

Calendar No. 203

114TH CONGRESS
1ST SESSION

S. 1137

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 SENATE OF THE UNITED STATES

APRIL 29, 2015

Mr. GRASSLEY (for himself, Mr. LEAHY, Mr. CORNYN, Mr. SCHUMER, Mr. LEE, Mr. HATCH, and Ms. KLOBUCHAR) introduced the following bill; which was read twice and referred to the Committee on the Judiciary

SEPTEMBER 8, 2015

Reported by Mr. GRASSLEY, with an amendment

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

A BILL

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

1 *Be it enacted by the Senate and House of Representa-*

2 *tives of the United States of America in Congress assembled,*

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

4 (a) ~~SHORT TITLE.~~—This Act may be cited as the

5 “~~Protecting American Talent and Entrepreneurship Act~~

6 of 2015” or the “~~PATENT Act~~”.

1 (b) TABLE OF CONTENTS.—The table of contents for
 2 this Act is as follows:

- See. 1: Short title; table of contents.
- See. 2: Definitions.
- See. 3: Pleading requirements for patent infringement actions.
- See. 4: Customer-suit exception.
- See. 5: Discovery limits.
- See. 6: Procedures and practices to implement recommendations of the Judicial Conference.
- See. 7: Fees and other expenses.
- See. 8: Requirement of clarity and specificity in demand letters.
- See. 9: Abusive demand letters.
- See. 10: Transparency of patent transfer.
- See. 11: Protection of intellectual property licenses in bankruptcy.
- See. 12: Small business education, outreach, and information access.
- See. 13: Studies on patent transactions, quality, and examination.
- See. 14: Technical corrections to the Leahy-Smith America Invents Act and other improvements.
- See. 15: Effective date.
- See. 16: Severability.

3 **SEC. 2. DEFINITIONS.**

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

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

10 **SEC. 3. PLEADING REQUIREMENTS FOR PATENT INFRINGE-**
 11 **MENT ACTIONS.**

12 (a) ELIMINATION OF FORM 18.—Not later than 1
 13 month after the date of enactment of this Act, the Su-
 14 preme Court, using existing resources, shall eliminate
 15 Form 18 in the Appendix to the Federal Rules of Civil
 16 Procedure (Complaint for Patent Infringement).

17 (b) PLEADING REQUIREMENTS.—

1 “(A) the name or model number (or a rep-
2 representative model number) of each accused in-
3 strumentality; or

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

6 “(5) For each claim identified under paragraph
7 (2), a description of the elements thereof that are al-
8 leged to be infringed by the accused instrumentality
9 and how the accused instrumentality is alleged to in-
10 fringe those elements.

11 “(6) For each claim of indirect infringement, a
12 description of the acts of the alleged infringer that
13 are alleged to contribute to or induce the direct in-
14 fringement.

15 “(b) **DISMISSAL FOR FAILURE TO MEET PLEADING**
16 **REQUIREMENTS.**—The court shall, on the motion of any
17 party, dismiss any count or counts of the complaint, coun-
18 terclaim, or cross-claim for patent infringement if the re-
19 quirements of paragraphs (1) through (6) of subsection
20 (a) are not met with respect to such count or counts. The
21 fact that a party pleads in accordance with subsection (c)
22 shall not be a basis for dismissal if the party nonetheless
23 states a plausible claim for relief sufficient under the Fed-
24 eral Rules of Civil Procedure.

1 “(1) the term ‘financial interest’—

2 “(A) means—

3 “(i) with regard to a patent or pat-
4 ents, the right of a person to receive pro-
5 ceeds from the assertion of the patent or
6 patents, including a fixed or variable por-
7 tion of such proceeds; and

8 “(ii) with regard to the patentee, di-
9 rect or indirect ownership or control by a
10 person of more than 20 percent of the pat-
11 entee; and

12 “(B) does not mean—

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

18 “(ii) the proprietary interest of a pol-
19 icyholder in a mutual insurance company
20 or a depositor in a mutual savings associa-
21 tion, or a similar proprietary interest, un-
22 less the outcome of the proceeding could
23 substantially affect the value of such inter-
24 est;

1 “(2) the term ‘patentee’ means a party in a
2 civil action that files a pleading subject to the re-
3 quirements of section 281A;

4 “(3) the term ‘proceeding’ means all stages of
5 a civil action, including pretrial and trial proceedings
6 and appellate review; and

7 “(4) the term ‘ultimate parent entity’ has the
8 meaning given the term in section 261A.

9 “(b) EARLY DISCLOSURE REQUIREMENTS.—Not-
10 withstanding the requirements of section 299B, a patentee
11 shall disclose to the court and each adverse party, not later
12 than 14 days after the date on which the patentee serves
13 or files the pleading subject to the requirements of section
14 281A—

15 “(1) the identity of each—

16 “(A) assignee of the patent or patents at
17 issue, and any ultimate parent entity thereof;

18 “(B) entity with a right to sublicense to
19 unaffiliated entities or to enforce the patent or
20 patents at issue, and any ultimate parent entity
21 thereof; and

22 “(C) entity, other than an entity the ulti-
23 mate parent of which is disclosed under sub-
24 paragraph (A) or (B), that the patentee knows
25 to have a financial interest in—

1 “(i) the patent or patents at issue; or

2 “(ii) the patentee, and any ultimate

3 parent entity thereof; and

4 “(2) for each patent that the patentee alleges to
5 be infringed—

6 “(A) a list of each complaint, counterclaim,

7 or cross-claim filed by the patentee or an affil-

8 iate thereof in the United States during the 3-

9 year period preceding the date of the filing of

10 the action; and any other complaint, counter-

11 claim, or cross-claim filed in the United States

12 during that period of which the patentee has

13 knowledge, that asserts or asserted such patent;

14 including—

15 “(i) the caption;

16 “(ii) civil action number;

17 “(iii) the court where the action was

18 filed; and

19 “(iv) if applicable, any court to which

20 the action was transferred;

21 “(B) a statement as to whether the patent

22 is subject to an assurance made by the party to

23 a standards development organization to license

24 others under such patent if—

1 “(i) the assurance specifically identi-
2 fies such patent or claims therein; and

3 “(ii) the allegation of infringement re-
4 lates to such standard; and

5 “(C) a statement as to whether the Fed-
6 eral Government has imposed specific licensing
7 requirements with respect to such patent.

8 “(e) DISCLOSURE OF FINANCIAL INTEREST.—

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

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

20 “(A) in the case of a partnership, the
21 name of the partnership, the address of the
22 principal place of business, and the name and
23 correspondence address of the registered agent;

24 “(B) in the case of a corporation, the
25 name of the corporation, the location of incor-

1 poration; and the address of the principal place
2 of business; and

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

5 “(d) PROVISION OF INFORMATION TO THE UNITED
6 STATES PATENT AND TRADEMARK OFFICE.—Not later
7 than 1 month after the date on which the disclosures re-
8 quired under subsection (b) are made, the patentee shall
9 provide to the United States Patent and Trademark Office
10 a filing containing the information disclosed pursuant to
11 subsection (b)(1).

12 “(e) CONFIDENTIAL INFORMATION.—

13 “(1) IN GENERAL.—A patentee required to dis-
14 close information under subsection (b) may file,
15 under seal, information believed to be confidential,
16 with a motion setting forth good cause for such seal-
17 ing.

18 “(2) HOME ADDRESS INFORMATION.—For pur-
19 poses of this section, the home address of an indi-
20 vidual shall be considered to be confidential informa-
21 tion.”.

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

“281A. Pleading requirements for patent infringement actions:

“281B. Early disclosure requirements for patent infringement actions.”.

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

5 **SEC. 4. CUSTOMER-SUIT EXCEPTION.**

6 (a) **IN GENERAL.**—Chapter 29 of title 35, United
7 States Code, is amended by adding at the end the fol-
8 lowing:

9 **“§ 299A. Customer stay**

10 “(a) **DEFINITIONS.**—In this section—

11 “(1) the term ‘covered customer’ means a re-
12 tailer or end user that is accused of infringing a pat-
13 ent or patents in dispute based on—

14 “(A) the sale, or offer for sale, of a covered
15 product or covered process without material
16 modification of the product or process in a
17 manner that is alleged to infringe a patent or
18 patents in dispute; or

19 “(B) the use by such retailer, the retailer’s
20 end user customer, or an end user of a covered
21 product or covered process without material
22 modification of the product or process in a
23 manner that is alleged to infringe a patent or
24 patents in dispute;

1 “(2) the term ‘covered manufacturer’ means a
2 person who manufactures or supplies, or causes the
3 manufacture or supply of, a covered product or cov-
4 ered process, or a relevant part thereof;

5 “(3) the term ‘covered process’ means a proe-
6 ess, method, or a relevant part thereof, that is al-
7 leged to infringe the patent or patents in dispute
8 where such process, method, or relevant part thereof
9 is implemented by an apparatus, material, system,
10 software or other instrumentality that is provided by
11 the covered manufacturer;

12 “(4) the term ‘covered product’ means a compo-
13 nent, product, system, service, or a relevant part
14 thereof, that—

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

17 “(B) implements a process alleged to in-
18 fringe the patent or patents in dispute;

19 “(5) for purposes of this section, the term ‘end
20 user’ shall include an affiliate of such an end user,
21 but shall not include an entity that manufactures or
22 causes the manufacture of a covered product or cov-
23 ered process or a relevant part thereof;

24 “(6) the term ‘retailer’ means an entity that
25 generates its revenues predominately through the

1 sale to the public of consumer goods or services, or
2 an affiliate of such entity, but shall not include an
3 entity that manufactures or causes the manufacture
4 of a covered product or covered process or a relevant
5 part thereof; and

6 “(7) for purposes of the definitions in para-
7 graphs (5) and (6), the terms ‘use’ and ‘sale’ mean
8 the use and the sale, respectively, within the mean-
9 ings given those terms under section 271.

10 “(b) MOTION FOR STAY.—In a civil action in which
11 a party asserts a claim for relief arising under any Act
12 of Congress relating to patents (other than an action that
13 includes a cause of action described in section 271(e)), the
14 court shall grant a motion to stay at least the portion of
15 the action against a covered customer that relates to in-
16 fringement of a patent involving a covered product or cov-
17 ered process if—

18 “(1) the covered manufacturer is a party to the
19 action or a separate action in a Federal court of the
20 United States involving the same patent or patents
21 relating to the same covered product or covered
22 process;

23 “(2) the covered customer agrees to be bound
24 as to issues determined in an action described in
25 paragraph (1) without a full and fair opportunity to

1 separately litigate any such issue, but only as to
2 those issues for which all other elements of the com-
3 mon law doctrine of issue preclusion are met; and

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

6 “(A) 120 days after service of the first
7 pleading or paper in the action that specifically
8 identifies the covered product or covered proe-
9 cess as a basis for the alleged infringement of
10 the patent by the covered customer, and specifi-
11 cally identifies how the covered product or cov-
12 ered process is alleged to infringe the patent; or

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

15 “(c) MANUFACTURER CONSENT IN CERTAIN
16 CASES.—If the covered manufacturer has been made a
17 party to the action on motion by the covered customer,
18 then a motion under subsection (b) may only be granted
19 if the covered manufacturer and the covered customer
20 agree in writing to the stay.

21 “(d) LIFT OF STAY.—

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

1 “(A) the action involving the covered man-
2 ufacturer will not resolve major issues in the
3 suit against the covered customer, such as that
4 a covered product or covered process identified
5 in the motion to lift the stay is not a material
6 part of the claimed invention or inventions in
7 the patent or patents in dispute; or

8 “(B) the stay unreasonably prejudices or
9 would be manifestly unjust to the party seeking
10 to lift the stay.

11 “(2) SEPARATE ACTIONS.—In the case of a stay
12 entered under this section based on the participation
13 of the covered manufacturer in a separate action de-
14 scribed in subsection (b)(1), a motion under para-
15 graph (1) may only be granted if the court in such
16 separate action determines that the showing re-
17 quired under paragraph (1) has been made.

18 “(c) WAIVER OF ESTOPPEL EFFECT.—If, following
19 the grant of a motion to stay under this section, the cov-
20 ered manufacturer in an action described in subsection
21 (b)(1)—

22 “(1) obtains or consents to entry of a consent
23 judgment involving one or more of the issues that
24 gave rise to the stay; or

1 “(2) fails to prosecute to a final, non-appealable
 2 judgment a final decision as to one or more of the
 3 issues that gave rise to the stay;
 4 the court may, upon motion, determine that such consent
 5 judgment or unappealed final decision shall not be binding
 6 on the covered customer with respect to one or more of
 7 the issues that gave rise to the stay based on a showing
 8 that such an outcome would unreasonably prejudice or be
 9 manifestly unjust to the covered customer in light of the
 10 circumstances of the case.

11 “(f) RULE OF CONSTRUCTION.—Nothing in this sec-
 12 tion shall be construed to limit the ability of a court to
 13 grant any stay, expand any stay granted pursuant to this
 14 section, or grant any motion to intervene, if otherwise per-
 15 mitted by law.”.

16 (b) CONFORMING AMENDMENT.—The table of sec-
 17 tions for chapter 29 of title 35, United States Code, is
 18 amended by adding at the end the following:

“299A. Customer stay.”.

19 **SEC. 5. DISCOVERY LIMITS.**

20 (a) AMENDMENT.—Chapter 29 of title 35, United
 21 States Code, as amended by section 4, is amended by add-
 22 ing at the end the following:

23 **“§ 299B. Discovery in patent infringement action**

24 “(a) DISCOVERY IN PATENT INFRINGEMENT AC-
 25 TION.—

1 “(1) IN GENERAL.—Except as provided in sub-
2 sections (b) and (c), in a civil action arising under
3 any Act of Congress relating to patents, discovery
4 shall be stayed during the pendency of 1 or more
5 motions described in paragraph (2) if the motion or
6 motions were filed prior to the first responsive plead-
7 ing.

8 “(2) MOTIONS DESCRIBED.—The motions de-
9 scribed in this paragraph are—

10 “(A) a motion to dismiss;

11 “(B) a motion to transfer venue; and

12 “(C) a motion to sever accused infringers.

13 “(b) DISCRETION TO EXPAND SCOPE OF DIS-
14 COVERY.—

15 “(1) RESOLUTION OF MOTIONS.—A court may
16 allow limited discovery necessary to resolve a motion
17 described in subsection (a) or a motion for prelimi-
18 nary relief properly raised by a party before or dur-
19 ing the pendency of a motion described in subsection
20 (a).

21 “(2) ADDITIONAL DISCOVERY.—On motion, a
22 court may allow additional discovery if the court
23 finds that such discovery is necessary to preserve
24 evidence or otherwise prevent specific prejudice to a
25 party.

1 “(c) EXCLUSION FROM DISCOVERY LIMITATION.—

2 “(1) VOLUNTARY EXCLUSION.—The parties to
3 an action described in subsection (a) may voluntarily
4 consent to be excluded, in whole or in part, from the
5 limitation on discovery under subsection (a).

6 “(2) CLAIMS UNDER SECTION 271(e).—This
7 section shall not apply to a civil action that includes
8 a claim for relief arising under section 271(e).

9 “(d) RULES OF CONSTRUCTION.—

10 “(1) TIMELINE FOR RESPONSIVE PLEADINGS.—
11 Nothing in this section shall be construed to alter
12 the time provided by the Federal Rules of Civil Pro-
13 cedure for the filing of responsive pleadings.

14 “(2) EXCHANGE OF CONTENTIONS.—Nothing
15 in this section shall prohibit a court from ordering
16 or local rules from requiring the exchange of conten-
17 tions regarding infringement, non-infringement, in-
18 validity or other issues, by interrogatories or other
19 written initial disclosures, at an appropriate time de-
20 termined by the court.”.

21 (b) CONFORMING AMENDMENT.—The table of sec-
22 tions for chapter 29 of title 35, United States Code, as
23 amended by section 4, is amended by inserting after the
24 item relating to section 299A the following:

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

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

5 **SEC. 6. PROCEDURES AND PRACTICES TO IMPLEMENT REC-**
 6 **COMMENDATIONS OF THE JUDICIAL CON-**
 7 **FERENCE.**

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

10 (1) **RULES AND PROCEDURES.**—The Judicial
 11 Conference of the United States, using existing re-
 12 sources, should develop rules and procedures to im-
 13 plement the discovery proposals described in para-
 14 graph (2) to address concerns regarding the
 15 asymmetries in discovery burdens and costs that
 16 may arise in a civil action arising under any Act of
 17 Congress relating to patents.

18 (2) **RULES AND PROCEDURES TO BE CONSID-**
 19 **ERED.**—The rules and procedures to be developed
 20 under paragraph (1) should address each of the fol-
 21 lowing:

22 (A) **DISCOVERY OF CORE DOCUMENTARY**
 23 **EVIDENCE.**—To what extent each party to the
 24 action is entitled to receive core documentary
 25 evidence and should be responsible for the costs

1 of producing core documentary evidence within
2 the possession or control of each such party,
3 and to what extent each party to the action
4 may seek noncore documentary discovery as
5 otherwise provided in the Federal Rules of Civil
6 Procedure.

7 (B) ELECTRONIC COMMUNICATION.—If the
8 parties request discovery of electronic commu-
9 nication, how such discovery should be phased
10 to occur relative to the exchange of initial dis-
11 closures and core documentary evidence, and
12 appropriate limitations to apply to such dis-
13 covery.

14 (C) ADDITIONAL DOCUMENT DISCOVERY.—
15 The manner and extent to which the following
16 should apply:

17 (i) IN GENERAL.—Each party to the
18 action may seek any additional document
19 discovery beyond core documentary evi-
20 dence as permitted under the Federal
21 Rules of Civil Procedure, if such party
22 bears the reasonable costs, including rea-
23 sonable attorney’s fees, of the additional
24 document discovery.

1 (ii) REQUIREMENTS FOR ADDITIONAL
2 DOCUMENT DISCOVERY.—Unless the par-
3 ties mutually agree otherwise, no party
4 may be permitted additional document dis-
5 covery unless such a party posts a bond, or
6 provides other security, in an amount suffi-
7 cient to cover the expected costs of such
8 additional document discovery, or makes a
9 showing to the court that such party has
10 the financial capacity to pay the costs of
11 such additional document discovery.

12 (iii) GOOD CAUSE MODIFICATION.—A
13 court, upon motion and for good cause
14 shown, may modify the requirements of
15 subparagraphs (A) and (B) and any defini-
16 tion under paragraph (2). Not later than
17 30 days after the pretrial conference under
18 rule 16 of the Federal Rules of Civil Pro-
19 cedure, the parties shall jointly submit any
20 proposed modifications of the requirements
21 of subparagraphs (A) and (B) and any def-
22 inition under paragraph (2), unless the
23 parties do not agree, in which case each
24 party shall submit any proposed modifica-

1 tion of such party and a summary of the
2 disagreement over the modification.

3 (iv) COMPUTER CODE.—A court, upon
4 motion and for good cause shown, may de-
5 termine that computer code should be in-
6 cluded in the discovery of core documen-
7 tary evidence. The discovery of computer
8 code shall occur after the parties have ex-
9 changed initial disclosures and other core
10 documentary evidence.

11 (D) DISCOVERY SEQUENCE AND SCOPE.—

12 The manner and extent to which the parties
13 shall discuss and address in the written report
14 filed pursuant to rule 26(f) of the Federal
15 Rules of Civil Procedure the views and pro-
16 posals of each party on the following:

17 (i) When the discovery of core docu-
18 mentary evidence should be completed.

19 (ii) Whether additional document dis-
20 covery will be sought under subparagraph
21 (C).

22 (iii) Any issues about infringement,
23 invalidity, or damages that, if resolved be-
24 fore the additional discovery described in

1 subparagraph (C) commences, might sim-
2 plify or streamline the ease.

3 ~~(3) SCOPE OF DOCUMENTARY EVIDENCE.—~~In
4 developing rules or procedures under this section,
5 the Judicial Conference should consider which kinds
6 of evidence constitute “core documentary evidence”.

7 (4) DEFINITIONS.—In this subsection the term
8 “electronic communication” means any form of elec-
9 tronic communication, including email, text message,
10 or instant message.

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

19 (1) will identify any potential dispositive issues
20 of the ease; and

21 (2) focus on early summary judgment motions
22 when resolution of issues may lead to expedited dis-
23 position of the ease.

1 **SEC. 7. FEES AND OTHER EXPENSES.**

2 (a) SENSE OF CONGRESS.—It is the sense of Con-
3 gress that, in patent cases, reasonable attorney fees should
4 be paid by a non-prevailing party whose litigation position
5 or conduct is not objectively reasonable. As the Supreme
6 Court wrote in adopting this legal standard in the context
7 of fee shifting under section 1447 of title 28, United
8 States Code, this standard is intended to strike a balance;
9 in patent cases, a more appropriate balance between pro-
10 tecting the right of a patent holder to enforce its patent
11 on the one hand, and deterring abuses in patent litigation
12 and threats thereof on the other.

13 (b) AMENDMENT.—Section 285 of title 35, United
14 States Code, is amended to read as follows:

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

16 “(a) AWARD.—In connection with a civil action in
17 which any party asserts a claim for relief arising under
18 any Act of Congress relating to patents, upon motion by
19 a prevailing party, the court shall determine whether the
20 position of the non-prevailing party was objectively reason-
21 able in law and fact, and whether the conduct of the non-
22 prevailing party was objectively reasonable. If the court
23 finds that the position of the non-prevailing party was not
24 objectively reasonable in law or fact or that the conduct
25 of the non-prevailing party was not objectively reasonable,
26 the court shall award reasonable attorney fees to the pre-

1 vailing party unless special circumstances would make an
2 award unjust.

3 “(b) COVENANT NOT TO SUE.—A party to a civil ac-
4 tion who asserts a claim for relief arising under any Act
5 of Congress relating to patents against another party, and
6 who subsequently unilaterally (i) seeks dismissal of the ac-
7 tion without consent of the other party and (ii) extends
8 to such other party a covenant not to sue for infringement
9 with respect to the patent or patents at issue, may be the
10 subject of a motion for attorney fees under subsection (a)
11 as if it were a non-prevailing party, unless the party as-
12 serting such claim would have been entitled, at the time
13 that such covenant was extended, to dismiss voluntarily
14 the action without a court order under rule 41 of the Fed-
15 eral Rules of Civil Procedure, or the interests of justice
16 require otherwise.

17 “(c) RECOVERY OF AWARD.—

18 “(1) CERTIFICATION; DISCLOSURE OF INTER-
19 ESTED PARTIES.—

20 “(A) INITIAL STATEMENT.—A party de-
21 fending against a claim of infringement may
22 file, not later than 14 days before a scheduling
23 conference is to be held or a scheduling order
24 is due under rule 16(b) of the Federal Rules of
25 Civil Procedure, a statement that such party

1 holds a good faith belief, based on publicly-
2 available information and any other information
3 known to such party, that the primary business
4 of the party alleging infringement is the asser-
5 tion and enforcement of patents or the licensing
6 resulting therefrom.

7 “(B) CERTIFICATION.—Not later than 45
8 days after being served with an initial state-
9 ment under subparagraph (A), a party alleging
10 infringement shall file a certification that—

11 “(i) establishes and certifies to the
12 court, under oath, that it will have suffi-
13 cient funds available to satisfy any award
14 of reasonable attorney fees under this sec-
15 tion if an award is assessed;

16 “(ii) demonstrates that its primary
17 business is not the assertion and enforce-
18 ment of patents or the licensing resulting
19 therefrom;

20 “(iii) identifies interested parties, if
21 any, as defined in paragraph (2) of this
22 subsection; or

23 “(iv) states that it has no such inter-
24 ested parties.

1 A party alleging infringement shall have an on-
2 going obligation to supplement its certification
3 under this subparagraph within 30 days after a
4 material change to the information provided in
5 its certification.

6 ~~“(C) NOTICE TO INTERESTED PARTY.—A~~
7 party that files a certification under subpara-
8 graph (B)(iii) shall, prior to filing the certifi-
9 cation, provide each identified interested party
10 actual notice in writing by service of notice in
11 any district where the interested party may be
12 found, such that jurisdiction shall be estab-
13 lished over each interested party to the action
14 for purposes of enforcing an award of attorney
15 fees under this section, consistent with the Con-
16 stitution of the United States. The notice shall
17 identify the action, the parties, the patents at
18 issue, and the interest qualifying the party to
19 be an interested party. The notice shall inform
20 the recipient that the recipient may be held ac-
21 countable under this subsection for any award
22 of attorney fees, or a portion thereof, resulting
23 from the action in the event the party alleging
24 infringement cannot satisfy the full amount of
25 such an award, unless the recipient renounces

1 its interest pursuant to subparagraph (E) or is
2 otherwise exempt from the applicability of this
3 subsection.

4 “(D) ACCOUNTABILITY FOR INTERESTED
5 PARTIES.—Any interested parties who are time-
6 ly served with actual notice pursuant to sub-
7 paragraph (C) and do not renounce their inter-
8 ests pursuant to subparagraph (E) or are not
9 otherwise exempt from the applicability of this
10 subsection may be held accountable for any
11 fees, or a portion thereof, awarded under this
12 section in the event that the party alleging in-
13 fringement cannot satisfy the full amount of the
14 award. If a true and correct certification under
15 clause (i) or (ii) of subparagraph (B) is timely
16 filed with the court, interested parties shall not
17 be subject to this subparagraph.

18 “(E) RENUNCIATION OF INTEREST.—Any
19 recipient of a notice under subparagraph (C)
20 may submit a statement of renunciation of in-
21 terest in a binding document with notice to the
22 court and parties in the action not later than
23 120 days after receipt of the notice under sub-
24 paragraph (C). The statement shall be required

1 to renounce only such interest as would qualify
2 the recipient as an interested party.

3 “(F) INSTITUTIONS OF HIGHER EDU-
4 CATION EXCEPTION.—Any institution of higher
5 education (as defined in section 101(a) of the
6 Higher Education Act of 1965 (20 U.S.C.
7 1001(a)) or under equivalent laws in foreign ju-
8 risdictions), or a non-profit technology transfer
9 organization whose primary purpose is to facili-
10 tate the commercialization of technologies devel-
11 oped by 1 or more institutions of higher edu-
12 cation, may exempt itself from the applicability
13 of this subsection by filing a certification that
14 it qualifies for the exception provided for in this
15 subparagraph with the court and providing no-
16 tice to the parties.

17 “(G) INTEREST OF JUSTICE EXCEPTION.—
18 Any recipient of a notice under subparagraph
19 (C) may intervene in the action for purposes of
20 contesting its identification as an interested
21 party or its liability under this subsection, and
22 a court may exempt any party identified as an
23 interested party from the applicability of this
24 subsection as the interest of justice requires.

1 “(2) INTERESTED PARTY.—In this section, the
2 term ‘interested party’—

3 “(A) means a person who has a substantial
4 financial interest related to the proceeds from
5 any settlement, license, or damages award re-
6 sulting from the enforcement of the patent in
7 the action by the party alleging infringement;

8 “(B) does not include an attorney or law
9 firm providing legal representation in the action
10 if the sole basis for the financial interest of the
11 attorney or law firm in the outcome of the ac-
12 tion arises from the attorney or law firm’s re-
13 ceipt of compensation reasonably related to the
14 provision of the legal representation;

15 “(C) does not include a person who has as-
16 signed all right, title, and interest in a patent,
17 except for passive receipt of income, to an enti-
18 ty described in paragraph (1)(F), or who has a
19 right to receive any portion of such passive in-
20 come; and

21 “(D) does not include a person who would
22 be an interested party under subparagraph (A)
23 but whose financial interest is based solely on
24 an equity or security interest established when
25 the party alleging infringement’s primary busi-

1 ness was not the assertion and enforcement of
2 patents or the licensing resulting therefrom.

3 “(d) CLAIMS UNDER SECTION 271(e).—

4 “(1) APPLICABILITY.—Subsections (a), (b), and
5 (e) shall not apply to a civil action that includes a
6 claim for relief arising under section 271(e).

7 “(2) AWARD IN CERTAIN CLAIMS UNDER SEC-
8 TION 271(e).—In a civil action that includes a claim
9 for relief arising under section 271(e), the court may
10 in exceptional cases award reasonable attorney fees
11 to the prevailing party.”.

12 (e) CONFORMING AMENDMENT AND AMENDMENT.—

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

“285. Fees and other expenses.”.

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

20 (d) EFFECTIVE DATE.—The amendments made by
21 this section shall take effect on the date of enactment of
22 this Act and shall apply to any action filed on or after
23 such date.

1 **SEC. 8. REQUIREMENT OF CLARITY AND SPECIFICITY IN**
 2 **DEMAND LETTERS.**

3 (a) **IN GENERAL.**—Chapter 29 of title 35, United
 4 States Code, as amended by section 5, is amended by add-
 5 ing at the end the following:

6 **“§ 299C. Pre-suit written notice**

7 “(a) **APPLICABILITY.**—Subsection (b) shall not
 8 apply—

9 “(1) to written communication between par-
 10 ties—

11 “(A) regarding existing licensing agree-
 12 ments;

13 “(B) as part of an ongoing licensing nego-
 14 tiation, provided that the initial written notice
 15 complied with the requirements of subsection
 16 (b) of this section; or

17 “(C) sent after the initial written notice,
 18 provided that the initial written notice complied
 19 with the requirements of subsection (b) of this
 20 section; or

21 “(2) if the court determines it is in the interest
 22 of justice to waive the requirements of subsection
 23 (b).

24 “(b) **WRITTEN NOTIFICATION REQUIREMENTS.**—

25 “(1) **IN GENERAL.**—In a civil action alleging in-
 26 fringement of a patent in which the plaintiff has

1 provided written notice of the accusation of infringe-
2 ment to the party accused of infringement prior to
3 filing the action; the initial written notice shall con-
4 tain the information required under paragraph (2)
5 or be subject to paragraph (3).

6 “(2) REQUIRED INFORMATION PROVIDED IN
7 INITIAL WRITTEN NOTICE.—The initial written no-
8 tice described in paragraph (1) shall contain, at a
9 minimum—

10 “(A) an identification of—

11 “(i) each patent believed to be in-
12 fringed, including the patent number; and

13 “(ii) at least one claim of each patent
14 that is believed to be infringed;

15 “(B) an identification of each product,
16 process, apparatus, or chemical composition, in-
17 cluding any manufacturer thereof, that is be-
18 lieved to infringe one or more claims of each
19 patent under subparagraph (A);

20 “(C) a clear and detailed description of the
21 reasons why the plaintiff believes each patent
22 identified under subparagraph (A) is infringed;

23 “(D) notice to the intended recipient that
24 the intended recipient may have the right to a

1 stay of any suit in accordance with section
2 299A;

3 “(E) the identity of any person with the
4 right to enforce each patent under subpara-
5 graph (A); and

6 “(F) if compensation is proposed, a short
7 and plain statement as to how that proposed
8 compensation was determined.

9 “(3) ADDITIONAL TIME TO RESPOND.—If the
10 initial written notice provided to the defendant prior
11 to the filing of the civil action did not contain the
12 information required by paragraph (2), the defend-
13 ant’s time to respond to the complaint shall be ex-
14 tended by an additional 30 days.”.

15 (b) CONFORMING AMENDMENT.—The table of sec-
16 tions for chapter 29 of title 35, United States Code, as
17 amended by section 5, is amended by adding at the end
18 the following:

“299C. Pre-suit written notice.”.

19 (c) WILLFUL INFRINGEMENT.—Section 284 of title
20 35, United States Code, is amended—

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

24 (2) in the second undesignated paragraph, by
25 striking “When the damages” and inserting “(b) AS-

1 ~~ASSESSMENT BY COURT; TREBLE DAMAGES.—When~~
 2 ~~the damages”;~~

3 ~~(3) by inserting after subsection (b), as des-~~
 4 ~~ignated by subparagraph (B), the following:~~

5 ~~“(c) WILLFUL INFRINGEMENT.—A claimant seeking~~
 6 ~~to establish willful infringement may not rely on evidence~~
 7 ~~of pre-suit notification of infringement unless that notifi-~~
 8 ~~cation complies with the standards set out in section~~
 9 ~~299C(b)(2).”;~~ and

10 ~~(4) in the last undesignated paragraph, by~~
 11 ~~striking “The court” and inserting “(d) EXPERT~~
 12 ~~TESTIMONY.—The court”.~~

13 ~~(d) EFFECTIVE DATE.—The amendments made by~~
 14 ~~this section shall take effect on the date that is 1 year~~
 15 ~~after the date of enactment of this Act and shall apply~~
 16 ~~to any action for which a complaint is filed on or after~~
 17 ~~that date.~~

18 **SEC. 9. ABUSIVE DEMAND LETTERS.**

19 ~~(a) BAD-FAITH DEMAND LETTERS.—Chapter 29 of~~
 20 ~~title 35, United States Code, as amended by section 8,~~
 21 ~~is amended by adding at the end the following:~~

22 **“§ 299D. Bad-faith demand letters**

23 ~~“(a) DEFINITION.—In this section, the term ‘affili-~~
 24 ~~ated person’ means a person affiliated with the intended~~
 25 ~~recipient of a written communication.~~

1 “(b) CIVIL PENALTIES FOR CERTAIN UNFAIR OR DE-
 2 CEPTIVE ACTS OR PRACTICES IN CONNECTION WITH
 3 ABUSIVE DEMAND LETTERS.—A person who commits an
 4 unfair or deceptive act or practice within the meaning of
 5 section 5(a)(1) of the Federal Trade Commission Act (15
 6 U.S.C. 45(a)(1)), in connection with the assertion of a
 7 United States patent, and who engages in the widespread
 8 sending of written communications representing that the
 9 intended recipients, or any persons affiliated with those
 10 recipients, are or may be infringing, or have or may have
 11 infringed, the patent and may bear liability or owe com-
 12 pensation to another, shall be deemed to have violated a
 13 rule defining an unfair or deceptive act or practice de-
 14 scribed under section 18(a)(1)(B) of the Federal Trade
 15 Commission Act (15 U.S.C. 57a(a)(1)(B)) if—

16 “(1)(A) the communications falsely—

17 “(i) represent that administrative or judi-
 18 cial relief has been sought against the recipient
 19 or others; or

20 “(ii) threaten litigation if compensation is
 21 not paid, the infringement issue is not other-
 22 wise resolved, or the communication is not re-
 23 sponded to; and

24 “(B) there is a pattern of false statements or
 25 threats described in subparagraph (A) having been

1 made without litigation or other relief then having
2 been pursued;

3 “(2) the assertions contained in the commu-
4 nications lack a reasonable basis in fact or law, be-
5 cause—

6 “(A) the person asserting the patent is not
7 a person, or does not represent a person, with
8 the current right to license the patent to, or to
9 enforce the patent against, the intended recipi-
10 ents or any affiliated persons;

11 “(B) the communications seek compensa-
12 tion on account of activities undertaken after
13 the patent has expired;

14 “(C) the communications seek compensa-
15 tion for a patent that has been held to be in-
16 valid or unenforceable in a final judicial or ad-
17 ministrative proceeding that is unappealable or
18 for which any opportunity for appeal is no
19 longer available;

20 “(D) the communications seek compensa-
21 tion for activities by the recipient that the send-
22 er knows do not infringe the patent because
23 such activities are authorized by the patentee;

1 “(E) the communications falsely represent
2 that an investigation of the recipient’s alleged
3 infringement has occurred; or

4 “(F) the communications falsely state that
5 litigation has been filed against, or a license has
6 been paid by persons similarly situated to the
7 recipient; or

8 “(3) the content of the written communications
9 is likely to materially mislead a reasonable recipient
10 because the content fails to include facts reasonably
11 necessary to inform the recipient—

12 “(A) of the identity of the person asserting
13 a right to license the patent to, or enforce the
14 patent against, the intended recipient or any af-
15 filiated person;

16 “(B) of the patent issued by the United
17 States Patent and Trademark Office alleged to
18 have been infringed; and

19 “(C) if infringement or the need to pay
20 compensation for a license is alleged, of an
21 identification of at least one product, service, or
22 other activity of the recipient that is alleged to
23 infringe the identified patent or patents and,
24 unless the information is not readily accessible,
25 an explanation of the basis for such allegation.

1 “(c) ENFORCEMENT BY FEDERAL TRADE COMMIS-
2 SION.—

3 “(1) POWERS OF COMMISSION.—The Federal
4 Trade Commission shall enforce this section in the
5 same manner, by the same means, and with the
6 same jurisdiction, powers, and duties as though all
7 applicable terms and provisions of the Federal Trade
8 Commission Act (15 U.S.C. 41 et seq.) were incor-
9 porated into and made a part of this section.

10 “(2) PRIVILEGES AND IMMUNITIES.—Any per-
11 son who engages in an act or practice described in
12 subsection (b) shall be subject to the penalties and
13 entitled to the privileges and immunities provided in
14 the Federal Trade Commission Act (15 U.S.C. 41 et
15 seq.).”.

16 (b) TECHNICAL AND CONFORMING AMENDMENT.—
17 The table of sections for chapter 29 of title 35, United
18 States Code, as amended by section 8, is amended by in-
19 serting after the item relating to section 299C the fol-
20 lowing:

“299D. Bad-faith demand letters.”.

21 **SEC. 10. TRANSPARENCY OF PATENT TRANSFER.**

22 (a) PATENT AND TRADEMARK OFFICE PRO-
23 CEEDINGS.—

1 “(1) not later than the date on which the pat-
2 ent is issued; and

3 “(2) when any subsequent assignment is made
4 that results in a change to the ultimate parent enti-
5 ty—

6 “(A) not later than 3 months after the
7 date on which such assignment is made; or

8 “(B) in the case of an assignment made as
9 part of a corporate acquisition that meets the
10 reporting thresholds under section 7A(a)(2) of
11 the Clayton Act (15 U.S.C. 18a(a)(2)), not
12 later than 6 months after the closing date of
13 such acquisition.

14 “(e) DISCLOSURE REQUIREMENTS.—A disclosure
15 under subsection (b) shall include the name of the assignee
16 and the ultimate parent entity of the assignee.

17 “(d) FAILURE TO COMPLY.—In a civil action in
18 which a party asserts a claim for infringement of a patent,
19 if there was a failure to comply with subsection (b) for
20 the patent—

21 “(1) the party asserting infringement of the
22 patent may not recover increased damages under
23 section 284 or attorney fees under section 285 with
24 respect to infringing activities taking place during
25 any period of noncompliance, unless the denial of

1 such damages or fees would be manifestly unjust;
2 and

3 ~~“(2) the court shall award to a prevailing ac-~~
4 ~~cused infringer reasonable attorney fees and ex-~~
5 ~~penses incurred in discovering the identity of any~~
6 ~~undisclosed entity required to be disclosed under~~
7 ~~subsection (b); unless such sanctions would be mani-~~
8 ~~festly unjust.”.~~

9 ~~(2) APPLICABILITY.—~~The amendment made by
10 paragraph ~~(1)~~ shall apply to any patent for which a
11 notice of allowance is issued on or after the date of
12 enactment of this Act.

13 ~~(3) CONFORMING AMENDMENT.—~~The table of
14 sections for chapter 26 of title 35, United States
15 Code, is amended by adding at the end the following
16 new item:

~~“261A. Disclosure of information relating to patent ownership.”.~~

17 ~~(b) REGULATIONS.—~~The Director may promulgate
18 such regulations as are necessary to establish a registra-
19 tion fee in an amount sufficient to recover the estimated
20 costs of administering section 261A of title 35, United
21 States Code, as added by subsection ~~(a)~~, to facilitate the
22 collection and maintenance of the information required by
23 the amendments made by this section and section ~~3(b)~~ of
24 this Act, and to ensure the timely disclosure of such infor-
25 mation to the public.

1 **SEC. 11. PROTECTION OF INTELLECTUAL PROPERTY LI-**
 2 **CENSES IN BANKRUPTCY.**

3 (a) **IN GENERAL.**—Section 1522 of title 11, United
 4 States Code, is amended by adding at the end the fol-
 5 lowing:

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

12 (b) **TRADEMARKS.**—

13 (1) **AMENDMENT.**—Section 101(35A) of title
 14 11, United States Code, is amended—

15 (A) in subparagraph (E), by striking “or”;

16 (B) in subparagraph (F), by adding “or”
 17 at the end; and

18 (C) by adding after subparagraph (F) the
 19 following new subparagraph:

20 “(G) a trademark, service mark, or trade
 21 name, as those terms are defined in section 45
 22 of the Act of July 5, 1946 (commonly referred
 23 to as the ‘Trademark Act of 1946’ (15 U.S.C.
 24 1127)),”.

1 (2) CONFORMING AMENDMENT.—Section
2 365(n)(2) of title 11, United States Code, is amend-
3 ed—

4 (A) in subparagraph (B)—

5 (i) by striking “royalty payments”
6 and inserting “royalty or other payments”;
7 and

8 (ii) by striking “and” after the semi-
9 colon;

10 (B) in subparagraph (C), by striking the
11 period at the end of clause (ii) and inserting “;
12 and”; and

13 (C) by adding at the end the following new
14 subparagraph:

15 “(D) in the case of a trademark, service
16 mark, or trade name, the licensee shall not be
17 relieved of any of its obligations to maintain the
18 quality of the products and services offered
19 under or in connection with the licensed trade-
20 mark, service mark or trade name, and the
21 trustee shall retain the right to oversee and en-
22 force quality control for said products and/or
23 services.”.

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

1 this Act and shall apply to any case that is pending on,
2 or for which a petition or complaint is filed on or after,
3 such date of enactment.

4 **SEC. 12. SMALL BUSINESS EDUCATION, OUTREACH, AND IN-**
5 **FORMATION ACCESS.**

6 (a) **SMALL BUSINESS EDUCATION AND OUT-**
7 **REACH.—**

8 (1) **RESOURCES FOR SMALL BUSINESS.—**Using
9 existing resources, the Director shall develop edu-
10 cational resources for small businesses to address
11 concerns arising from patent infringement.

12 (2) **SMALL BUSINESS PATENT OMBUDSMAN.—**
13 The existing small business patent outreach pro-
14 grams of the Office, in consultation with the relevant
15 offices at the Small Business Administration and the
16 Minority Business Development Agency, shall pro-
17 vide education and awareness regarding resources
18 available for those persons responding to allegations
19 of patent infringement.

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

23 (1) **WEB SITE.—**Using existing resources, the
24 Director shall create a user-friendly section on the
25 official Web site of the Office to notify the public

1 when a patent case is brought in Federal court and,
2 with respect to each patent at issue in such case, the
3 Director shall include—

4 (A) information disclosed under section
5 261A of title 35, United States Code, as added
6 by section 10, and section 281B(b) of title 35,
7 United States Code, as added by section 3; and

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

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

14 **SEC. 13. STUDIES ON PATENT TRANSACTIONS, QUALITY,**
15 **AND EXAMINATION.**

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

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

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

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

8 (C) to examine licensing and other over-
9 sight requirements that may be placed on the
10 patent secondary market, including on the par-
11 ticipants in such markets; to ensure that the
12 market is a level playing field and that brokers
13 in the market have the requisite expertise and
14 adhere to ethical business practices; and

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

17 (2) REPORT ON STUDY.—Not later than 18
18 months after the date of enactment of this Act, the
19 Director shall submit a report to the Committee on
20 the Judiciary of the House of Representatives and
21 the Committee on the Judiciary of the Senate on the
22 findings and recommendations of the Director from
23 the study required under paragraph (1).

24 (b) STUDY ON PATENT SMALL CLAIMS PROCE-
25 DURES.—

1 (1) STUDY REQUIRED.—

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

12 (B) CONTENTS OF STUDY.—The study
13 under subparagraph (A) shall examine—

14 (i) the necessary criteria for using
15 small claims procedures;

16 (ii) the costs that would be incurred
17 for establishing, maintaining, and oper-
18 ating such a pilot program; and

19 (iii) the steps that would be taken to
20 ensure that the procedures used in the
21 pilot program are not misused for abusive
22 patent litigation.

23 (2) REPORT ON STUDY.—Not later than 1 year
24 after the date of enactment of this Act, the Director
25 of the Administrative Office of the United States

1 Courts shall submit a report to the Committee on
2 the Judiciary of the House of Representatives and
3 the Committee on the Judiciary of the Senate on the
4 findings and recommendations of the Director of the
5 Administrative Office from the study required under
6 paragraph (1).

7 (c) ~~STUDY ON BUSINESS METHOD PATENT QUAL-~~
8 ~~ITY.—~~

9 (1) ~~GAO STUDY.—~~The Comptroller General of
10 the United States shall, using existing resources,
11 conduct a study on the volume and nature of litigation
12 involving business method patents.

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

19 (3) ~~REPORT TO CONGRESS.—~~Not later than 1
20 year after the date of enactment of this Act, the
21 Comptroller General shall submit to the Committee
22 on the Judiciary of the House of Representatives
23 and the Committee on the Judiciary of the Senate
24 a report on the findings and recommendations from
25 the study required by this subsection, including rec-

1 ommendations for any changes to laws or regula-
 2 tions that the Comptroller General considers appro-
 3 prium on the basis of the study.

4 **SEC. 14. TECHNICAL CORRECTIONS TO THE LEAHY-SMITH**
 5 **AMERICA INVENTS ACT AND OTHER IM-**
 6 **PROVEMENTS.**

7 (a) Section 325(e)(2) of title 35, United States Code,
 8 is amended by striking “or reasonably could have raised”.

9 (b) PTO PATENT REVIEWS.—

10 (1) CLARIFICATION.—

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

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

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

1 (e) TECHNICAL CORRECTIONS.—

2 (1) NOVELTY.—

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

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

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

14 (A) REQUIREMENT TO EXECUTE.—Section
15 115(a) of title 35, United States Code, is
16 amended in the second sentence by striking
17 “shall execute” and inserting “may be required
18 by the Director to execute”.

19 (B) EFFECTIVE DATE.—The amendment
20 made by subparagraph (A) shall be effective as
21 if included in the amendment made by section
22 4(a)(1) of the Leahy-Smith America Invents
23 Act (Public Law 112–29).

24 (3) ASSIGNEE FILERS.—

1 (A) BENEFIT OF EARLIER FILING DATE;
2 RIGHT OF PRIORITY.—Section 119(e)(1) of title
3 35, United States Code, is amended, in the first
4 sentence, by striking “by an inventor or inven-
5 tors named” and inserting “that names the in-
6 ventor or a joint inventor”.

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

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

19 (4) DERIVED PATENTS.—

20 (A) AMENDMENT.—Section 291(b) of title
21 35, United States Code, is amended by striking
22 “or joint inventor” and inserting “or a joint in-
23 ventor”.

24 (B) EFFECTIVE DATE.—The amendment
25 made by subparagraph (A) shall be effective as

1 if included in the amendment made by section
2 3(h)(1) of the Leahy-Smith America Invents
3 Act (~~Public Law 112–29~~).

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

11 (6) TIME LIMIT FOR COMMENCING MISCONDUCT
12 PROCEEDINGS.—

13 (A) AMENDMENT.—The fourth sentence of
14 section 32 of title 35, United States Code, is
15 amended by striking “1 year” and inserting
16 “18 months”.

17 (B) EFFECTIVE DATE.—The amendment
18 made by this paragraph shall take effect on the
19 date of the enactment of this Act and shall
20 apply to any action in which the Office files a
21 complaint on or after such date of enactment.

22 (7) PATENT OWNER RESPONSE.—

23 (A) CONDUCT OF INTER PARTES RE-
24 VIEW.—Paragraph (8) of section 316(a) of title
25 35, United States Code, is amended by striking

1 “the petition under section 313” and inserting
2 “the petition under section 311”.

3 (B) CONDUCT OF POST-GRANT REVIEW.—
4 Paragraph (8) of section 326(a) of title 35,
5 United States Code, is amended by striking
6 “the petition under section 323” and inserting
7 “the petition under section 321”.

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

11 (d) MANAGEMENT OF THE UNITED STATES PATENT
12 AND TRADEMARK OFFICE.—

13 (1) IN GENERAL.—Section 3(b)(1) of title 35,
14 United States Code, is amended in the first sen-
15 tence—

16 (A) by striking “be vested with the author-
17 ity to act in the capacity of the” and inserting
18 “serve as Acting;”; and

19 (B) by inserting before the period “or in
20 the event of a vacancy in the office of the Di-
21 rector.”.

22 (2) EFFECTIVE DATE.—The amendments made
23 by paragraph (1) shall take effect on the date of en-
24 actment of this Act and shall apply with respect to

1 appointments and vacancies occurring before, on, or
2 after the date of enactment of this Act.

3 **SEC. 15. EFFECTIVE DATE.**

4 ~~Except as otherwise provided in this Act, the provi-~~
5 ~~sions of this Act shall take effect on the date of enactment~~
6 ~~of this Act, and shall apply to any patent issued, or any~~
7 ~~action filed, on or after that date.~~

8 **SEC. 16. SEVERABILITY.**

9 ~~If any provision of this Act, or an amendment made~~
10 ~~by this Act, or the application of such provision or amend-~~
11 ~~ment to any person or circumstance, is held to be invalid,~~
12 ~~the remainder of this Act, or an amendment made by this~~
13 ~~Act, or the application of such provision to other persons~~
14 ~~or circumstances, shall not be affected.~~

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

16 (a) *SHORT TITLE.*—*This Act may be cited as the “Pro-*
17 ~~*tecting American Talent and Entrepreneurship Act of*~~
18 ~~*2015” or the “PATENT Act”.*~~

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

Sec. 1. Short title; table of contents.

Sec. 2. Definitions.

Sec. 3. Pleading requirements for patent infringement actions.

Sec. 4. Customer-suit exception.

Sec. 5. Discovery limits.

*Sec. 6. Procedures and practices to implement recommendations of the Judicial
Conference.*

Sec. 7. Fees and other expenses.

Sec. 8. Requirement of clarity and specificity in demand letters.

Sec. 9. Abusive demand letters.

Sec. 10. Transparency of patent transfer.

Sec. 11. Inter partes review and post-grant proceedings.

- Sec. 12. *Protection of intellectual property licenses in bankruptcy.*
 Sec. 13. *Small business education, outreach, and information access.*
 Sec. 14. *Studies on patent transactions, quality, and examination.*
 Sec. 15. *Technical corrections to the Leahy-Smith America Invents Act and other improvements.*
 Sec. 16. *Institutions of higher education and nonprofit research.*
 Sec. 17. *Effective date.*
 Sec. 18. *Severability.*

1 **SEC. 2. DEFINITIONS.**

2 *In this Act:*

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

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

9 **SEC. 3. PLEADING REQUIREMENTS FOR PATENT INFRINGE-**
 10 **MENT ACTIONS.**

11 (a) *ELIMINATION OF FORM 18.*—*Not later than 1*
 12 *month after the date of enactment of this Act, the Supreme*
 13 *Court, using existing resources, shall eliminate Form 18 in*
 14 *the Appendix to the Federal Rules of Civil Procedure (Com-*
 15 *plaint for Patent Infringement).*

16 (b) *PLEADING REQUIREMENTS.*—

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

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

3 “(a) *PLEADING REQUIREMENTS.*—*In a civil action in*
4 *which a party asserts a claim for relief arising under any*
5 *Act of Congress relating to patents, a party alleging in-*
6 *fringement shall include in a complaint, counterclaim, or*
7 *cross-claim for patent infringement, except as provided in*
8 *subsection (c), the following:*

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

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

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

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

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

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

1 “(5) For each claim identified under paragraph
2 (2), a description of the elements thereof that are al-
3 leged to be infringed by the accused instrumentality
4 and how the accused instrumentality is alleged to in-
5 fringe those elements.

6 “(6) For each claim of indirect infringement, a
7 description of the acts of the alleged infringer that are
8 alleged to contribute to or induce the direct infringe-
9 ment.

10 “(b) *DISMISSAL FOR FAILURE TO MEET PLEADING*
11 *REQUIREMENTS.*—The court shall, on the motion of any
12 party, dismiss any count or counts of the complaint, coun-
13 terclaim, or cross-claim for patent infringement if the re-
14 quirements of paragraphs (1) through (6) of subsection (a)
15 are not met with respect to such count or counts. The fact
16 that a party pleads in accordance with subsection (c) shall
17 not be a basis for dismissal if the party nonetheless states
18 a plausible claim for relief sufficient under the Federal
19 Rules of Civil Procedure.

20 “(c) *INFORMATION NOT ACCESSIBLE.*—If some subset
21 of information required to comply with subsection (a) is
22 not accessible to a party after an inquiry reasonable under
23 the circumstances, consistent with rule 11 of the Federal
24 Rules of Civil Procedure, an allegation requiring that infor-
25 mation may be based upon a general description of that

1 *information, along with a statement as to why the informa-*
 2 *tion is not accessible.*

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

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

14 “(f) *EXEMPTION.*—*Subsection (a) shall not apply to*
 15 *a civil action that includes a claim for relief arising under*
 16 *section 271(e).*

17 **“§281B. *Early disclosure requirements for patent in-***
 18 ***fringement actions***

19 “(a) *DEFINITIONS.*—*In this section—*

20 “(1) *the term ‘financial interest’—*

21 “(A) *means—*

22 “(i) *with regard to a patent or patents,*
 23 *the right of a person to receive proceeds*
 24 *from the assertion of the patent or patents,*

1 including a fixed or variable portion of such
2 proceeds; and

3 “(ii) with regard to the patentee, direct
4 or indirect ownership or control by a person
5 of more than 20 percent of the patentee; and
6 “(B) does not mean—

7 “(i) ownership of shares or other inter-
8 ests in a mutual or common investment
9 fund, unless the owner of such interest par-
10 ticipates in the management of such fund;
11 or

12 “(ii) the proprietary interest of a pol-
13 icyholder in a mutual insurance company
14 or a depositor in a mutual savings associa-
15 tion, or a similar proprietary interest, un-
16 less the outcome of the proceeding could sub-
17 stantially affect the value of such interest;

18 “(2) the term ‘patentee’ means a party in a civil
19 action that files a pleading subject to the requirements
20 of section 281A;

21 “(3) the term ‘proceeding’ means all stages of a
22 civil action, including pretrial and trial proceedings
23 and appellate review; and

24 “(4) the term ‘ultimate parent entity’ has the
25 meaning given the term in section 261A.

1 “(b) *EARLY DISCLOSURE REQUIREMENTS.*—Notwith-
2 *standing the requirements of section 299B, a patentee shall*
3 *disclose to the court and each adverse party, not later than*
4 *14 days after the date on which the patentee serves or files*
5 *the pleading subject to the requirements of section 281A—*

6 “(1) *the identity of each—*

7 “(A) *assignee of the patent or patents at*
8 *issue, and any ultimate parent entity thereof;*

9 “(B) *entity with a right to sublicense to un-*
10 *affiliated entities or to enforce the patent or pat-*
11 *ents at issue, and any ultimate parent entity*
12 *thereof; and*

13 “(C) *entity, other than an entity the ulti-*
14 *mate parent of which is disclosed under subpara-*
15 *graph (A) or (B), that the patentee knows to*
16 *have a financial interest in—*

17 “(i) *the patent or patents at issue; or*

18 “(ii) *the patentee, and any ultimate*
19 *parent entity thereof; and*

20 “(2) *for each patent that the patentee alleges to*
21 *be infringed—*

22 “(A) *a list of each complaint, counterclaim,*
23 *or cross-claim filed by the patentee or an affil-*
24 *iate thereof in the United States during the 3-*
25 *year period preceding the date of the filing of the*

1 *action, and any other complaint, counterclaim,*
2 *or cross-claim filed in the United States during*
3 *that period of which the patentee has knowledge,*
4 *that asserts or asserted such patent, including—*

5 *“(i) the caption;*

6 *“(ii) the civil action number;*

7 *“(iii) the court where the action was*
8 *filed; and*

9 *“(iv) if applicable, any court to which*
10 *the action was transferred;*

11 *“(B) a statement as to whether the patent*
12 *is subject to an assurance made by the party to*
13 *a standards development organization to license*
14 *others under such patent if—*

15 *“(i) the assurance specifically identi-*
16 *fies such patent or claims therein; and*

17 *“(ii) the allegation of infringement re-*
18 *lates to such standard; and*

19 *“(C) a statement as to whether the Federal*
20 *Government has imposed specific licensing re-*
21 *quirements with respect to such patent.*

22 *“(c) DISCLOSURE OF FINANCIAL INTEREST.—*

23 *“(1) PUBLICLY TRADED.—For purposes of sub-*
24 *section (b)(1)(C), if the financial interest is held by*
25 *a corporation traded on a public stock exchange, an*

1 *identification of the name of the corporation and the*
2 *public exchange listing shall satisfy the disclosure re-*
3 *quirement.*

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

9 “(A) *in the case of a partnership, the name*
10 *of the partnership, the address of the principal*
11 *place of business, and the name and correspond-*
12 *ence address of the registered agent;*

13 “(B) *in the case of a corporation, the name*
14 *of the corporation, the location of incorporation,*
15 *and the address of the principal place of busi-*
16 *ness; and*

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

19 “(d) *PROVISION OF INFORMATION TO THE UNITED*
20 *STATES PATENT AND TRADEMARK OFFICE.*—*Not later than*
21 *1 month after the date on which the disclosures required*
22 *under subsection (b) are made, the patentee shall provide*
23 *to the United States Patent and Trademark Office a filing*
24 *containing the information disclosed pursuant to subsection*
25 *(b)(1).*

1 “(e) *CONFIDENTIAL INFORMATION.*—

2 “(1) *IN GENERAL.*—A patentee required to dis-
3 close information under subsection (b) may file, under
4 seal, information believed to be confidential, with a
5 motion setting forth good cause for such sealing.

6 “(2) *HOME ADDRESS INFORMATION.*—For pur-
7 poses of this section, the home address of an indi-
8 vidual shall be considered to be confidential informa-
9 tion.”.

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

“281A. Pleading requirements for patent infringement actions.

“281B. Early disclosure requirements for patent infringement actions.”.

14 **SEC. 4. CUSTOMER-SUIT EXCEPTION.**

15 (a) *IN GENERAL.*—Chapter 29 of title 35, United
16 States Code, is amended by adding at the end the following:

17 **“§299A. Customer stay**

18 “(a) *DEFINITIONS.*—In this section—

19 “(1) the term ‘covered customer’ means a retailer
20 or end user that is accused of infringing a patent or
21 patents in dispute based on—

22 “(A) the sale, or offer for sale, of a covered
23 product or covered process without material
24 modification of the product or process in a man-

1 *ner that is alleged to infringe a patent or patents*
2 *in dispute; or*

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

9 *“(2) the term ‘covered manufacturer’ means a*
10 *person who manufactures or supplies, or causes the*
11 *manufacture or supply of, a covered product or cov-*
12 *ered process, or a relevant part thereof;*

13 *“(3) the term ‘covered process’ means a process,*
14 *method, or a relevant part thereof, that is alleged to*
15 *infringe the patent or patents in dispute where such*
16 *process, method, or relevant part thereof is imple-*
17 *mented by an apparatus, material, system, software*
18 *or other instrumentality that is provided by the cov-*
19 *ered manufacturer;*

20 *“(4) the term ‘covered product’ means a compo-*
21 *nent, product, system, service, or a relevant part*
22 *thereof, that—*

23 *“(A) is alleged to infringe the 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) for purposes of this section, the term ‘end
4 user’ shall include an affiliate of such an end user,
5 but shall not include an entity that manufactures or
6 causes the manufacture of a covered product or cov-
7 ered process or a relevant part thereof;

8 “(6) the term ‘retailer’ means an entity that gen-
9 erates its revenues predominately through the sale to
10 the public of consumer goods or services, or an affil-
11 iate of such entity, but shall not include an entity
12 that manufactures or causes the manufacture of a cov-
13 ered product or covered process or a relevant part
14 thereof; and

15 “(7) for purposes of the definitions in para-
16 graphs (5) and (6), the terms ‘use’ and ‘sale’ mean
17 the use and the sale, respectively, within the meanings
18 given those terms under section 271.

19 “(b) *MOTION FOR STAY.*—In a civil action in which
20 a party asserts a claim for relief arising under any Act
21 of Congress relating to patents (other than an action that
22 includes a cause of action described in section 271(e)), the
23 court shall grant a motion to stay at least the portion of
24 the action against a covered customer that relates to in-

1 *fringement of a patent involving a covered product or cov-*
2 *ered process if—*

3 “(1) *the covered manufacturer is a party to the*
4 *action or a separate action in a Federal court of the*
5 *United States involving the same patent or patents*
6 *relating to the same covered product or covered proc-*
7 *ess;*

8 “(2) *the covered customer agrees to be bound as*
9 *to issues determined in an action described in para-*
10 *graph (1) without a full and fair opportunity to sep-*
11 *arately litigate any such issue, but only as to those*
12 *issues for which all other elements of the common law*
13 *doctrine of issue preclusion are met; and*

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

16 “(A) *90 days after service of the first plead-*
17 *ing or paper in the action that specifically iden-*
18 *tifies the covered product or covered process as a*
19 *basis for the alleged infringement of the patent*
20 *by the covered customer, and specifically identi-*
21 *fies how the covered product or covered process is*
22 *alleged to infringe the patent; or*

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

1 “(c) *MANUFACTURER CONSENT IN CERTAIN CASES.*—
2 *If the covered manufacturer has been made a party to the*
3 *action on motion by the covered customer, then a motion*
4 *under subsection (b) may only be granted if the covered*
5 *manufacturer and the covered customer agree in writing to*
6 *the stay.*

7 “(d) *LIFT OF STAY.*—

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

11 “(A) *the action involving the covered manu-*
12 *facturer will not resolve major issues in the suit*
13 *against the covered customer, such as that a cov-*
14 *ered product or covered process identified in the*
15 *motion to lift the stay is not a material part of*
16 *the claimed invention or inventions in the patent*
17 *or patents in dispute; or*

18 “(B) *the stay unreasonably prejudices or*
19 *would be manifestly unjust to the party seeking*
20 *to lift the stay.*

21 “(2) *SEPARATE ACTIONS.*—*In the case of a stay*
22 *entered under this section based on the participation*
23 *of the covered manufacturer in a separate action de-*
24 *scribed in subsection (b)(1), a motion under para-*
25 *graph (1) may only be granted if the court in such*

1 *separate action determines that the showing required*
2 *under paragraph (1) has been made.*

3 “(e) *WAIVER OF ESTOPPEL EFFECT.*—*If, following the*
4 *grant of a motion to stay under this section, the covered*
5 *manufacturer in an action described in subsection (b)(1)—*

6 “(1) *obtains or consents to entry of a consent*
7 *judgment involving one or more of the issues that*
8 *gave rise to the stay; or*

9 “(2) *fails to prosecute to a final, non-appealable*
10 *judgment a final decision as to one or more of the*
11 *issues that gave rise to the stay,*

12 *the court may, upon motion, determine that such consent*
13 *judgment or unappealed final decision shall not be binding*
14 *on the covered customer with respect to one or more of the*
15 *issues that gave rise to the stay based on a showing that*
16 *such an outcome would unreasonably prejudice or be mani-*
17 *festly unjust to the covered customer in light of the cir-*
18 *cumstances of the case.*

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 pursuant to this*
22 *section, or grant any motion to intervene, if otherwise per-*
23 *mitted by law.”.*

1 (b) *CONFORMING AMENDMENT.*—*The table of sections*
 2 *for chapter 29 of title 35, United States Code, is amended*
 3 *by adding at the end the following:*

 “299A. *Customer stay.*”.

4 **SEC. 5. DISCOVERY LIMITS.**

5 (a) *AMENDMENT.*—*Chapter 29 of title 35, United*
 6 *States Code, as amended by section 4, is amended by adding*
 7 *at the end the following:*

8 **“§ 299B. Discovery in patent infringement action**

9 “(a) *DISCOVERY IN PATENT INFRINGEMENT ACTION.*—

10 “(1) *IN GENERAL.*—*Except as provided in sub-*
 11 *sections (b) and (c), in a civil action arising under*
 12 *any Act of Congress relating to patents, discovery*
 13 *shall be stayed during the pendency of 1 or more mo-*
 14 *tions described in paragraph (2) if the motion or mo-*
 15 *tions were filed prior to the first responsive pleading.*

16 “(2) *MOTIONS DESCRIBED.*—*The motions de-*
 17 *scribed in this paragraph are—*

18 “(A) *a motion to dismiss;*

19 “(B) *a motion to transfer venue; and*

20 “(C) *a motion to sever accused infringers.*

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

23 “(1) *RESOLUTION OF MOTIONS.*—*A court may*
 24 *allow limited discovery necessary to resolve a motion*
 25 *described in subsection (a) or a motion for prelimi-*

1 *nary relief properly raised by a party before or dur-*
2 *ing the pendency of a motion described in subsection*
3 *(a).*

4 “(2) *ADDITIONAL DISCOVERY.*—*On motion, a*
5 *court may allow additional discovery if the court*
6 *finds that such discovery is necessary to preserve evi-*
7 *dence or otherwise prevent specific prejudice to a*
8 *party.*

9 “(c) *EXCLUSION FROM DISCOVERY LIMITATION.*—

10 “(1) *VOLUNTARY EXCLUSION.*—*The parties to an*
11 *action described in subsection (a) may voluntarily*
12 *consent to be excluded, in whole or in part, from the*
13 *limitation on discovery under subsection (a).*

14 “(2) *CLAIMS UNDER SECTION 271(e).*—*This sec-*
15 *tion shall not apply to a civil action that includes a*
16 *claim for relief arising under section 271(e).*

17 “(d) *RULES OF CONSTRUCTION.*—

18 “(1) *TIMELINE FOR RESPONSIVE PLEADINGS.*—
19 *Nothing in this section shall be construed to alter the*
20 *time provided by the Federal Rules of Civil Procedure*
21 *for the filing of responsive pleadings.*

22 “(2) *EXCHANGE OF CONTENTIONS.*—*Nothing in*
23 *this section shall prohibit a court from ordering, or*
24 *local rules from requiring, the exchange of contentions*
25 *regarding infringement, non-infringement, invalidity,*

1 *or other issues, by interrogatories or other written*
 2 *initial disclosures, at an appropriate time determined*
 3 *by the court.”.*

4 *(b) CONFORMING AMENDMENT.—The table of sections*
 5 *for chapter 29 of title 35, United States Code, as amended*
 6 *by section 4, is amended by inserting after the item relating*
 7 *to section 299A the following:*

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

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

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

13 *(1) RULES AND PROCEDURES.—The Judicial*
 14 *Conference of the United States, using existing re-*
 15 *sources, should develop rules and procedures to imple-*
 16 *ment the discovery proposals described in paragraph*
 17 *(2) to address concerns regarding the asymmetries in*
 18 *discovery burdens and costs that may arise in a civil*
 19 *action arising under any Act of Congress relating to*
 20 *patents.*

21 *(2) RULES AND PROCEDURES TO BE CONSID-*
 22 *ERED.—The rules and procedures to be developed*
 23 *under paragraph (1) should address each of the fol-*
 24 *lowing:*

1 (A) *DISCOVERY OF CORE DOCUMENTARY*
2 *EVIDENCE.—To what extent each party to the ac-*
3 *tion is entitled to receive core documentary evi-*
4 *dence and should be responsible for the costs of*
5 *producing core documentary evidence within the*
6 *possession or control of each such party, and to*
7 *what extent each party to the action may seek*
8 *noncore documentary discovery as otherwise pro-*
9 *vided in the Federal Rules of Civil Procedure.*

10 (B) *ELECTRONIC COMMUNICATION.—If the*
11 *parties request discovery of electronic commu-*
12 *nication, how such discovery should be phased to*
13 *occur relative to the exchange of initial disclo-*
14 *tures and core documentary evidence, and ap-*
15 *propriate limitations to apply to such discovery.*

16 (C) *ADDITIONAL DOCUMENT DISCOVERY.—*
17 *The manner and extent to which the following*
18 *should apply:*

19 (i) *IN GENERAL.—Each party to the*
20 *action may seek any additional document*
21 *discovery beyond core documentary evidence*
22 *as permitted under the Federal Rules of*
23 *Civil Procedure, if such party bears the rea-*
24 *sonable costs, including reasonable attor-*

1 ney's fees, of the additional document dis-
2 covery.

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

14 (iii) *GOOD CAUSE MODIFICATION.*—A
15 court, upon motion and for good cause
16 shown, may modify the requirements of sub-
17 paragraphs (A) and (B) and any definition
18 under paragraph (3). Not later than 30
19 days after the pretrial conference under rule
20 16 of the Federal Rules of Civil Procedure,
21 the parties shall jointly submit any pro-
22 posed modifications of the requirements of
23 subparagraphs (A) and (B) and any defini-
24 tion under paragraph (3), unless the parties
25 do not agree, in which case each party shall

1 *submit any proposed modification of such*
2 *party and a summary of the disagreement*
3 *over the modification.*

4 *(iv) COMPUTER CODE.—A court, upon*
5 *motion and for good cause shown, may de-*
6 *termine that computer code should be in-*
7 *cluded in the discovery of core documentary*
8 *evidence. The discovery of computer code*
9 *shall occur after the parties have exchanged*
10 *initial disclosures and other core documen-*
11 *tary evidence.*

12 *(D) DISCOVERY SEQUENCE AND SCOPE.—*
13 *The manner and extent to which the parties shall*
14 *discuss and address in the written report filed*
15 *pursuant to rule 26(f) of the Federal Rules of*
16 *Civil Procedure the views and proposals of each*
17 *party on the following:*

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

20 *(ii) Whether additional document dis-*
21 *covery will be sought under subparagraph*
22 *(C).*

23 *(iii) Any issues about infringement,*
24 *invalidity, or damages that, if resolved be-*
25 *fore the additional discovery described in*

1 subparagraph (C) commences, might sim-
2 plify or streamline the case.

3 (3) *SCOPE OF DOCUMENTARY EVIDENCE.*—In de-
4 veloping rules or procedures under this section, the
5 Judicial Conference should consider which kinds of
6 evidence constitute “core documentary evidence”.

7 (4) *DEFINITIONS.*—In this subsection, the term
8 “electronic communication” means any form of elec-
9 tronic communication, including email, text message,
10 or instant message.

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

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

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

1 **SEC. 7. FEES AND OTHER EXPENSES.**

2 (a) *SENSE OF CONGRESS.*—*It is the sense of Congress*
3 *that, in patent cases, reasonable attorney fees should be paid*
4 *by a non-prevailing party whose litigation position or con-*
5 *duct is not objectively reasonable. As the Supreme Court*
6 *wrote in adopting this legal standard in the context of fee*
7 *shifting under section 1447 of title 28, United States Code,*
8 *this standard is intended to strike a balance; in patent*
9 *cases, a more appropriate balance between protecting the*
10 *right of a patent holder to enforce its patent on the one*
11 *hand, and deterring abuses in patent litigation and threats*
12 *thereof on the other.*

13 (b) *AMENDMENT.*—*Section 285 of title 35, United*
14 *States Code, is amended to read as follows:*

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

16 “(a) *AWARD.*—*In connection with a civil action in*
17 *which any party asserts a claim for relief arising under*
18 *any Act of Congress relating to patents, upon motion by*
19 *a prevailing party, the court shall determine whether the*
20 *position of the non-prevailing party was objectively reason-*
21 *able in law and fact, and whether the conduct of the non-*
22 *prevailing party was objectively reasonable. If the court*
23 *finds that the position of the non-prevailing party was not*
24 *objectively reasonable in law or fact or that the conduct of*
25 *the non-prevailing party was not objectively reasonable, the*
26 *court shall award reasonable attorney fees to the prevailing*

1 party unless special circumstances, such as undue economic
2 hardship to a named inventor or an institution of higher
3 education (as defined in section 101(a) of the Higher Edu-
4 cation Act of 1965 (20 U.S.C. 1001(a))), would make an
5 award unjust. The prevailing party shall bear the burden
6 of demonstrating that the prevailing party is entitled to an
7 award.

8 “(b) COVENANT NOT TO SUE.—A party to a civil ac-
9 tion who asserts a claim for relief arising under any Act
10 of Congress relating to patents against another party, and
11 who subsequently unilaterally (i) seeks dismissal of the ac-
12 tion without consent of the other party and (ii) extends to
13 such other party a covenant not to sue for infringement
14 with respect to the patent or patents at issue, may be the
15 subject of a motion for attorney fees under subsection (a)
16 as if it were a non-prevailing party, unless the party assert-
17 ing such claim would have been entitled, at the time that
18 such covenant was extended, to dismiss voluntarily the ac-
19 tion without a court order under rule 41 of the Federal
20 Rules of Civil Procedure, or the interests of justice require
21 otherwise.

22 “(c) RECOVERY OF AWARD.—

23 “(1) CERTIFICATION; DISCLOSURE OF INTER-
24 ESTED PARTIES.—

1 “(A) *INITIAL STATEMENT.*—A party defend-
2 ing against a claim of infringement may file,
3 not later than 14 days before a scheduling con-
4 ference is to be held or a scheduling order is due
5 under rule 16(b) of the Federal Rules of Civil
6 Procedure, a statement that such party holds a
7 good faith belief, based on publicly-available in-
8 formation and any other information known to
9 such party, that the primary business of the
10 party alleging infringement is the assertion and
11 enforcement of patents or the licensing resulting
12 therefrom.

13 “(B) *CERTIFICATION.*—Not later than 45
14 days after being served with an initial statement
15 under subparagraph (A), a party alleging in-
16 fringement shall file a certification that—

17 “(i) establishes and certifies to the
18 court, under oath, that it will have suffi-
19 cient funds available to satisfy any award
20 of reasonable attorney fees under this sec-
21 tion if an award is assessed;

22 “(ii) demonstrates that its primary
23 business is not the assertion and enforce-
24 ment of patents or the licensing resulting
25 therefrom;

1 “(iii) identifies interested parties, if
2 any, as defined in paragraph (2) of this
3 subsection; or

4 “(iv) states that it has no such inter-
5 ested parties.

6 A party alleging infringement shall have an on-
7 going obligation to supplement its certification
8 under this subparagraph within 30 days after a
9 material change to the information provided in
10 its certification.

11 “(C) NOTICE TO INTERESTED PARTY.—A
12 party that files a certification under subpara-
13 graph (B)(iii) shall, prior to filing the certifi-
14 cation, provide each identified interested party
15 actual notice in writing by service of notice in
16 any district where the interested party may be
17 found, such that jurisdiction shall be established
18 over each interested party to the action for pur-
19 poses of enforcing an award of attorney fees
20 under this section, consistent with the Constitu-
21 tion of the United States. The notice shall iden-
22 tify the action, the parties, the patents at issue,
23 and the interest qualifying the party to be an in-
24 terested party. The notice shall inform the recipi-
25 ent that the recipient may be held accountable

1 *under this subsection for any award of attorney*
2 *fees, or a portion thereof, resulting from the ac-*
3 *tion in the event the party alleging infringement*
4 *cannot satisfy the full amount of such an award,*
5 *unless the recipient renounces its interest pursu-*
6 *ant to subparagraph (E) or is otherwise exempt*
7 *from the applicability of this subsection.*

8 “(D) *ACCOUNTABILITY FOR INTERESTED*
9 *PARTIES.—Any interested parties who are timely*
10 *served with actual notice pursuant to subpara-*
11 *graph (C) and do not renounce their interests*
12 *pursuant to subparagraph (E) or are not other-*
13 *wise exempt from the applicability of this sub-*
14 *section may be held accountable for any fees, or*
15 *a portion thereof, awarded under this section in*
16 *the event that the party alleging infringement*
17 *cannot satisfy the full amount of the award. If*
18 *a true and correct certification under clause (i)*
19 *or (ii) of subparagraph (B) is timely filed with*
20 *the court, interested parties shall not be subject*
21 *to this subparagraph.*

22 “(E) *RENUNCIATION OF INTEREST.—Any*
23 *recipient of a notice under subparagraph (C)*
24 *may submit a statement of renunciation of inter-*
25 *est in a binding document with notice to the*

1 *court and parties in the action not later than 90*
2 *days after receipt of the notice under subpara-*
3 *graph (C). The statement shall be required to re-*
4 *nounce only such interest as would qualify the*
5 *recipient as an interested party.*

6 “(F) *INSTITUTIONS OF HIGHER EDUCATION*
7 *EXCEPTION.—Any institution of higher edu-*
8 *cation (as defined in section 101(a) of the High-*
9 *er Education Act of 1965 (20 U.S.C. 1001(a)) or*
10 *under equivalent laws in foreign jurisdictions),*
11 *or a non-profit technology transfer organization*
12 *whose primary purpose is to facilitate the com-*
13 *mercialization of technologies developed by 1 or*
14 *more institutions of higher education, may ex-*
15 *empt itself from the applicability of this sub-*
16 *section by filing a certification that it qualifies*
17 *for the exception provided for in this subpara-*
18 *graph with the court and providing notice to the*
19 *parties.*

20 “(G) *INTEREST OF JUSTICE EXCEPTION.—*
21 *Any recipient of a notice under subparagraph*
22 *(C) may intervene in the action for purposes of*
23 *contesting its identification as an interested*
24 *party or its liability under this subsection, and*
25 *a court may exempt any party identified as an*

1 *interested party from the applicability of this*
2 *subsection as the interest of justice requires.*

3 “(2) *INTERESTED PARTY.*—*In this section, the*
4 *term ‘interested party’—*

5 “(A) *means a person who has a substantial*
6 *financial interest related to the proceeds from*
7 *any settlement, license, or damages award result-*
8 *ing from the enforcement of the patent in the ac-*
9 *tion by the party alleging infringement;*

10 “(B) *does not include an attorney or law*
11 *firm providing legal representation in the action*
12 *if the sole basis for the financial interest of the*
13 *attorney or law firm in the outcome of the action*
14 *arises from the attorney or law firm’s receipt of*
15 *compensation reasonably related to the provision*
16 *of the legal representation;*

17 “(C) *does not include a person who has as-*
18 *signed all right, title, and interest in a patent,*
19 *except for passive receipt of income, to an entity*
20 *described in paragraph (1)(F), or who has a*
21 *right to receive any portion of such passive in-*
22 *come;*

23 “(D) *does not include a person who would*
24 *be an interested party under subparagraph (A)*
25 *but whose financial interest is based solely on an*

1 *equity or security interest established when the*
2 *party alleging infringement's primary business*
3 *was not the assertion and enforcement of patents*
4 *or the licensing resulting therefrom; and*

5 “(E) does not include a depository institu-
6 tion as defined in section 19(b)(1)(A) of the Fed-
7 eral Reserve Act (12 U.S.C. 461(b)(1)(A)) if the
8 sole basis for the financial interest arises from a
9 loan or other debt obligation.

10 “(d) CLAIMS UNDER SECTION 271(e).—

11 “(1) APPLICABILITY.—Subsections (a), (b), and
12 (c) shall not apply to a civil action that includes a
13 claim for relief arising under section 271(e).

14 “(2) AWARD IN CERTAIN CLAIMS UNDER SECTION
15 271(e).—In a civil action that includes a claim for
16 relief arising under section 271(e), the court may in
17 exceptional cases award reasonable attorney fees to
18 the prevailing party.”.

19 “(c) CONFORMING AMENDMENT AND AMENDMENT.—

20 “(1) CONFORMING AMENDMENT.—The item relat-
21 ing to section 285 of the table of sections for chapter
22 29 of title 35, United States Code, is amended to read
23 as follows:

“285. Fees and other expenses.”.

1 (2) *AMENDMENT.*—Section 273 of title 35,
2 *United States Code, is amended by striking sub-*
3 *sections (f) and (g).*

4 **SEC. 8. REQUIREMENT OF CLARITY AND SPECIFICITY IN DE-**
5 **MAND LETTERS.**

6 (a) *IN GENERAL.*—Chapter 29 of title 35, *United*
7 *States Code, as amended by section 5, is amended by adding*
8 *at the end the following:*

9 **“§299C. Pre-suit written notice**

10 “(a) *APPLICABILITY.*—Subsection (b) shall not
11 *apply—*

12 “(1) *to written communication between par-*
13 *ties—*

14 “(A) *regarding existing licensing agree-*
15 *ments;*

16 “(B) *as part of an ongoing licensing nego-*
17 *tiation, provided that the initial written notice*
18 *complied with the requirements of subsection (b)*
19 *of this section; or*

20 “(C) *sent after the initial written notice,*
21 *provided that the initial written notice complied*
22 *with the requirements of subsection (b) of this*
23 *section; or*

24 “(2) *if the court determines it is in the interest*
25 *of justice to waive the requirements of subsection (b).*

1 “(b) *WRITTEN NOTIFICATION REQUIREMENTS.*—

2 “(1) *IN GENERAL.*—*In a civil action alleging in-*
3 *fringement of a patent in which the plaintiff has pro-*
4 *vided written notice of the accusation of infringement*
5 *to the party accused of infringement prior to filing*
6 *the action, the initial written notice shall be subject*
7 *to paragraph (4) if it does not contain the informa-*
8 *tion required under paragraph (2) or if it contains*
9 *a specific monetary amount described in paragraph*
10 *(3).*

11 “(2) *REQUIRED INFORMATION PROVIDED IN INI-*
12 *TIAL WRITTEN NOTICE.*—*The initial written notice*
13 *described in paragraph (1) shall contain, at a min-*
14 *imum—*

15 “(A) *an identification of—*

16 “(i) *each patent believed to be in-*
17 *fringed, including the patent number; and*

18 “(ii) *at least one claim of each patent*
19 *that is believed to be infringed;*

20 “(B) *an identification of each product,*
21 *process, apparatus, or chemical composition, in-*
22 *cluding any manufacturer thereof, that is be-*
23 *lieved to infringe one or more claims of each pat-*
24 *ent under subparagraph (A);*

1 “(C) a clear and detailed description of the
2 reasons why the plaintiff believes each patent
3 identified under subparagraph (A) is infringed;

4 “(D) notice to the intended recipient that
5 the intended recipient may have the right to a
6 stay of any suit in accordance with section
7 299A; and

8 “(E) the identity of any person with the
9 right to enforce each patent under subparagraph
10 (A).

11 “(3) SPECIFIC MONETARY AMOUNTS IN DEMAND
12 LETTERS.—Except with the consent of the intended
13 recipient, the initial written notice described in para-
14 graph (1) is prohibited from containing—

15 “(A) a request for, demand for, or offer to
16 accept a specific monetary amount in exchange
17 for a license, settlement, or similar agreement to
18 resolve allegations of patent infringement; or

19 “(B) a specific monetary amount demanded
20 based on the cost of legal defense in a lawsuit
21 concerning any asserted claim or claims.

22 “(4) ADDITIONAL TIME TO RESPOND.—If the ini-
23 tial written notice provided to the defendant prior to
24 the filing of the civil action did not contain the infor-
25 mation required by paragraph (2), or contained a

1 *statement prohibited under paragraph (3), the defend-*
2 *ant’s time to respond to the complaint shall be ex-*
3 *tended by an additional 30 days.”.*

4 *(b) CONFORMING AMENDMENT.—The table of sections*
5 *for chapter 29 of title 35, United States Code, as amended*
6 *by section 5, is amended by adding at the end the following:*
“299C. Pre-suit written notice.”.

7 *(c) WILLFUL INFRINGEMENT.—Section 284 of title 35,*
8 *United States Code, is amended—*

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

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

16 *(3) by inserting after subsection (b), as des-*
17 *ignated by paragraph (2), the following:*

18 *“(c) WILLFUL INFRINGEMENT.—A claimant seeking to*
19 *establish willful infringement may not rely on evidence of*
20 *pre-suit notification of infringement unless that notifica-*
21 *tion complies with the standards set out in paragraphs (2)*
22 *and (3) of section 299C(b).”;* and

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

1 (d) *EFFECTIVE DATE.*—*The amendments made by this*
 2 *section shall take effect on the date that is 1 year after the*
 3 *date of enactment of this Act and shall apply to any action*
 4 *for which a complaint is filed on or after that date.*

5 **SEC. 9. ABUSIVE DEMAND LETTERS.**

6 (a) *BAD-FAITH DEMAND LETTERS.*—*Chapter 29 of*
 7 *title 35, United States Code, as amended by section 8, is*
 8 *amended by adding at the end the following:*

9 **“§299D. Bad-faith demand letters**

10 “(a) *DEFINITION.*—*In this section, the term ‘affiliated*
 11 *person’ means a person affiliated with the intended recipi-*
 12 *ent of a written communication.*

13 “(b) *CIVIL PENALTIES FOR CERTAIN UNFAIR OR DE-*
 14 *CEPTIVE ACTS OR PRACTICES IN CONNECTION WITH ABU-*
 15 *SIVE DEMAND LETTERS.*—*An unfair or deceptive act or*
 16 *practice within the meaning of section 5(a)(1) of the Fed-*
 17 *eral Trade Commission Act (15 U.S.C. 45(a)(1)), in connec-*
 18 *tion with the widespread sending of written communica-*
 19 *tions representing that the intended recipients, or any per-*
 20 *sons affiliated with those recipients, are or may be infring-*
 21 *ing, or have or may have infringed, a patent and may bear*
 22 *liability or owe compensation to another, shall be treated*
 23 *as a violation of a rule defining an unfair or deceptive act*
 24 *or practice described under section 18(a)(1)(B) of the Fed-*
 25 *eral Trade Commission Act (15 U.S.C. 57a(a)(1)(B)) if—*

1 “(1)(A) *the communications falsely—*

2 “(i) *represent that administrative or judi-*
3 *cial relief has been sought against the recipient*
4 *or others; or*

5 “(ii) *threaten litigation if compensation is*
6 *not paid, the infringement issue is not otherwise*
7 *resolved, or the communication is not responded*
8 *to; and*

9 “(B) *there is a pattern of false representations or*
10 *threats described in subparagraph (A) having been*
11 *made without litigation or other relief then having*
12 *been pursued;*

13 “(2) *the assertions contained in the communica-*
14 *tions lack a reasonable basis in fact or law, because—*

15 “(A) *the person asserting the patent is not*
16 *a person, or does not represent a person, with the*
17 *current right to license the patent to, or to en-*
18 *force the patent against, the intended recipients*
19 *or any affiliated persons;*

20 “(B) *the communications seek compensation*
21 *on account of activities undertaken after the pat-*
22 *ent has expired;*

23 “(C) *the communications seek compensation*
24 *for a patent that has been held to be invalid or*
25 *unenforceable in a final judicial or administra-*

1 *tive proceeding that is unappealable or for which*
2 *any opportunity for appeal is no longer avail-*
3 *able;*

4 “(D) *the communications seek compensation*
5 *for activities by the recipient that the sender*
6 *knows do not infringe the patent because such*
7 *activities are authorized by the patentee;*

8 “(E) *the communications falsely represent*
9 *that an investigation of the recipient’s alleged*
10 *infringement has occurred; or*

11 “(F) *the communications falsely represent*
12 *that litigation has been filed against, or a license*
13 *has been paid by, persons similarly situated to*
14 *the recipient; or*

15 “(3) *the content of the written communications*
16 *is likely to materially mislead a reasonable recipient*
17 *because the content fails to include facts reasonably*
18 *necessary to inform the recipient—*

19 “(A) *of the identity of the person asserting*
20 *a right to license the patent to, or enforce the*
21 *patent against, the intended recipient or any af-*
22 *filiated person;*

23 “(B) *of the patent issued by the United*
24 *States Patent and Trademark Office alleged to*
25 *have been infringed; and*

1 “(C) if infringement or the need to pay
2 compensation for a license is alleged, of an iden-
3 tification of at least one product, service, or other
4 activity of the recipient that is alleged to in-
5 fringe the identified patent or patents and, un-
6 less the information is not readily accessible, an
7 explanation of the basis for such allegation.

8 “(c) *ENFORCEMENT BY FEDERAL TRADE COMMIS-*
9 *SION.—*

10 “(1) *POWERS OF COMMISSION.—The Federal*
11 *Trade Commission shall enforce this section in the*
12 *same manner, by the same means, and with the same*
13 *jurisdiction, powers, and duties as though all applica-*
14 *ble terms and provisions of the Federal Trade Com-*
15 *mission Act (15 U.S.C. 41 et seq.) were incorporated*
16 *into and made a part of this section.*

17 “(2) *PRIVILEGES AND IMMUNITIES.—Any person*
18 *who engages in an act or practice described in sub-*
19 *section (b) shall be subject to the penalties and enti-*
20 *tled to the privileges and immunities provided in the*
21 *Federal Trade Commission Act (15 U.S.C. 41 et seq.).*

22 “(d) *AUTHORITY PRESERVED.—Nothing in this sec-*
23 *tion shall be construed to—*

1 “(1) *limit, modify, or expand the authority of*
 2 *the Federal Trade Commission under any other pro-*
 3 *vision of law; or*

4 “(2) *alter any defense currently available under*
 5 *the Federal Trade Commission Act (15 U.S.C. 41 et*
 6 *seq.).”.*

7 **(b) TECHNICAL AND CONFORMING AMENDMENT.**—*The*
 8 *table of sections for chapter 29 of title 35, United States*
 9 *Code, as amended by section 8, is amended by inserting*
 10 *after the item relating to section 299C the following:*

 “299D. *Bad-faith demand letters.*”.

11 **SEC. 10. TRANSPARENCY OF PATENT TRANSFER.**

12 **(a) PATENT AND TRADEMARK OFFICE PRO-**
 13 **CEEDINGS.**—

14 **(1) IN GENERAL.**—*Chapter 26 of title 35, United*
 15 *States Code, is amended by inserting after section 261*
 16 *the following:*

17 **“§261A. Disclosure of information relating to patent**
 18 **ownership**

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

20 **“(1) PERIOD OF NONCOMPLIANCE.**—*The term*
 21 *‘period of noncompliance’ refers to a period of time*
 22 *during which the assignee or the ultimate parent enti-*
 23 *ty of an assignee of a patent has not been disclosed*
 24 *to the United States Patent and Trademark Office in*
 25 *accordance with this section.*

1 “(2) *ULTIMATE PARENT ENTITY.*—

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

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

10 “(b) *REQUIREMENT TO DISCLOSE ASSIGNMENT.*—*An*
11 *assignment of all substantial rights in an issued patent*
12 *shall be recorded in the Patent and Trademark Office—*

13 “(1) *not later than the date on which the patent*
14 *is issued; and*

15 “(2) *when any subsequent assignment is made*
16 *that results in a change to the ultimate parent enti-*
17 *ty—*

18 “(A) *not later than 3 months after the date*
19 *on which such assignment is made; or*

20 “(B) *in the case of an assignment made as*
21 *part of a corporate acquisition that meets the re-*
22 *porting thresholds under section 7A(a)(2) of the*
23 *Clayton Act (15 U.S.C. 18a(a)(2)), not later*
24 *than 6 months after the closing date of such ac-*
25 *quisition.*

1 “(c) *DISCLOSURE REQUIREMENTS.*—A disclosure
2 under subsection (b) shall include the name of the assignee
3 and the ultimate parent entity of the assignee.

4 “(d) *FAILURE TO COMPLY.*—In a civil action in which
5 a party asserts a claim for infringement of a patent, if there
6 was a failure to comply with subsection (b) for the patent—

7 “(1) the party asserting infringement of the pat-
8 ent may not recover increased damages under section
9 284 or attorney fees under section 285 with respect to
10 infringing activities taking place during any period
11 of noncompliance, unless the denial of such damages
12 or fees would be manifestly unjust; and

13 “(2) the court shall award to a prevailing ac-
14 cused infringer reasonable attorney fees and expenses
15 incurred in discovering the identity of any undis-
16 closed entity required to be disclosed under subsection
17 (b), unless such sanctions would be manifestly un-
18 just.”.

19 “(2) *APPLICABILITY.*—The amendment made by
20 paragraph (1) shall apply to any patent for which a
21 notice of allowance is issued on or after the date of
22 enactment of this Act.

23 “(3) *CONFORMING AMENDMENT.*—The table of sec-
24 tions for chapter 26 of title 35, United States Code,

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

 “261A. Disclosure of information relating to patent ownership.”.

3 (b) *REGULATIONS.—The Director may promulgate*
 4 *such regulations as are necessary to establish a registration*
 5 *fee in an amount sufficient to recover the estimated costs*
 6 *of administering section 261A of title 35, United States*
 7 *Code, as added by subsection (a), to facilitate the collection*
 8 *and maintenance of the information required by the amend-*
 9 *ments made by this section and section 3(b) of this Act,*
 10 *and to ensure the timely disclosure of such information to*
 11 *the public.*

12 **SEC. 11. INTER PARTES REVIEW AND POST-GRANT PRO-**
 13 **CEEDINGS.**

14 (a) *AMENDMENTS TO CHAPTER 31.—Chapter 31 of*
 15 *title 35, United States Code, is amended—*

16 (1) *in section 313—*

17 (A) *by striking “If an” and inserting “(a)*

18 *IN GENERAL.—If an”;* and

19 (B) *by adding at the end the following:*

20 “(b) *SUPPORTING EVIDENCE.—A preliminary re-*
 21 *sponse filed under subsection (a) may be supported by affi-*
 22 *davits or declarations of supporting evidence and opinions,*
 23 *or such other information as the Director may require by*
 24 *regulation. The petitioner may seek leave to file a reply to*

1 *respond to new issues raised in the preliminary response,*
2 *within a time period set by the Director.”;*

3 *(2) in section 314—*

4 *(A) in subsection (a)—*

5 *(i) by striking “The Director” and in-*
6 *serting the following:*

7 *“(1) The Director”;*

8 *(ii) by inserting “and any reply” after*
9 *“any response”; and*

10 *(iii) by adding at the end the fol-*
11 *lowing:*

12 *“(2) The Director may choose not to institute a*
13 *proceeding under this section if the Director deter-*
14 *mines that institution would not serve the interests of*
15 *justice. In making this determination, the Director*
16 *shall consider, among other appropriate factors,*
17 *whether the grounds of unpatentability on prior art*
18 *or arguments set forth in the petition are the same or*
19 *substantially the same as those considered and de-*
20 *ecided in a prior judicial proceeding, or in a prior*
21 *proceeding before the Office involving the same claim*
22 *or claims (including a decision by the Director not to*
23 *institute a proceeding under this chapter), and wheth-*
24 *er there is another proceeding or matter involving the*
25 *same patent pending before the Office.*

1 “(3) *An inter partes review shall not be insti-*
2 *tuted on the basis that the evidentiary standard before*
3 *the Office differs from the evidentiary standard that*
4 *was used in a proceeding before a court of the United*
5 *States to adjudicate the claim or claims challenged in*
6 *the petition.”; and*

7 *(B) in subsection (b)—*

8 *(i) in paragraph (1), by striking “re-*
9 *ceiving a preliminary response to the peti-*
10 *tion” and inserting “receiving the last of a*
11 *preliminary response to the petition or a*
12 *reply”;* and

13 *(ii) in paragraph (2)—*

14 *(I) by striking “is filed, the” and*
15 *inserting “is filed or reply is requested,*
16 *the”;* and

17 *(II) by inserting “or reply may be*
18 *requested” after “may be filed”;*

19 *(3) in section 315—*

20 *(A) by amending subsection (b) to read as*
21 *follows:*

22 “*(b) PATENT OWNER’S ACTION.—An inter partes re-*
23 *view may not be instituted with respect to a particular*
24 *claim of a patent if the petition requesting the proceeding*
25 *is filed more than 1 year after the date on which the peti-*

1 *tioner, real party in interest, or privy of the petitioner is*
2 *served with a complaint alleging infringement of that pat-*
3 *ent claim. The time limitation set forth in the preceding*
4 *sentence shall not apply to a request for joinder under sub-*
5 *section (c).”;*

6 *(B) in subsection (c), by adding at the end*
7 *the following: “A petitioner may petition to add*
8 *additional patent claims in an instituted inter*
9 *partes review in which the petitioner is a party,*
10 *if such petition is made within 1 year after the*
11 *date on which that petitioner, or the real party*
12 *in interest or privy of that petitioner, is served*
13 *with an amended complaint or other paper in a*
14 *pending litigation for the first time alleging in-*
15 *fringement by one or more of them of those pat-*
16 *ent claims to be added.”; and*

17 *(C) in subsection (e), by adding at the end*
18 *the following:*

19 *“(3) REPRESENTATION BY EITHER PARTY.—A*
20 *party in an inter partes review of a claim in a pat-*
21 *ent under this chapter, or the real party in interest*
22 *or privy of such party, shall be bound in a subsequent*
23 *proceeding before the Office or civil action in a court*
24 *of the United States by any representations regarding*
25 *claim construction made by the party during the*

1 *inter partes* review with respect to the prosecution
2 history of the patent that were finally adopted by the
3 Office in deciding the *inter partes* review.”; and

4 (4) in section 316—

5 (A) in subsection (a)—

6 (i) in paragraph (5), by redesignating
7 subparagraphs (A) and (B) as clauses (i)
8 and (ii), respectively, and by adjusting the
9 margins accordingly;

10 (ii) by redesignating paragraphs (1)
11 through (13) as subparagraphs (A) through
12 (M), respectively, and adjusting the margins
13 accordingly;

14 (iii) by striking “The Director shall
15 prescribe regulations—” and inserting the
16 following:

17 “(1) *IN GENERAL.*—The Director shall prescribe
18 regulations—”;

19 (iv) by amending subparagraph (J), as
20 redesignated, to read as follows:

21 “(J) providing either party with the right
22 to have testimony (including cross examination
23 of adverse witnesses) heard live by the panel de-
24 ciding the review where the panel finds that such
25 testimony would facilitate resolution of the case

1 *because genuine issues of material fact, con-*
2 *flicting expert opinions, or issues of witness*
3 *credibility exist, followed by an oral hearing be-*
4 *fore that panel as part of the proceeding;”;*

5 *(v) in subparagraph (L), as redesign-*
6 *ated, by striking “and”;*

7 *(vi) in subparagraph (M), as redesign-*
8 *ated, by striking the period at the end and*
9 *inserting the following: “, including not less*
10 *than 1 meaningful opportunity to respond*
11 *to any substitute claim offered as an*
12 *amendment to the patent under subsection*
13 *(d);”;* and

14 *(vii) by adding at the end the fol-*
15 *lowing:*

16 *“(N) providing that for all purposes under*
17 *this chapter—*

18 *“(i) each claim of a patent shall be*
19 *construed as such claim would be in a civil*
20 *action to invalidate a patent under section*
21 *282(b), including construing each claim of*
22 *the patent in accordance with the ordinary*
23 *and customary meaning of such claim as*
24 *understood by one of ordinary skill in the*

1 *art and the prosecution history pertaining*
2 *to the patent; and*

3 “(ii) *if a court of the United States has*
4 *previously construed the claim or a claim*
5 *term, or made a determination as to the*
6 *patent’s validity, in a proceeding or an ac-*
7 *tion in which the patent owner was a*
8 *party, the Office shall consider such claim*
9 *construction or determination; and*

10 “(O) *requiring that all decisions of the Pat-*
11 *ent Trial and Appeal Board in its proceedings*
12 *be available to the public in an easily accessible,*
13 *searchable form.*

14 “(2) *REQUIREMENTS.—The regulations pre-*
15 *scribed under paragraph (1)(I) shall provide that—*

16 “(A) *an amendment to propose 1 or more*
17 *substitute claims shall be made in the patent*
18 *holder’s first paper following institution (other*
19 *than a request for rehearing) and not later than*
20 *30 days after the institution of the proceeding,*
21 *unless otherwise agreed to by the parties;*

22 “(B) *any substitute claim must narrow the*
23 *scope of the cancelled claim and may not intro-*
24 *duce new subject matter;*

1 “(C) any amendment shall respond to a
2 ground of unpatentability involved in the trial;

3 “(D) the petitioner shall have a meaningful
4 opportunity to file a written response as to
5 whether the substitute claim meets the require-
6 ments of subparagraphs (A) through (C) and
7 whether the substitute claim is unpatentable; and

8 “(E) if a substitute claim meets the require-
9 ments of subparagraphs (A) through (C), the pe-
10 titioner shall have the burden of proving a prop-
11 osition of unpatentability of the substitute claim
12 by a preponderance of the evidence.”;

13 (B) in subsection (b), by inserting “the in-
14 terests in clarity in scope and reliance on intel-
15 lectual property rights,” after “patent system,”;
16 and

17 (C) in subsection (e)—

18 (i) by striking “In an inter partes”
19 and inserting “(1) IN GENERAL.—In an
20 inter partes”;

21 (ii) by striking “the petitioner” and
22 inserting “the challenged patent shall be
23 presumed to be valid. The petitioner”; and

24 (iii) by adding at the end the fol-
25 lowing:

1 “(2) *RULE OF CONSTRUCTION.*—*Nothing in this*
 2 *subsection shall be construed to impact the operation*
 3 *of section 282(a) in proceedings in a court of the*
 4 *United States.”.*

5 (b) *AMENDMENTS TO CHAPTER 32.*—*Chapter 32 of*
 6 *title 35, United States Code, is amended—*

7 (1) *in section 323—*

8 (A) *by striking “If a post-grant” and in-*
 9 *serting “(a) IN GENERAL.—If a post-grant”; and*

10 (B) *by adding at the end the following:*

11 “(b) *SUPPORTING EVIDENCE.*—*A preliminary re-*
 12 *sponse filed under subsection (a) may be supported by affi-*
 13 *davits or declarations of supporting evidence and opinions,*
 14 *or such other information as the Director may require by*
 15 *regulation. The petitioner may seek leave to file a reply to*
 16 *respond to new issues raised in the preliminary response,*
 17 *within a time period set by the Director.”;*

18 (2) *in section 324—*

19 (A) *in subsection (a)—*

20 (i) *by striking “The Director” and in-*
 21 *serting the following:*

22 “(1) *The Director*”; *and*

23 (ii) *by adding at the end the following:*

24 “(2) *The Director may choose not to institute a*
 25 *proceeding under this section if the Director deter-*

1 *mines that institution would not serve the interests of*
2 *justice. In making this determination, the Director*
3 *shall consider, among other appropriate factors, the*
4 *grounds of unpatentability on prior art or arguments*
5 *set forth in the petition are the same or substantially*
6 *the same as those considered and decided in a prior*
7 *judicial proceeding, or in a prior proceeding before*
8 *the Office involving the same claim or claims (includ-*
9 *ing a decision by the Director not to institute a pro-*
10 *ceeding under this chapter), and whether there is an-*
11 *other proceeding or matter involving the same patent*
12 *pending before the Office.”; and*

13 *(B) in subsection (c)—*

14 *(i) in paragraph (1), by striking “re-*
15 *ceiving a preliminary response to the peti-*
16 *tion” and inserting “receiving the last of a*
17 *preliminary response to the petition or a*
18 *reply”;* and

19 *(ii) in paragraph (2)—*

20 *(I) by striking “is filed, the” and*
21 *inserting “is filed or reply is requested,*
22 *the”;* and

23 *(II) by inserting “or reply may be*
24 *requested” after “may be filed”;*

1 (3) *in section 325(e), by adding at the end the*
2 *following:*

3 “(3) *REPRESENTATIONS BY EITHER PARTY.—A*
4 *party in a post grant review of a claim in a patent*
5 *under this chapter, or the real party in interest or*
6 *privity of such party, shall be bound in a subsequent*
7 *proceeding before the Office or civil action in a court*
8 *of the United States by any representations regarding*
9 *claim construction made by the party during the post*
10 *grant review with respect to the prosecution history of*
11 *the patent that were finally adopted by the Office in*
12 *deciding the post grant review.”; and*

13 (4) *in section 326—*

14 (A) *in subsection (a)—*

15 (i) *by redesignating paragraphs (1)*
16 *through (12) as subparagraphs (A) through*
17 *(L), respectively, and adjusting the margins*
18 *accordingly;*

19 (ii) *by striking “The Director shall*
20 *prescribe regulations—” and inserting the*
21 *following:*

22 “(1) *IN GENERAL.—The Director shall prescribe*
23 *regulations—”;*

24 (iii) *by amending subparagraph (J),*
25 *as redesignated, to read as follows:*

1 “(J) providing either party with the right
2 to have testimony (including cross examination
3 of adverse witnesses) heard live by the panel de-
4 ciding the review where the panel finds that such
5 testimony would facilitate resolution of the case
6 because genuine issues of material fact, con-
7 flicting expert opinions, or issues of witness
8 credibility exist, followed by an oral hearing be-
9 fore that panel as part of the proceeding;”;

10 (iv) in subparagraph (K), as redesign-
11 nated, by striking “and” at the end;

12 (v) in subparagraph (L), as redesign-
13 nated, by striking the period at the end and
14 inserting the following: “, including not less
15 than 1 meaningful opportunity to respond
16 to any substitute claim offered as an
17 amendment to the patent under subsection
18 (d);”; and

19 (vi) by adding at the end the following:

20 “(M) providing that for all purposes under
21 this chapter—

22 “(i) each claim of a patent shall be
23 construed as such claim would be in a civil
24 action to invalidate a patent under section
25 282(b), including construing each claim of

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

6 “(ii) *if a court of the United States has*
7 *previously construed the claim or a claim*
8 *term, or made a determination as to the*
9 *patent’s validity, in a proceeding or an ac-*
10 *tion in which the patent owner was a*
11 *party, the Office shall consider such claim*
12 *construction or determination; and*

13 “(N) *requiring that all decisions of the Pat-*
14 *ent Trial and Appeal Board in its proceedings*
15 *be available to the public in an easily accessible,*
16 *searchable form.*

17 “(2) *REQUIREMENTS.—The regulations pre-*
18 *scribed under paragraph (1)(I) shall provide that—*

19 “(A) *an amendment to propose 1 or more*
20 *substitute claims shall be made in the patent*
21 *holder’s first paper following institution (other*
22 *than a request for a rehearing) and not later*
23 *than 30 days after the institution of the pro-*
24 *ceeding, unless otherwise agreed to by the parties;*

1 “(B) any substitute claim must narrow the
2 scope of the cancelled claim and may not intro-
3 duce new subject matter;

4 “(C) any amendment shall respond to a
5 ground of unpatentability involved in the trial;

6 “(D) the petitioner shall have a meaningful
7 opportunity to file a written response as to
8 whether the substitute claim meets the require-
9 ments of subparagraphs (A) through (C) and
10 whether the substitute claim is unpatentable; and

11 “(E) if a substitute claim meets the require-
12 ments of subparagraphs (A) through (C), the pe-
13 titioner shall have the burden of proving a propo-
14 sition of unpatentability of the substitute claim
15 by a preponderance of the evidence.”;

16 (B) in subsection (b), by inserting “the in-
17 terests in clarity in scope and reliance on intel-
18 lectual property rights,” after “patent system,”;
19 and

20 (C) in subsection (e)—

21 (i) by striking “In a post-grant” and
22 inserting “(1) IN GENERAL.—In a post-
23 grant”;

1 (ii) by striking “the petitioner” and
2 inserting “the challenged patent shall be
3 presumed to be valid. The petitioner”; and

4 (iii) by adding at the end the fol-
5 lowing:

6 “(2) *RULE OF CONSTRUCTION.*—Nothing in this
7 subsection shall be construed to impact the operation
8 of section 282(a) in proceedings in a court of the
9 United States.”.

10 (c) *DIRECTOR REQUIREMENTS.*—

11 (1) *THREE-MEMBER PANELS.*—Not later than 1
12 year after the date of enactment of this Act, the Direc-
13 tor shall prescribe regulations governing the composi-
14 tion of panels convened to adjudicate a post-grant re-
15 view or inter partes review under section 6 of title 35,
16 United States Code, to ensure that the panel adjudi-
17 cating such proceeding consists of not more than 1 in-
18 dividual, if any, who participated in the decision to
19 institute such proceeding. Such regulations may pre-
20 scribe that the decision to institute a proceeding shall
21 be made by designees of the Director other than mem-
22 bers of the Patent Trial and Appeal Board.

23 (2) *REPRESENTATIONS TO THE OFFICE.*—

24 (A) *REGULATIONS.*—Not later than 1 year
25 after the date of enactment of this Act, the Direc-

1 *tor shall issue regulations to make clear that an*
2 *attorney or unrepresented party presenting a*
3 *statement, petition, or other submission to the*
4 *Office does so under an obligation substantially*
5 *similar to the obligations contained in rule 11 of*
6 *the Federal Rules of Civil Procedure.*

7 *(B) INTERACTION WITH EXISTING RULES.—*
8 *Regulations promulgated under this paragraph*
9 *shall not be construed to undermine or otherwise*
10 *limit existing regulations governing professional*
11 *conduct before the Office, including regulations*
12 *recognizing the duty of candor and good faith,*
13 *the duty to disclose in a proceeding under section*
14 *311 or 321 of title 35, United States Code, infor-*
15 *mation that is inconsistent with a position ad-*
16 *vanced by the party during such proceeding, and*
17 *the duty to disclose information material to pat-*
18 *entability.*

19 *(d) EFFECTIVE DATE.—*

20 *(1) IN GENERAL.—Except as provided in para-*
21 *graph (2), the Director shall, not later than the date*
22 *that is 1 year after the date of enactment of this Act,*
23 *issue regulations implementing the amendments made*
24 *by this section to chapters 31 and 32 of title 35,*
25 *United States Code.*

1 (2) *EXCEPTION.*—*The Director shall, not later*
2 *than the date that is 6 months after the date of enact-*
3 *ment of this Act, issue regulations implementing the*
4 *amendments made by this section to paragraph (10)*
5 *of sections 316(a) and 326(a) of title 35, United*
6 *States Code, the amendment adding paragraph (14)*
7 *to section 316(a) of title 35, United States Code, and*
8 *the amendment adding paragraph (13) to section*
9 *326(a) of title 35, United States Code.*

10 (3) *REGULATIONS.*—*The regulations issued*
11 *under this section shall take effect on the date on*
12 *which they are issued and shall apply to all pro-*
13 *ceedings under chapters 31 and 32 of title 35, United*
14 *States Code, for which a petition for review under*
15 *section 311 or 321 of title 35, United States Code, is*
16 *filed on or after such date of issuance.*

17 **SEC. 12. PROTECTION OF INTELLECTUAL PROPERTY LI-**
18 **CENSES IN BANKRUPTCY.**

19 (a) *IN GENERAL.*—*Section 1522 of title 11, United*
20 *States Code, is amended by adding at the end the following:*

21 “(e) *Section 365(n) shall apply to cases under this*
22 *chapter. If the foreign representative rejects or repudiates*
23 *a contract under which the debtor is a licensor of intellec-*
24 *tual property, the licensee under such contract shall be enti-*

1 *led to make the election and exercise the rights described*
 2 *in section 365(n).”.*

3 (b) *TRADEMARKS.—*

4 (1) *AMENDMENT.—Section 101(35A) of title 11,*
 5 *United States Code, is amended—*

6 (A) *in subparagraph (E), by striking “or”;*

7 (B) *in subparagraph (F), by adding “or” at*
 8 *the end; and*

9 (C) *by adding after subparagraph (F) the*
 10 *following new subparagraph:*

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

15 (2) *CONFORMING AMENDMENT.—Section*
 16 *365(n)(2) of title 11, United States Code, is amend-*
 17 *ed—*

18 (A) *in subparagraph (B)—*

19 (i) *by striking “royalty payments” and*
 20 *inserting “royalty or other payments”; and*

21 (ii) *by striking “and” after the semi-*
 22 *colon;*

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

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

3 “(D) in the case of a trademark, service
4 mark, or trade name, the licensee shall not be re-
5 lieved of any of its obligations to maintain the
6 quality of the products and services offered under
7 or in connection with the licensed trademark,
8 service mark, or trade name, and the trustee
9 shall retain the right to oversee and enforce qual-
10 ity control for said products and/or services.”.

11 (c) *EFFECTIVE DATE.*—The amendments made by this
12 section shall take effect on the date of enactment of this Act
13 and shall apply to any case that is pending on, or for which
14 a petition or complaint is filed on or after, such date of
15 enactment.

16 **SEC. 13. SMALL BUSINESS EDUCATION, OUTREACH, AND IN-**
17 **FORMATION ACCESS.**

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

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

23 (2) *SMALL BUSINESS PATENT OMBUDSMAN.*—The
24 existing small business patent outreach programs of
25 the Office, in consultation with the relevant offices at

1 *the Small Business Administration and the Minority*
2 *Business Development Agency, shall provide edu-*
3 *cation and awareness regarding resources available*
4 *for those persons responding to allegations of patent*
5 *infringement.*

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

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

15 *(A) information disclosed under section*
16 *261A of title 35, United States Code, as added*
17 *by section 10, and section 281B(b) of title 35,*
18 *United States Code, as added by section 3; and*

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

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

1 **SEC. 14. STUDIES ON PATENT TRANSACTIONS, QUALITY,**
2 **AND EXAMINATION.**

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

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

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

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

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

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

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

10 (b) *STUDY ON PATENT SMALL CLAIMS PROCEDURE*.—
11 *DURES.*—

12 (1) *STUDY REQUIRED.*—

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

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

1 (i) *the necessary criteria for using*
2 *small claims procedures;*

3 (ii) *the costs that would be incurred for*
4 *establishing, maintaining, and operating*
5 *such a pilot program; and*

6 (iii) *the steps that would be taken to*
7 *ensure that the procedures used in the pilot*
8 *program are not misused for abusive patent*
9 *litigation.*

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

19 (c) *STUDY ON BUSINESS METHOD PATENT QUAL-*
20 *ITY.—*

21 (1) *GAO STUDY.—The Comptroller General of*
22 *the United States shall, using existing resources, con-*
23 *duct a study on the volume and nature of litigation*
24 *involving business method patents.*

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

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

17 **SEC. 15. TECHNICAL CORRECTIONS TO THE LEAHY-SMITH**
18 **AMERICA INVENTS ACT AND OTHER IM-**
19 **PROVEMENTS.**

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

23 (b) *PTO PATENT REVIEWS.*—

24 (1) *CLARIFICATION.*—

1 (A) *SCOPE OF PRIOR ART.*—Section
2 18(a)(1)(C)(i) of the Leahy-Smith America In-
3 vents Act (35 U.S.C. 321 note) is amended by
4 striking “section 102(a)” and inserting “sub-
5 section (a) or (e) of section 102”.

6 (B) *EFFECTIVE DATE.*—The amendment
7 made by subparagraph (A) shall take effect on
8 the date of the enactment of this Act and shall
9 apply to any proceeding pending on, or filed on
10 or after, such date of enactment.

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

16 (c) *TECHNICAL CORRECTIONS.*—

17 (1) *NOVELTY.*—

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

23 (B) *EFFECTIVE DATE.*—The amendment
24 made by subparagraph (A) shall be effective as
25 if included in the amendment made by section

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

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

4 (A) *REQUIREMENT TO EXECUTE*.—Section
5 115(a) of title 35, *United States Code*, is amend-
6 ed in the second sentence by striking “shall exe-
7 cute” and inserting “may be required by the Di-
8 rector to execute”.

9 (B) *EFFECTIVE DATE*.—The amendment
10 made by subparagraph (A) shall be effective as
11 if included in the amendment made by section
12 4(a)(1) of the *Leahy-Smith America Invents Act*
13 (*Public Law 112–29*).

14 (3) *ASSIGNEE FILERS*.—

15 (A) *BENEFIT OF EARLIER FILING DATE;*
16 *RIGHT OF PRIORITY*.—Section 119(e)(1) of title
17 35, *United States Code*, is amended, in the first
18 sentence, by striking “by an inventor or inven-
19 tors named” and inserting “that names the in-
20 ventor or a joint inventor”.

21 (B) *BENEFIT OF EARLIER FILING DATE IN*
22 *THE UNITED STATES*.—Section 120 of title 35,
23 *United States Code*, is amended, in the first sen-
24 tence, by striking “names an inventor or joint

1 *inventor” and inserting “names the inventor or*
2 *a joint inventor”.*

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

9 (4) *DERIVED PATENTS.*—

10 (A) *AMENDMENT.*—*Section 291(b) of title*
11 *35, United States Code, is amended by striking*
12 *“or joint inventor” and inserting “or a joint in-*
13 *ventor”.*

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

19 (5) *SPECIFICATION.*—*Notwithstanding section*
20 *4(e) of the Leahy-Smith America Invents Act (Public*
21 *Law 112–29; 125 Stat. 297), the amendments made*
22 *by subsections (c) and (d) of section 4 of such Act*
23 *shall apply to any proceeding or matter that is pend-*
24 *ing on, or filed on or after, the date of the enactment*
25 *of this Act.*

1 (6) *TIME LIMIT FOR COMMENCING MISCONDUCT*
2 *PROCEEDINGS.*—

3 (A) *AMENDMENT.*—*The fourth sentence of*
4 *section 32 of title 35, United States Code, is*
5 *amended by striking “1 year” and inserting “18*
6 *months”.*

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

12 (7) *PATENT OWNER RESPONSE.*—

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

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

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

1 (8) *GLOBAL WORKSHARING*.—Section 122 of title
2 35, *United States Code*, is amended—

3 (A) in subsection (a), by striking “sub-
4 section (b)” and inserting “subsections (b) and
5 (f)”; and

6 (B) by adding at the end the following:

7 “(f) *FOREIGN OR INTERNATIONAL FILING*.—The Direc-
8 tor may provide information concerning an application for
9 a patent to a foreign country or international intergovern-
10 mental organization if a corresponding application is filed
11 in such foreign country or with such international intergov-
12 ernmental organization. If the corresponding application is
13 an international application, such information may also
14 be provided to an International Searching Authority, an
15 International Preliminary Examining Authority, and the
16 International Bureau (as defined in section 351).”.

17 (9) *APPOINTMENTS CLARIFICATION*.—Section
18 3(b)(3) of title 35, *United State Code*, is amended—

19 (A) by redesignating subparagraphs (A)
20 and (B) as subparagraphs (B) and (C), respec-
21 tively;

22 (B) by inserting before subparagraph (B),
23 as redesignated, the following:

24 “(A) nominate, for appointment by the Sec-
25 retary of Commerce, such officers as the Director

1 *considers necessary to carry out the functions of*
2 *the Office and who may exercise any authority*
3 *delegated by the Director or a Commissioner;”;*
4 *and*

5 *(C) in subparagraph (B), as redesignated,*
6 *by striking “officers, employees (including attor-*
7 *neys),” and inserting “employees (including at-*
8 *torneys)”.*

9 (10) *PUBLIC ADVISORY COMMITTEES.*—*Section*
10 *5(h) of title 35, United States Code, is amended by*
11 *inserting before the period at the end the following: “,*
12 *except that members of each Advisory Committee shall*
13 *be considered to be serving on an advisory committee*
14 *within the meaning of the Federal Advisory Com-*
15 *mittee Act for purposes of section 208(b)(3) of title*
16 *18”.*

17 (11) *ELECTRONIC FILING TIMEZONE ALIGN-*
18 *MENT.*—

19 (A) *AMENDMENT.*—*Section 21 of title 35,*
20 *United States Code, is amended by—*

21 (i) *redesignating subsection (b) as sub-*
22 *section (c), and*

23 (ii) *inserting after subsection (a) the*
24 *following:*

1 “(b) *The Director may by rule prescribe that any*
 2 *paper or fee required to be filed in the United States Patent*
 3 *and Trademark Office will be considered filed in the Office*
 4 *on the date on which it is submitted using the electronic*
 5 *filing system prescribed by the Director or would have been*
 6 *submitted but for filing system interruptions or emergencies*
 7 *designated by the Director.”.*

8 (B) *EFFECTIVE DATE.*—*The amendments*
 9 *made by this paragraph shall take effect on the*
 10 *date that is 1 year after the date of enactment*
 11 *of this Act and shall apply to papers or fees that*
 12 *are filed on or after that effective date.*

13 (d) *MANAGEMENT OF THE UNITED STATES PATENT*
 14 *AND TRADEMARK OFFICE.*—

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

18 (A) *by striking “be vested with the author-*
 19 *ity to act in the capacity of the” and inserting*
 20 *“serve as Acting”; and*

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

23 (2) *EFFECTIVE DATE.*—*The amendments made*
 24 *by paragraph (1) shall take effect on the date of en-*
 25 *actment of this Act and shall apply with respect to*

1 *appointments and vacancies occurring before, on, or*
2 *after the date of enactment of this Act.*

3 (e) *EXTENSION OF FEE SETTING AUTHORITY.*—Sec-
4 *tion 10(i)(2) of the Leahy-Smith America Invents Act (Pub-*
5 *lic Law 112–29; 125 Stat. 319) is amended by striking “7-*
6 *year” and inserting “14-year”.*

7 (f) *PATENTS FOR HUMANITY PROGRAM.*—

8 (1) *SHORT TITLE.*—*This subsection may be cited*
9 *as the “Patents for Humanity Program Improvement*
10 *Act”.*

11 (2) *TRANSFERABILITY OF ACCELERATION CER-*
12 *TIFICATES.*—*A holder of an acceleration certificate*
13 *issued pursuant to the Patents for Humanity Pro-*
14 *gram (established in the notice entitled “Humanitarian*
15 *Awards Pilot Program”, published at 77 Fed.*
16 *Reg. 6544 (February 8, 2012)), or any successor*
17 *thereto, of the United States Patent and Trademark*
18 *Office, may transfer (including by sale) the entitle-*
19 *ment to such acceleration certificate to another per-*
20 *son.*

21 (3) *REQUIREMENT.*—*An acceleration certificate*
22 *transferred under paragraph (1) shall be subject to*
23 *any other applicable limitations under the notice en-*
24 *titled “Humanitarian Awards Pilot Program”, pub-*

1 *lished at 77 Fed. Reg. 6544 (February 8, 2012), or*
2 *any successor thereto.*

3 **SEC. 16. INSTITUTIONS OF HIGHER EDUCATION AND NON-**
4 **PROFIT RESEARCH.**

5 *Section 123(d) of title 35, United States Code, is*
6 *amended to read as follows:*

7 *“(d) INSTITUTIONS OF HIGHER EDUCATION AND NON-*
8 *PROFIT RESEARCH ORGANIZATIONS.—For purposes of this*
9 *section, a micro entity shall include an applicant who cer-*
10 *tifies that—*

11 *“(1) the applicant’s employer, from which the*
12 *applicant obtains the majority of the applicant’s in-*
13 *come, is an institution of higher education as defined*
14 *in section 101(a) of the Higher Education Act of 1965*
15 *(20 U.S.C. 1001(a)), or a comparable organization*
16 *outside the United States;*

17 *“(2) the applicant has assigned, granted, con-*
18 *veyed, or is under an obligation by contract or law,*
19 *to assign, grant, or convey, a license or other owner-*
20 *ship interest in the particular applications to such an*
21 *institution of higher education;*

22 *“(3) the applicant is an institution of higher*
23 *education as defined in section 101(a) of the Higher*
24 *Education Act of 1965 (20 U.S.C. 1001(a)), or a com-*
25 *parable organization outside the United States;*

1 “(4) the applicant is an organization described
2 in section 501(c)(3) of the Internal Revenue Code of
3 1986 and exempt from taxation under section 501(a)
4 of such Code, or a comparable organization outside
5 the United States, that holds title to patents and pat-
6 ent applications on behalf of such an institution of
7 higher education for the purpose of facilitating com-
8 mercialization of the technologies of the patents and
9 patent applications; or

10 “(5) the applicant is an organization described
11 in section 501(c)(3) of the Internal Revenue Code of
12 1986 and exempt from taxation under section 501(a)
13 of such Code and certifies that—

14 “(A) the applicant performs, at least in
15 part, research or development activities for the
16 Federal Government; or

17 “(B) the applicant has assigned, granted, or
18 conveyed, or is under an obligation by contract
19 or law to assign, grant, or convey, a license or
20 other ownership interest in the particular appli-
21 cations to an organization described in section
22 501(c)(3) of the Internal Revenue Code of 1986
23 and exempt from taxation under section 501(a)
24 of such Code that performs, at least in part, re-

1 *search or development activities for the Federal*
2 *Government.”.*

3 **SEC. 17. EFFECTIVE DATE.**

4 *Except as otherwise provided in this Act, this Act and*
5 *the amendments made by this Act shall take effect on the*
6 *date of enactment of this Act, and shall apply to any patent*
7 *issued, or any action filed, on or after that date.*

8 **SEC. 18. SEVERABILITY.**

9 *If any provision of this Act, or an amendment made*
10 *by this Act, or the application of such provision or amend-*
11 *ment to any person or circumstance, is held to be invalid,*
12 *the remainder of this Act, or an amendment made by this*
13 *Act, or the application of such provision to other persons*
14 *or circumstances, shall not be affected.*

Calendar No. 203

114TH CONGRESS
1ST Session

S. 1137

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.

SEPTEMBER 8, 2015

Reported with an amendment