) *REPORT ON STUDY.—Not later than 1 year*
10 *after the date of the enactment of this Act, the Comp-*
11 *troller General shall submit to the Committee on the*
12 *Judiciary of the House of Representatives and the*
13 *Committee on the Judiciary of the Senate a report on*
14 *the findings and recommendations from the study re-*
15 *quired by this subsection, including recommendations*
16 *for any changes to laws and regulations that will im-*
17 *prove the examination of patent applications and*
18 *patent quality.*

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

20 (1) *STUDY REQUIRED.—*

21 (A) *IN GENERAL.—The Director of the Ad-*
22 *ministrative Office of the United States Courts,*
23 *in consultation with the Director of the Federal*
24 *Judicial Center and the United States Patent*
25 *and Trademark Office, shall, using existing re-*

1 *sources, conduct a study to examine the idea of*
2 *developing a pilot program for patent small*
3 *claims procedures in certain judicial districts*
4 *within the existing patent pilot program man-*
5 *dated by Public Law 111–349.*

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

8 (i) *the necessary criteria for using*
9 *small claims procedures;*

10 (ii) *the costs that would be incurred for*
11 *establishing, maintaining, and operating*
12 *such a pilot program; and*

13 (iii) *the steps that would be taken to*
14 *ensure that the procedures used in the pilot*
15 *program are not misused for abusive patent*
16 *litigation.*

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

1 (e) *STUDY ON DEMAND LETTERS.*—

2 (1) *STUDY.*—*The Director, in consultation with*
3 *the heads of other appropriate agencies, shall, using*
4 *existing resources, conduct a study of the prevalence*
5 *of the practice of sending patent demand letters in*
6 *bad faith and the extent to which that practice may,*
7 *through fraudulent or deceptive practices, impose a*
8 *negative impact on the marketplace.*

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

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

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

23 (1) *GAO STUDY.*—*The Comptroller General of*
24 *the United States shall, using existing resources, con-*

1 *duct a study on the volume and nature of litigation*
2 *involving business method patents.*

3 (2) *CONTENTS OF STUDY.*—*The study required*
4 *under paragraph (1) shall focus on examining the*
5 *quality of business method patents asserted in suits*
6 *alleging patent infringement, and may include an ex-*
7 *amination of any other areas that the Comptroller*
8 *General determines to be relevant.*

9 (3) *REPORT TO CONGRESS.*—*Not later than 1*
10 *year after the date of the enactment of this Act, the*
11 *Comptroller General shall submit to the Committee on*
12 *the Judiciary of the House of Representatives and the*
13 *Committee on the Judiciary of the Senate a report on*
14 *the findings and recommendations from the study re-*
15 *quired by this subsection, including recommendations*
16 *for any changes to laws or regulations that the Comp-*
17 *troller General considers appropriate on the basis of*
18 *the study.*

19 (g) *STUDY ON IMPACT OF LEGISLATION ON ABILITY*
20 *OF INDIVIDUALS AND SMALL BUSINESSES TO PROTECT EX-*
21 *CLUSIVE RIGHTS TO INVENTIONS AND DISCOVERIES.*—

22 (1) *STUDY REQUIRED.*—*The Director, in con-*
23 *sultation with the Secretary of Commerce, the Direc-*
24 *tor of the Administrative Office of the United States*
25 *Courts, the Director of the Federal Judicial Center,*

1 *the heads of other relevant agencies, and interested*
2 *parties, shall, using existing resources of the Office,*
3 *conduct a study to examine the economic impact of*
4 *sections 3, 4, and 5 of this Act, and any amendments*
5 *made by such sections, on the ability of individuals*
6 *and small businesses owned by women, veterans, and*
7 *minorities to assert, secure, and vindicate the con-*
8 *stitutionally guaranteed exclusive right to inventions*
9 *and discoveries by such individuals and small busi-*
10 *ness.*

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

18 **SEC. 9. IMPROVEMENTS AND TECHNICAL CORRECTIONS TO**

19 **THE LEAHY-SMITH AMERICA INVENTS ACT.**

20 (a) *POST-GRANT REVIEW AMENDMENT.*—*Section*
21 *325(e)(2) of title 35, United States Code is amended by*
22 *striking “or reasonably could have raised”.*

23 (b) *REFORM OF PATENT TRIAL AND APPEAL BOARD*
24 *PROCEEDINGS.*—

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

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

5 (B) *in paragraph (13), by striking the pe-*
6 *riod at the end and inserting a semicolon; and*

7 (C) *by adding at the end the following new*
8 *paragraphs:*

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

11 “(A) *each claim of a patent shall be con-*
12 *strued as such claim would be in a civil action*
13 *to invalidate a patent under section 282(b), in-*
14 *cluding construing each claim of the patent in*
15 *accordance with the ordinary and customary*
16 *meaning of such claim as understood by one of*
17 *ordinary skill in the art and the prosecution his-*
18 *tory pertaining to the patent; and*

19 “(B) *if a court has previously construed the*
20 *claim or a claim term in a civil action in which*
21 *the patent owner was a party, the Office shall*
22 *consider such claim construction; and*

23 “(15) *providing that a review may not be insti-*
24 *tuted unless the petitioner certifies that the petitioner*
25 *and the real parties in interest of the petitioner—*

1 “(A) do not own and will not acquire a fi-
2 nancial instrument (including a prepaid vari-
3 able forward contract, equity swap, collar, or ex-
4 change fund) that is designed to hedge or offset
5 any decrease in the market value of an equity se-
6 curity of the patent owner or an affiliate of the
7 patent owner, during a period following the fil-
8 ing of the petition to be determined by the Direc-
9 tor; and

10 “(B) have not demanded payment, mone-
11 etary or otherwise, from the patent owner or an
12 affiliate of the patent owner in exchange for a
13 commitment not to file a petition under section
14 311 with respect to the patent that is the subject
15 of the petition, unless the petitioner or the real
16 party in interest of the petitioner has been sued
17 for or charged with infringement of the patent,
18 during a period to be determined by the Direc-
19 tor.”.

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

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

24 (B) in paragraph (12), by striking the pe-
25 riod at the end and inserting a semicolon; and

1 (C) by adding at the end the following new
2 paragraphs:

3 “(13) providing that for all purposes under this
4 chapter—

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

13 “(B) if a court has previously construed the
14 claim or a claim term in a civil action in which
15 the patent owner was a party, the Office shall
16 consider such claim construction; and

17 “(14) providing that a review may not be insti-
18 tuted unless the petitioner certifies that the petitioner
19 and the real parties in interest of the petitioner—

20 “(A) do not own and will not acquire a fi-
21 nancial instrument (including a prepaid vari-
22 able forward contract, equity swap, collar, or ex-
23 change fund) that is designed to hedge or offset
24 any decrease in the market value of an equity se-
25 curity of the patent owner or an affiliate of the

1 *patent owner, during a period following the fil-*
2 *ing of the petition to be determined by the Direc-*
3 *tor; and*

4 *“(B) have not demanded payment, mone-*
5 *tary or otherwise, from the patent owner or an*
6 *affiliate of the patent owner in exchange for a*
7 *commitment not to file a petition under section*
8 *311 with respect to the patent that is the subject*
9 *of the petition, unless the petitioner or the real*
10 *party in interest of the petitioner has been sued*
11 *for or charged with infringement of the patent,*
12 *during a period to be determined by the Direc-*
13 *tor.”.*

14 (3) *TECHNICAL AND CONFORMING AMEND-*
15 *MENT.—Section 18(a)(1)(A) of the Leahy-Smith*
16 *America Invents Act (Public Law 112–29; 126 Stat.*
17 *329; 35 U.S.C. 321 note) is amended by striking*
18 *“Section 321(c)” and inserting “Sections 321(c) and*
19 *326(a)(13)”.*

20 (4) *DECLARATION EVIDENCE.—*

21 (A) *PRELIMINARY RESPONSE TO PETITION*
22 *FOR INTER PARTES REVIEW.—Section 313 of*
23 *title 35, United States Code, is amended by*
24 *striking the period at the end and inserting “,*

1 *including affidavits or declarations of sup-*
2 *porting evidence and opinions.”.*

3 (B) *PRELIMINARY RESPONSE TO PETITION*
4 *FOR POST-GRANT REVIEW.*—*Section 323 of title*
5 *35, United States Code, is amended by striking*
6 *the period at the end and inserting “, including*
7 *affidavits or declarations of supporting evidence*
8 *and opinions.”.*

9 (5) *RIGHT OF DUE PROCESS.*—

10 (A) *INTER PARTES REVIEW.*—*Section*
11 *316(b) of title 35, United States Code, is amend-*
12 *ed by striking “and the ability” and inserting*
13 *“the rights to due process of the patent owner*
14 *and the petitioner, and the ability”.*

15 (B) *POST-GRANT REVIEW.*—*Section 326(b)*
16 *of title 35, United States Code, is amended by*
17 *striking “and the ability” and inserting “the*
18 *rights to due process of the patent owner and the*
19 *petitioner, and the ability”.*

20 (6) *SERIAL OR REDUNDANT PETITIONS.*—*The*
21 *Director shall designate as precedential (and may*
22 *change the designation as the Director determines to*
23 *be appropriate), with respect to the application of*
24 *subsections (d) and (e) of section 325 of title 35,*

1 *United States Code, the decisions of the Patent Trial*
2 *and Appeal Board in each of the following decisions:*

3 (A) *Dell Inc. v. Electronics and Telecomms.*

4 *Research Inst., IPR2015–00549, Paper 10*
5 *(PTAB Mar. 26, 2015).*

6 (B) *Zimmer Holdings, Inc. v. Bonutti Skel-*

7 *etal Innovations LLC, IPR2014–01080, Paper*
8 *17 (PTAB Oct. 31, 2014).*

9 (C) *Prism Pharma Co., Ltd. v. Choongwae*

10 *Pharma Corp., IPR2014–00315, Paper 14*
11 *(PTAB July 8, 2014).*

12 (D) *Unilever, Inc. v. The Procter & Gamble*

13 *Co., IPR2014–00506, Paper 17 (PTAB July 7,*
14 *2014).*

15 (7) *PRELIMINARY RESPONSE TO INTER PARTES*

16 *REVIEW AMENDMENT.—*

17 (A) *AMENDMENT.—Section 313 of title 35,*

18 *United States Code, is amended by adding at the*
19 *end the following new sentence: “The Director*
20 *may accept a reply by the petitioner to new*
21 *issues raised in the preliminary response, upon*
22 *request by the petitioner to file such reply, with-*
23 *in a time period set by the Director.”*

1 (B) *CONFORMING AMENDMENTS.*—Section
2 314 of title 35, United States Code, is amend-
3 ed—

4 (i) in subsection (a), by striking “any
5 response” and inserting “any response or
6 reply”; and

7 (ii) in subsection (b)—

8 (I) in paragraph (1), by striking
9 “receiving a preliminary response to
10 the petition” and inserting “receiving
11 the later of a preliminary response to
12 the petition or a reply to such prelimi-
13 nary response”; and

14 (II) by amending paragraph (2)
15 to read as follows:

16 “(2) if—

17 “(A) no such preliminary response is filed,
18 the last date on which such response may be
19 filed; and

20 “(B) such preliminary response is filed and
21 no such reply is requested, the last day on which
22 such reply may be requested.”.

23 (8) *EFFECTIVE DATE, REGULATIONS, AND TRAN-*
24 *SITION FOR SHORT SALES.*—

1 (A) *EFFECTIVE DATE.*—Sections 316(a)(15)
2 and 326(a)(14) of title 35, United States Code,
3 as added by paragraphs (1) and (2) shall take
4 effect on the date of the enactment of this Act.

5 (B) *REGULATIONS REQUIRED.*—Not later
6 than one year after the date of the enactment of
7 this Act, the Director shall issue regulations to
8 carry out sections 316(a)(15) and 326(a)(14) of
9 title 35, United States Code, as added by para-
10 graphs (1) and (2).

11 (C) *TRANSITION.*—During the period that
12 begins on the date of the enactment of this Act
13 and ends on the date of the issuance of the regu-
14 lations required pursuant to subparagraph (B),
15 a petition filed under chapter 31 or 32 of title
16 35, United States Code, on or after the date of
17 the enactment of this Act may not be instituted
18 unless the petitioner certifies that the petitioner
19 and the real parties in interest of such peti-
20 tioner—

21 (i) do not own a financial instrument
22 described in sections 316(a)(15) and
23 326(a)(14) of title 35, United States Code,
24 as added by paragraphs (1) and (2), during

1 the one-week period following the date on
2 which the petition is filed; and

3 (ii) have not demanded anything of
4 value from the patent owner or an affiliate
5 of the patent owner during the period be-
6 tween September 16, 2012, and the date of
7 the filing of the petition.

8 (9) *EFFECTIVE DATE.*—Except as otherwise pro-
9 vided, the amendments made by this subsection shall
10 take effect upon the expiration of the 90-day period
11 beginning on the date of the enactment of this Act,
12 and shall apply to any proceeding under chapter 31
13 or 32 of title 35, United States Code, as the case may
14 be, for which the petition for review is filed on or
15 after such effective date.

16 (c) *CODIFICATION OF THE DOUBLE-PATENTING DOC-*
17 *TRINE.*—

18 (1) *AMENDMENTS.*—

19 (A) *CONDITIONS FOR PATENTABILITY; NOV-*
20 *ELTY.*—Section 102 of title 35, United States
21 Code, is amended by inserting at the end the fol-
22 lowing new subsection:

23 “(e) *DOUBLE-PATENTING PRIOR ART.*—If a first
24 claimed invention in a first patent was effectively filed on
25 or before the effective filing date of a second claimed inven-

1 *tion in a second patent or in the application on which the*
2 *second patent issues, and the first claimed invention is not*
3 *otherwise prior art to the second claimed invention under*
4 *this section, then the first claimed invention shall, notwith-*
5 *standing the other subsections of this section, constitute*
6 *prior art to the second claimed invention under this sub-*
7 *section unless—*

8 “(1) *the second claimed invention is consonant*
9 *with a requirement for restriction under the first sen-*
10 *tence of section 121 with respect to the claims issued*
11 *in the first patent; or*

12 “(2) *an election has been recorded in the Office*
13 *by the owner of the second patent or the application*
14 *on which the second patent issues disclaiming the*
15 *right to bring or maintain a civil action under sec-*
16 *tion 281 to enforce the second patent, except that such*
17 *disclaimer shall not apply if—*

18 “(A) *the relief being sought in the civil ac-*
19 *tion would not constitute a cause of action*
20 *barred by res judicata had the asserted claims of*
21 *the second patent been issued in the first patent;*
22 *and*

23 “(B) *the owner of the first patent or the ap-*
24 *plication on which the first patent issues has re-*
25 *corded an election limiting the enforcement of the*

1 *first patent relative to the second patent in the*
2 *manner described in this paragraph, the owner*
3 *of the first patent is a party to the civil action,*
4 *or a separate action under section 281 to enforce*
5 *the first patent can no longer be brought or*
6 *maintained.”.*

7 (B) *DIVISIONAL APPLICATIONS.—Section*
8 *121 of title 35, United States Code, is amended*
9 *by striking the third sentence.*

10 (C) *LIMITATIONS.—Paragraph (2) of sec-*
11 *tion 154(b) of title 35, United States Code, is*
12 *amended by inserting at the end the following*
13 *new subparagraph:*

14 “(D) *PATENTS SUBJECT TO ELECTION.—If*
15 *a patent is subject to an election as described in*
16 *section 102(e)(2) with respect to one or more*
17 *other patents, the adjusted term of the patent*
18 *under this subsection may not exceed a period of*
19 *17 years from the date of issuance of any of such*
20 *other patents and the portion of any adjustment*
21 *of the term of the patent under this subsection*
22 *that extends beyond the expiration of such 17-*
23 *year period years shall be void.”.*

24 (2) *EFFECTIVE DATE, IMPLEMENTATION, AND*
25 *OTHER TRANSITION PROVISIONS.—*

1 (A) *IN GENERAL.*—*The amendments made*
2 *by paragraph (1) shall be effective as if included*
3 *in the amendment made by section 3(b)(1) of the*
4 *Leahy-Smith America Invents Act (Public Law*
5 *112–29).*

6 (B) *SAVINGS CLAUSE.*—*If a second claimed*
7 *invention in a second patent issued before the*
8 *date of the enactment of this Act is subject to the*
9 *amendments made by paragraph (1) and would*
10 *not have been invalid had the amendments made*
11 *by paragraph (1) and the provisions of this*
12 *paragraph not been enacted, then, notwith-*
13 *standing section 102(e) of title 35, United States*
14 *Code, as added by paragraph (1), prior art*
15 *under such section 102(e) may not be considered*
16 *in determining the validity of such second*
17 *claimed invention.*

18 (C) *PROVISIONAL REJECTIONS TO CON-*
19 *TINUE.*—*If a first claimed invention in a first*
20 *application for patent subject to the amendments*
21 *under paragraph (1) would, if issued as a pat-*
22 *ent, constitute prior art under section 102(e) of*
23 *title 35, United States Code, as added by para-*
24 *graph (1), with respect to a second claimed in-*
25 *vention in a second application, the first claimed*

1 *invention may be provisionally cited by the Of-*
2 *fice as prior art in a notice under section 132*
3 *of title 35, United States Code, in connection*
4 *with the examination of the second claimed in-*
5 *vention.*

6 (D) *PATENT TERM; RULE OF CONSTRUC-*
7 *TION.—*

8 (i) *IN GENERAL.—If the term of a pat-*
9 *ent is based upon the amendments made to*
10 *subsection (a) of section 154, title 35,*
11 *United States Code, by the Uruguay Round*
12 *Agreements Act (Public Law 103–465; 108*
13 *Stat. 4809)—*

14 (i) *the patent term as provided*
15 *under subsection (a) of such section*
16 *154, any adjustment to said term as*
17 *provided under subsection (b) of such*
18 *section 154, and any extension of such*
19 *term as provided under section 156 of*
20 *title 35, United States Code, shall not*
21 *constitute, nor be deemed by the Office*
22 *or the courts to constitute, an unjusti-*
23 *fied period of protection under the pat-*
24 *ent or an unjustified extension of the*

1 *right to exclude under the patent rel-*
2 *ative to an earlier-expiring patent;*

3 (II) *the Office shall not condition*
4 *the issuance of such a patent on a dis-*
5 *claimer of any portion of the term of*
6 *the patent; and*

7 (III) *the Office may condition the*
8 *issuance of such a patent on the mak-*
9 *ing of an election as described in sec-*
10 *tion 102(e)(2) of title 35, United States*
11 *Code, as added by paragraph (1) in*
12 *lieu of the filing of a disclaimer with*
13 *respect to the ownership or separate*
14 *enforcement of the patent that would*
15 *otherwise be required by the Office in*
16 *cases of non-statutory double pat-*
17 *enting.*

18 (ii) *DISCLAIMERS IN PENDING APPLI-*
19 *CATIONS.—A terminal disclaimer made in*
20 *connection with an application for patent*
21 *with respect to one or more other applica-*
22 *tions or patents shall be given no effect and*
23 *shall be treated as having never been made*
24 *if—*

1 (I) *within one year after the date*
2 *of the enactment of this Act, an elec-*
3 *tion as described in section 102(e)(2) of*
4 *title 35, United State Code, as added*
5 *by paragraph (1), has been made in*
6 *connection with the application or any*
7 *patent issuing thereon and has effect*
8 *with respect to each such other appli-*
9 *cation or patent with respect to which*
10 *the disclaimer was made;*

11 (II) *the application was pending*
12 *before the Office on or after July 1,*
13 *2015; and*

14 (III) *the term of a patent issued*
15 *on the application would be based*
16 *upon the amendments made to sub-*
17 *section (a) of section 154 of title 35,*
18 *United States Code, by the Uruguay*
19 *Round Agreements Act.*

20 (iii) *DISCLAIMERS OTHERWISE UNAF-*
21 *FECTED.—Except as provided in clause (ii),*
22 *nothing in this subsection shall be construed*
23 *to negate the effect of a terminal disclaimer*
24 *limiting the enforcement of a patent issued*

1 *on or before the date of the enactment of this*
2 *Act.*

3 *(iv) TERMINAL DISCLAIMER DE-*
4 *FINED.—In this subparagraph, the term*
5 *“terminal disclaimer” has the meaning as*
6 *such term is described in section 1.321 of*
7 *title 37, Code of Federal Regulations.*

8 *(E) EXCLUSIVE RULES.—*

9 *(i) FIRST-INVENTOR-TO-FILE PAT-*
10 *ENTS.—A claimed invention of a patent de-*
11 *scribed in section 3(n)(1) of the Leahy-*
12 *Smith America Invents Act (35 U.S.C. 100*
13 *note) and issued before, on, or after the date*
14 *of the enactment of this Act may not be held*
15 *invalid on any nonstatutory double-pat-*
16 *enting ground.*

17 *(ii) FIRST-TO-INVENT PATENTS.—A*
18 *claimed invention of a patent not described*
19 *in section 3(n)(1) of the Leahy-Smith*
20 *America Invents Act and issued before, on,*
21 *or after the date of the enactment of this Act*
22 *may not be held invalid with respect to a*
23 *claimed invention of another patent based*
24 *on any nonstatutory double patenting*
25 *ground if one of the claimed inventions is*

1 *prior art to the other claimed invention*
2 *under section 102 of title 35, United States*
3 *Code, as in effect on the day prior to the ef-*
4 *fective date of the amendments made by sec-*
5 *tion 3(b)(1) of the Leahy-Smith America*
6 *Invents Act.*

7 *(F) EFFECT OF RULE OF CONSTRUCTION*
8 *AND EXCLUSIVE RULES.—Subparagraphs (D)*
9 *and (E) shall take effect on the date of the enact-*
10 *ment of this Act, except that they shall not apply*
11 *to any defense raised in a civil action brought*
12 *before such date.*

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 (3) *PROCEEDING CONSOLIDATION CLARIFICA-*
7 *TION.*—Section 315(c) of title 35, United States Code,
8 is amended to read as follows:

9 “(c) *JOINDER.*—

10 “(1) *JOINDER OF PARTY.*—If the Director insti-
11 tutes an inter partes review, the Director, in his or
12 her discretion, may join as a party to that inter
13 partes review any person who meets the requirement
14 of properly filing a petition under section 311 that
15 the Director, after receiving a preliminary response
16 under section 313 or the expiration of the time for fil-
17 ing such a response, determines warrants the institu-
18 tion of an inter partes review under section 314.

19 “(2) *JOINDER OF LATER FILED PETITION.*—For
20 good cause shown, the Director may allow a party
21 who files a petition that meets the requirement de-
22 scribed in paragraph (1) and concerns the patent of
23 a pending inter partes review to join the petition to
24 the pending review.”.

25 (e) *CLARIFICATION OF JURISDICTION.*—

1 (1) *IN GENERAL.*—*An action or claim arises*
2 *under an Act of Congress relating to patents if such*
3 *action or claim—*

4 (A) *necessarily requires resolution of a dis-*
5 *puted question as to the validity of a patent or*
6 *the scope of a patent claim; or*

7 (B) *is an action or claim for legal mal-*
8 *practice that arises from an attorney’s conduct*
9 *in relation to an action or claim arising under*
10 *an Act of Congress relating to patents (including*
11 *as described in paragraph (1)).*

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

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

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

21 (f) *PATENT PILOT PROGRAM IN CERTAIN DISTRICT*
22 *COURTS DURATION.*—

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

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

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

8 (g) *MANAGEMENT OF THE UNITED STATES PATENT*
9 *AND TRADEMARK OFFICE.*—

10 (1) *IN GENERAL.*—*Section 3(b)(1) of title 35,*
11 *United States Code, is amended in the first sen-*
12 *tence—*

13 (A) *by striking “be vested with the author-*
14 *ity to act in the capacity of the” and inserting*
15 *“serve as Acting,”; and*

16 (B) *by inserting before the period “or in the*
17 *event of a vacancy in the office of the Director”.*

18 (2) *EFFECTIVE DATE.*—*The amendments made*
19 *by paragraph (1) shall take effect on the date of the*
20 *enactment of this Act and shall apply with respect to*
21 *appointments and vacancies occurring before, on, or*
22 *after the date of the enactment of this Act.*

23 (h) *TECHNICAL CORRECTIONS.*—

24 (1) *NOVELTY.*—

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

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

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

12 (A) *AMENDMENT.*—The second sentence of
13 section 115(a) of title 35, United States Code, is
14 amended by striking “shall execute” and insert-
15 ing “may be required to execute”.

16 (B) *EFFECTIVE DATE.*—The amendment
17 made by subparagraph (A) shall be effective as
18 if included in the amendment made by section
19 4(a)(1) of the Leahy-Smith America Invents Act
20 (Public Law 112–29).

21 (3) *ASSIGNEE FILERS.*—

22 (A) *BENEFIT OF EARLIER FILING DATE;*
23 *RIGHT OF PRIORITY.*—Section 119(e)(1) of title
24 35, United States Code, is amended, in the first
25 sentence, by striking “by an inventor or inven-

1 *tors named” and inserting “that names the in-*
2 *ventor or a joint inventor”.*

3 *(B) BENEFIT OF EARLIER FILING DATE IN*
4 *THE UNITED STATES.—Section 120 of title 35,*
5 *United States Code, is amended, in the first sen-*
6 *tence, by striking “names an inventor or joint*
7 *inventor” and inserting “names the inventor or*
8 *a joint inventor”.*

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

15 *(4) DERIVED PATENTS.—*

16 *(A) AMENDMENT.—Section 291(b) of title*
17 *35, United States Code, is amended by striking*
18 *“or joint inventor” and inserting “or a joint in-*
19 *ventor”.*

20 *(B) EFFECTIVE DATE.—The amendment*
21 *made by subparagraph (A) shall be effective as*
22 *if included in the amendment made by section*
23 *3(h)(1) of the Leahy-Smith America Invents Act*
24 *(Public Law 112–29).*

1 (5) *SPECIFICATION.*—*Notwithstanding section*
2 *4(e) of the Leahy-Smith America Invents Act (Public*
3 *Law 112–29; 125 Stat. 297), the amendments made*
4 *by subsections (c) and (d) of section 4 of such Act*
5 *shall apply to any proceeding or matter that is pend-*
6 *ing on, or filed on or after, the date of the enactment*
7 *of this Act.*

8 (6) *TIME LIMIT FOR COMMENCING MISCONDUCT*
9 *PROCEEDINGS.*—

10 (A) *AMENDMENT.*—*Section 32 of title 35,*
11 *United States Code, is amended by striking the*
12 *fourth sentence and inserting the following new*
13 *sentences: “A proceeding under this section shall*
14 *be commenced not later than the earlier of either*
15 *the date that is 10 years after the date on which*
16 *the misconduct forming the basis for the pro-*
17 *ceeding occurred, or 18 months after the date on*
18 *which the Director of the Office of Enrollment*
19 *and Discipline received a written grievance (as*
20 *prescribed in the regulations established under*
21 *section 2(b)(2)(D)) about a specified individual*
22 *that describes the misconduct forming the basis*
23 *for the proceeding. If the misconduct that forms*
24 *the basis for the proceeding under this section is*
25 *at issue in a court or administrative-agency pro-*

1 *ceeding, the 18-month period for commencing the*
2 *proceeding under this section shall be tolled until*
3 *the court or agency’s decision regarding the mis-*
4 *conduct becomes final and non-appealable. The*
5 *18-month period for commencing a proceeding*
6 *under this section also may be tolled by agree-*
7 *ment between the parties.”*

8 *(B) EFFECTIVE DATE.—The amendment*
9 *made by this paragraph shall take effect on the*
10 *date of the enactment of this Act and shall apply*
11 *to any action in which the Office files a com-*
12 *plaint on or after such date of enactment.*

13 *(7) PATENT OWNER RESPONSE.—*

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

19 *(B) CONDUCT OF POST-GRANT REVIEW.—*
20 *Paragraph (8) of section 326(a) of title 35,*
21 *United States Code, is amended by striking “the*
22 *petition under section 323” and inserting “the*
23 *petition under section 321”.*

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

4 (8) *INTERNATIONAL APPLICATIONS.*—

5 (A) *AMENDMENTS.*—*Section 202(b) of the*
6 *Patent Law Treaties Implementation Act of*
7 *2012 (Public Law 112–211; 126 Stat. 1536) is*
8 *amended—*

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

10 (ii) *by redesignating paragraphs (8)*
11 *and (9) as paragraphs (7) and (8), respec-*
12 *tively.*

13 (B) *EFFECTIVE DATE.*—*The amendments*
14 *made by subparagraph (A) shall be effective as*
15 *if included in title II of the Patent Law Treaties*
16 *Implementation Act of 2012 (Public Law 112–*
17 *21).*

18 (9) *GLOBAL WORKSHARING.*—

19 (A) *AMENDMENT.*—*Section 122 of title 35,*
20 *United States Code, is amended by adding at the*
21 *end the following new subsection:*

22 “(f) *FOREIGN OR INTERNATIONAL FILING.*—

23 “(1) *PROVISION OF INFORMATION.*—*The Director*
24 *may provide information concerning an application*
25 *for patent to a foreign or international intellectual*

1 *property office if a corresponding application is filed*
2 *with such foreign or international intellectual prop-*
3 *erty office. If the corresponding application is an*
4 *international application, such information may also*
5 *be provided to an International Searching Authority,*
6 *an International Preliminary Examining Authority,*
7 *or the International Bureau.*

8 *“(2) DEFINITIONS.—For purposes of this sub-*
9 *section, the terms ‘international application’, ‘Inter-*
10 *national Searching Authority’, ‘International Pre-*
11 *liminary Examining Authority’, and ‘International*
12 *Bureau’ have the same meaning given those terms*
13 *under section 351.”.*

14 *(B) CONFORMING AMENDMENT.—Section*
15 *122(a) of title 35, United States Code, is amend-*
16 *ed by striking “subsection (b)” and inserting*
17 *“subsections (b) and (f)”.*

18 *(C) EFFECTIVE DATE.—The amendments*
19 *made by this paragraph shall take effect on the*
20 *date of the enactment of this Act and shall apply*
21 *to applications for patent that are pending on,*
22 *or filed on or after, such effective date.*

23 *(10) JURISDICTION FOR APPEALS OF TRADE-*
24 *MARK CASES.—*

1 (A) *COURT OF APPEALS.*—Section
2 1295(a)(4)(C) of title 28, United States Code, is
3 amended by striking “title 35” and inserting
4 “title 35 or section 21(b) of the Act of July 5,
5 1946 (commonly referred to as the ‘Trademark
6 Act of 1946’) (15 U.S.C. 1071(b))”;

7 (B) *CONFORMING AMENDMENT.*—Section
8 39(a) of the Act of July 5, 1946 (commonly re-
9 ferred to as the “Trademark Act of 1946”) (15
10 U.S.C. 1121(a)) is amended by striking “under
11 this Act” and inserting “under this Act (except
12 as provided in section 1295(a)(4) of title 28,
13 United States Code)”.

14 (C) *EFFECTIVE DATE.*—The amendment
15 made by subparagraph (A) shall apply in any
16 case in which a final judgment is entered by the
17 district court on or after the date of enactment
18 of this Act.

19 (11) *OFFICERS AND EMPLOYEES AMENDMENT.*—

20 (A) *AMENDMENT.*—Section 3(b)(3)(A) of
21 title 35, United States Code, is amended by
22 striking “appoint” and inserting “appoint, or
23 nominate for appointment by the Secretary of
24 Commerce,”.

1 (B) *APPLICABILITY.*—Section 3(b)(3)(B) of
2 title 35, United States Code, as added by sub-
3 paragraph (A) shall apply to all officers nomi-
4 nated for appointment by the Secretary of Com-
5 merce before, on, or after the date of the enact-
6 ment of this Act.

7 (i) *EXTENSION OF FEE-SETTING AUTHORITY.*—Sec-
8 tion 10(i)(2) of the Leahy-Smith America Invents Act (Pub-
9 lic Law 112–29; 125 Stat. 319; 35 U.S.C. 41 note) is
10 amended by striking “7-year” and inserting “17-year”.

11 **SEC. 10. EFFECTIVE DATE.**

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

Union Calendar No. 177

114TH CONGRESS
1ST Session

H. R. 9

[Report No. 114-235]

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.

JULY 29, 2015

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