

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

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”.

7 (b) TABLE OF CONTENTS.—The table of contents for
8 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. Protection of intellectual property licenses in bankruptcy.
 Sec. 12. Small business education, outreach, and information access.
 Sec. 13. Studies on patent transactions, quality, and examination.
 Sec. 14. Technical corrections to the Leahy-Smith America Invents Act and other improvements.
 Sec. 15. Effective date.
 Sec. 16. Severability.

1 **SEC. 2. DEFINITIONS.**

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

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

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

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

15 (b) PLEADING REQUIREMENTS.—

16 (1) AMENDMENT.—Chapter 29 of title 35,
 17 United States Code, is amended by inserting after
 18 section 281 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 identi-
20 fied under paragraph (3), an identification with par-
21 ticularity, 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
8 are alleged to contribute to or induce the direct in-
9 fringement.

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
15 (a) are not met with respect to such count or counts. The
16 fact that a party pleads in accordance with subsection (c)
17 shall not be a basis for dismissal if the party nonetheless
18 states a plausible claim for relief sufficient under the Fed-
19 eral Rules of Civil Procedure.

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

1 of that information, along with a statement as to why the
2 information 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 sub-
7 ject to the pleading requirements set forth in this section.

8 “(e) CONFIDENTIAL INFORMATION.—A party re-
9 quired to disclose information described under subsection
10 (a) may file information believed to be confidential under
11 seal, with a motion setting forth good cause for such seal-
12 ing. If such motion is denied by the court, the party may
13 seek to file 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)(2).

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 pat-
23 ents, the right of a person to receive pro-
24 ceeds from the assertion of the patent or

1 patents, including a fixed or variable por-
2 tion of such proceeds; and

3 “(ii) with regard to the patentee, di-
4 rect or indirect ownership or control by a
5 person of more than 20 percent of the pat-
6 entee; and

7 “(B) does not mean—

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

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

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

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

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

3 “(b) EARLY DISCLOSURE REQUIREMENTS.—Not-
4 withstanding the requirements of section 299B, a patentee
5 shall disclose to the court and each adverse party, not later
6 than 14 days after the date on which the patentee serves
7 or files the pleading subject to the requirements of section
8 281A—

9 “(1) the identity of each—

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

12 “(B) entity with a right to sublicense to
13 unaffiliated entities or to enforce the patent or
14 patents at issue, and any ultimate parent entity
15 thereof; and

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

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

21 “(ii) the patentee, and any ultimate
22 parent entity thereof; and

23 “(2) for each patent that the patentee alleges to
24 be infringed—

1 “(A) a list of each complaint, counterclaim,
2 or cross-claim filed by the patentee or an affil-
3 iate thereof in the United States during the 3-
4 year period preceding the date of the filing of
5 the action, and any other complaint, counter-
6 claim, or cross-claim filed in the United States
7 during that period of which the patentee has
8 knowledge, that asserts or asserted such patent,
9 including—

10 “(i) the caption;

11 “(ii) civil action number;

12 “(iii) the court where the action was
13 filed; and

14 “(iv) if applicable, any court to which
15 the action was transferred;

16 “(B) a statement as to whether the patent
17 is subject to an assurance made by the party to
18 a standards development organization to license
19 others under such patent if—

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

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

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

4 “(c) DISCLOSURE OF FINANCIAL INTEREST.—

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

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

16 “(A) in the case of a partnership, the
17 name of the partnership, the address of the
18 principal place of business, and the name and
19 correspondence address of the registered agent;

20 “(B) in the case of a corporation, the
21 name of the corporation, the location of incor-
22 poration, and the address of the principal place
23 of business; and

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

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

8 “(e) CONFIDENTIAL INFORMATION.—

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

14 “(2) HOME ADDRESS INFORMATION.—For pur-
 15 poses of this section, the home address of an indi-
 16 vidual shall be considered to be confidential informa-
 17 tion.”.

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

“281A. Pleading requirements for patent infringement actions.

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

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

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

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

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

7 **“§ 299A. Customer stay**

8 “(a) DEFINITIONS.—In this section—

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

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

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

23 “(2) the term ‘covered manufacturer’ means a
24 person who manufactures or supplies, or causes the

1 manufacture or supply of, a covered product or cov-
2 ered process, or a relevant part thereof;

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

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

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

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

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

22 “(6) the term ‘retailer’ means an entity that
23 generates its revenues predominately through the
24 sale to the public of consumer goods or services, or
25 an affiliate of such entity, but shall not include an

1 entity that manufactures or causes the manufacture
2 of a covered product or covered process or a relevant
3 part thereof; and

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

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

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

21 “(2) the covered customer agrees to be bound
22 as to issues determined in an action described in
23 paragraph (1) without a full and fair opportunity to
24 separately litigate any such issue, but only as to

1 those issues for which all other elements of the com-
2 mon law doctrine of issue preclusion are met; and

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

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

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

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

20 “(d) LIFT OF STAY.—

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

24 “(A) the action involving the covered man-
25 ufacturer will not resolve major issues in the

1 suit against the covered customer, such as that
2 a covered product or covered process identified
3 in the motion to lift the stay is not a material
4 part of the claimed invention or inventions in
5 the patent or patents in dispute; or

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

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

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

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

23 “(2) fails to prosecute to a final, non-appealable
24 judgment a final decision as to one or more of the
25 issues that gave rise to the stay,

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

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

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

“299A. Customer stay.”.

16 **SEC. 5. DISCOVERY LIMITS.**

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

20 **“§ 299B. Discovery in patent infringement action**

21 “(a) DISCOVERY IN PATENT INFRINGEMENT AC-
 22 TION.—

23 “(1) IN GENERAL.—Except as provided in sub-
 24 sections (b) and (c), in a civil action arising under
 25 any Act of Congress relating to patents, discovery

1 shall be stayed during the pendency of 1 or more
2 motions described in paragraph (2) if the motion or
3 motions were filed prior to the first responsive plead-
4 ing.

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

7 “(A) a motion to dismiss;

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

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

10 “(b) DISCRETION TO EXPAND SCOPE OF DIS-
11 COVERY.—

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

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

23 “(c) EXCLUSION FROM DISCOVERY LIMITATION.—

24 “(1) VOLUNTARY EXCLUSION.—The parties to
25 an action described in subsection (a) may voluntarily

1 consent to be excluded, in whole or in part, from the
2 limitation on discovery under subsection (a).

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

6 “(d) RULES OF CONSTRUCTION.—

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

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

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

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

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

1 **SEC. 6. PROCEDURES AND PRACTICES TO IMPLEMENT REC-**
2 **COMMENDATIONS OF THE JUDICIAL CON-**
3 **FERENCE.**

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

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

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

18 (A) **DISCOVERY OF CORE DOCUMENTARY**
19 **EVIDENCE.—**To what extent each party to the
20 action is entitled to receive core documentary
21 evidence and should be responsible for the costs
22 of producing core documentary evidence within
23 the possession or control of each such party,
24 and to what extent each party to the action
25 may seek noncore documentary discovery as

1 otherwise provided in the Federal Rules of Civil
2 Procedure.

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

10 (C) ADDITIONAL DOCUMENT DISCOVERY.—
11 The manner and extent to which the following
12 should apply:

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

21 (ii) REQUIREMENTS FOR ADDITIONAL
22 DOCUMENT DISCOVERY.—Unless the par-
23 ties mutually agree otherwise, no party
24 may be permitted additional document dis-
25 covery unless such a party posts a bond, or

1 provides other security, in an amount suffi-
2 cient to cover the expected costs of such
3 additional document discovery, or makes a
4 showing to the court that such party has
5 the financial capacity to pay the costs of
6 such additional document discovery.

7 (iii) GOOD CAUSE MODIFICATION.—A
8 court, upon motion and for good cause
9 shown, may modify the requirements of
10 subparagraphs (A) and (B) and any defini-
11 tion under paragraph (3). Not later than
12 30 days after the pretrial conference under
13 rule 16 of the Federal Rules of Civil Pro-
14 cedure, the parties shall jointly submit any
15 proposed modifications of the requirements
16 of subparagraphs (A) and (B) and any def-
17 inition under paragraph (3), unless the
18 parties do not agree, in which case each
19 party shall submit any proposed modifica-
20 tion of such party and a summary of the
21 disagreement over the modification.

22 (iv) COMPUTER CODE.—A court, upon
23 motion and for good cause shown, may de-
24 termine that computer code should be in-
25 cluded in the discovery of core documen-

1 tary evidence. The discovery of computer
2 code shall occur after the parties have ex-
3 changed initial disclosures and other core
4 documentary evidence.

5 (D) DISCOVERY SEQUENCE AND SCOPE.—

6 The manner and extent to which the parties
7 shall discuss and address in the written report
8 filed pursuant to rule 26(f) of the Federal
9 Rules of Civil Procedure the views and pro-
10 posals of each party on the following:

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

13 (ii) Whether additional document dis-
14 covery will be sought under subparagraph
15 (C).

16 (iii) Any issues about infringement,
17 invalidity, or damages that, if resolved be-
18 fore the additional discovery described in
19 subparagraph (C) commences, might sim-
20 plify or streamline the case.

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

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

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

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

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

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

19 (a) SENSE OF CONGRESS.—It is the sense of Con-
20 gress that, in patent cases, reasonable attorney fees should
21 be paid by a non-prevailing party whose litigation position
22 or conduct is not objectively reasonable. As the Supreme
23 Court wrote in adopting this legal standard in the context
24 of fee shifting under section 1447 of title 28, United
25 States Code, this standard is intended to strike a balance;

1 in patent cases, a more appropriate balance between pro-
2 tecting the right of a patent holder to enforce its patent
3 on the one hand, and deterring abuses in patent litigation
4 and threats thereof on the other.

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

7 **“§ 285. Fees and other expenses**

8 “(a) AWARD.—In connection with a civil action in
9 which any party asserts a claim for relief arising under
10 any Act of Congress relating to patents, upon motion by
11 a prevailing party, the court shall determine whether the
12 position of the non-prevailing party was objectively reason-
13 able in law and fact, and whether the conduct of the non-
14 prevailing party was objectively reasonable. If the court
15 finds that the position of the non-prevailing party was not
16 objectively reasonable in law or fact or that the conduct
17 of the non-prevailing party was not objectively reasonable,
18 the court shall award reasonable attorney fees to the pre-
19 vailing party unless special circumstances would make an
20 award unjust.

21 “(b) COVENANT NOT TO SUE.—A party to a civil ac-
22 tion who asserts a claim for relief arising under any Act
23 of Congress relating to patents against another party, and
24 who subsequently unilaterally (i) seeks dismissal of the ac-
25 tion without consent of the other party and (ii) extends

1 to such other party a covenant not to sue for infringement
2 with respect to the patent or patents at issue, may be the
3 subject of a motion for attorney fees under subsection (a)
4 as if it were a non-prevailing party, unless the party as-
5 serting such claim would have been entitled, at the time
6 that such covenant was extended, to dismiss voluntarily
7 the action without a court order under rule 41 of the Fed-
8 eral Rules of Civil Procedure, or the interests of justice
9 require otherwise.

10 “(c) RECOVERY OF AWARD.—

11 “(1) CERTIFICATION; DISCLOSURE OF INTER-
12 ESTED PARTIES.—

13 “(A) INITIAL STATEMENT.—A party de-
14 fending against a claim of infringement may
15 file, not later than 14 days before a scheduling
16 conference is to be held or a scheduling order
17 is due under rule 16(b) of the Federal Rules of
18 Civil Procedure, a statement that such party
19 holds a good faith belief, based on publicly-
20 available information and any other information
21 known to such party, that the primary business
22 of the party alleging infringement is the asser-
23 tion and enforcement of patents or the licensing
24 resulting therefrom.

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

5 “(i) establishes and certifies to the
6 court, under oath, that it will have suffi-
7 cient funds available to satisfy any award
8 of reasonable attorney fees under this sec-
9 tion if an award is assessed;

10 “(ii) demonstrates that its primary
11 business is not the assertion and enforce-
12 ment of patents or the licensing resulting
13 therefrom;

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

17 “(iv) states that it has no such inter-
18 ested parties.

19 A party alleging infringement shall have an on-
20 going obligation to supplement its certification
21 under this subparagraph within 30 days after a
22 material change to the information provided in
23 its certification.

24 “(C) NOTICE TO INTERESTED PARTY.—A
25 party that files a certification under subpara-

1 graph (B)(iii) shall, prior to filing the certifi-
2 cation, provide each identified interested party
3 actual notice in writing by service of notice in
4 any district where the interested party may be
5 found, such that jurisdiction shall be estab-
6 lished over each interested party to the action
7 for purposes of enforcing an award of attorney
8 fees under this section, consistent with the Con-
9 stitution of the United States. The notice shall
10 identify the action, the parties, the patents at
11 issue, and the interest qualifying the party to
12 be an interested party. The notice shall inform
13 the recipient that the recipient may be held ac-
14 countable under this subsection for any award
15 of attorney fees, or a portion thereof, resulting
16 from the action in the event the party alleging
17 infringement cannot satisfy the full amount of
18 such an award, unless the recipient renounces
19 its interest pursuant to subparagraph (E) or is
20 otherwise exempt from the applicability of this
21 subsection.

22 “(D) ACCOUNTABILITY FOR INTERESTED
23 PARTIES.—Any interested parties who are time-
24 ly served with actual notice pursuant to sub-
25 paragraph (C) and do not renounce their inter-

1 ests pursuant to subparagraph (E) or are not
2 otherwise exempt from the applicability of this
3 subsection may be held accountable for any
4 fees, or a portion thereof, awarded under this
5 section in the event that the party alleging in-
6 fringement cannot satisfy the full amount of the
7 award. If a true and correct certification under
8 clause (i) or (ii) of subparagraph (B) is timely
9 filed with the court, interested parties shall not
10 be subject to this subparagraph.

11 “(E) RENUNCIATION OF INTEREST.—Any
12 recipient of a notice under subparagraph (C)
13 may submit a statement of renunciation of in-
14 terest in a binding document with notice to the
15 court and parties in the action not later than
16 120 days after receipt of the notice under sub-
17 paragraph (C). The statement shall be required
18 to renounce only such interest as would qualify
19 the recipient as an interested party.

20 “(F) INSTITUTIONS OF HIGHER EDU-
21 CATION EXCEPTION.—Any institution of higher
22 education (as defined in section 101(a) of the
23 Higher Education Act of 1965 (20 U.S.C.
24 1001(a)) or under equivalent laws in foreign ju-
25 risdictions), or a non-profit technology transfer

1 organization whose primary purpose is to facili-
2 tate the commercialization of technologies devel-
3 oped by 1 or more institutions of higher edu-
4 cation, may exempt itself from the applicability
5 of this subsection by filing a certification that
6 it qualifies for the exception provided for in this
7 subparagraph with the court and providing no-
8 tice to the parties.

9 “(G) INTEREST OF JUSTICE EXCEPTION.—

10 Any recipient of a notice under subparagraph
11 (C) may intervene in the action for purposes of
12 contesting its identification as an interested
13 party or its liability under this subsection, and
14 a court may exempt any party identified as an
15 interested party from the applicability of this
16 subsection as the interest of justice requires.

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

19 “(A) means a person who has a substantial
20 financial interest related to the proceeds from
21 any settlement, license, or damages award re-
22 sulting from the enforcement of the patent in
23 the action by the party alleging infringement;

24 “(B) does not include an attorney or law
25 firm providing legal representation in the action

1 if the sole basis for the financial interest of the
2 attorney or law firm in the outcome of the ac-
3 tion arises from the attorney or law firm’s re-
4 ceipt of compensation reasonably related to the
5 provision of the legal representation;

6 “(C) does not include a person who has as-
7 signed all right, title, and interest in a patent,
8 except for passive receipt of income, to an enti-
9 ty described in paragraph (1)(F), or who has a
10 right to receive any portion of such passive in-
11 come; and

12 “(D) does not include a person who would
13 be an interested party under subparagraph (A)
14 but whose financial interest is based solely on
15 an equity or security interest established when
16 the party alleging infringement’s primary busi-
17 ness was not the assertion and enforcement of
18 patents or the licensing resulting therefrom.

19 “(d) CLAIMS UNDER SECTION 271(e).—

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

23 “(2) AWARD IN CERTAIN CLAIMS UNDER SEC-
24 TION 271(e).—In a civil action that includes a claim
25 for relief arising under section 271(e), the court may

1 in exceptional cases award reasonable attorney fees
2 to the prevailing party.”.

3 (c) CONFORMING AMENDMENT AND AMENDMENT.—

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

“285. Fees and other expenses.”.

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

11 (d) EFFECTIVE DATE.—The amendments made by
12 this section shall take effect on the date of enactment of
13 this Act and shall apply to any action filed on or after
14 such date.

15 **SEC. 8. REQUIREMENT OF CLARITY AND SPECIFICITY IN**
16 **DEMAND LETTERS.**

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

20 **“§ 299C. Pre-suit written notice**

21 “(a) APPLICABILITY.—Subsection (b) shall not
22 apply—

23 “(1) to written communication between par-
24 ties—

1 “(A) regarding existing licensing agree-
2 ments;

3 “(B) as part of an ongoing licensing nego-
4 tiation, provided that the initial written notice
5 complied with the requirements of subsection
6 (b) of this section; or

7 “(C) sent after the initial written notice,
8 provided that the initial written notice complied
9 with the requirements of subsection (b) of this
10 section; or

11 “(2) if the court determines it is in the interest
12 of justice to waive the requirements of subsection
13 (b).

14 “(b) WRITTEN NOTIFICATION REQUIREMENTS.—

15 “(1) IN GENERAL.—In a civil action alleging in-
16 fringement of a patent in which the plaintiff has
17 provided written notice of the accusation of infringe-
18 ment to the party accused of infringement prior to
19 filing the action, the initial written notice shall con-
20 tain the information required under paragraph (2)
21 or be subject to paragraph (3).

22 “(2) REQUIRED INFORMATION PROVIDED IN
23 INITIAL WRITTEN NOTICE.—The initial written no-
24 tice described in paragraph (1) shall contain, at a
25 minimum—

1 “(A) an identification of—

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

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

6 “(B) an identification of each product,
7 process, apparatus, or chemical composition, in-
8 cluding any manufacturer thereof, that is be-
9 lieved to infringe one or more claims of each
10 patent under subparagraph (A);

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

14 “(D) notice to the intended recipient that
15 the intended recipient may have the right to a
16 stay of any suit in accordance with section
17 299A;

18 “(E) the identity of any person with the
19 right to enforce each patent under subpara-
20 graph (A); and

21 “(F) if compensation is proposed, a short
22 and plain statement as to how that proposed
23 compensation was determined.

24 “(3) ADDITIONAL TIME TO RESPOND.—If the
25 initial written notice provided to the defendant prior

1 to the filing of the civil action did not contain the
2 information required by paragraph (2), the defend-
3 ant’s time to respond to the complaint shall be ex-
4 tended by an additional 30 days.”.

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

“299C. Pre-suit written notice.”.

9 (c) WILLFUL INFRINGEMENT.—Section 284 of title
10 35, United States Code, is amended—

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

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

18 (3) by inserting after subsection (b), as des-
19 igned by subparagraph (B), the following:

20 “(c) WILLFUL INFRINGEMENT.—A claimant seeking
21 to establish willful infringement may not rely on evidence
22 of pre-suit notification of infringement unless that notifi-
23 cation complies with the standards set out in section
24 299C(b)(2).”; and

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

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

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

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

13 **“§ 299D. Bad-faith demand letters**

14 “(a) DEFINITION.—In this section, the term ‘affili-
15 ated person’ means a person affiliated with the intended
16 recipient of a written communication.

17 “(b) CIVIL PENALTIES FOR CERTAIN UNFAIR OR DE-
18 CEPTIVE ACTS OR PRACTICES IN CONNECTION WITH
19 ABUSIVE DEMAND LETTERS.—A person who commits an
20 unfair or deceptive act or practice within the meaning of
21 section 5(a)(1) of the Federal Trade Commission Act (15
22 U.S.C. 45(a)(1)), in connection with the assertion of a
23 United States patent, and who engages in the widespread
24 sending of written communications representing that the
25 intended recipients, or any persons affiliated with those

1 recipients, are or may be infringing, or have or may have
2 infringed, the patent and may bear liability or owe com-
3 pensation to another, shall be deemed to have violated a
4 rule defining an unfair or deceptive act or practice de-
5 scribed under section 18(a)(1)(B) of the Federal Trade
6 Commission Act (15 U.S.C. 57a(a)(1)(B)) if—

7 “(1)(A) the communications falsely—

8 “(i) represent that administrative or judi-
9 cial relief has been sought against the recipient
10 or others; or

11 “(ii) threaten litigation if compensation is
12 not paid, the infringement issue is not other-
13 wise resolved, or the communication is not re-
14 sponded to; and

15 “(B) there is a pattern of false statements or
16 threats described in subparagraph (A) having been
17 made without litigation or other relief then having
18 been pursued;

19 “(2) the assertions contained in the commu-
20 nications lack a reasonable basis in fact or law, be-
21 cause—

22 “(A) the person asserting the patent is not
23 a person, or does not represent a person, with
24 the current right to license the patent to, or to

1 enforce the patent against, the intended recipi-
2 ents or any affiliated persons;

3 “(B) the communications seek compensa-
4 tion on account of activities undertaken after
5 the patent has expired;

6 “(C) the communications seek compensa-
7 tion for a patent that has been held to be in-
8 valid or unenforceable in a final judicial or ad-
9 ministrative proceeding that is unappealable or
10 for which any opportunity for appeal is no
11 longer available;

12 “(D) the communications seek compensa-
13 tion for activities by the recipient that the send-
14 er knows do not infringe the patent because
15 such activities are authorized by the patentee;

16 “(E) the communications falsely represent
17 that an investigation of the recipient’s alleged
18 infringement has occurred; or

19 “(F) the communications falsely state that
20 litigation has been filed against, or a license has
21 been paid by persons similarly situated to the
22 recipient; or

23 “(3) the content of the written communications
24 is likely to materially mislead a reasonable recipient

1 because the content fails to include facts reasonably
2 necessary to inform the recipient—

3 “(A) of the identity of the person asserting
4 a right to license the patent to, or enforce the
5 patent against, the intended recipient or any af-
6 filiated person;

7 “(B) of the patent issued by the United
8 States Patent and Trademark Office alleged to
9 have been infringed; and

10 “(C) if infringement or the need to pay
11 compensation for a license is alleged, of an
12 identification of at least one product, service, or
13 other activity of the recipient that is alleged to
14 infringe the identified patent or patents and,
15 unless the information is not readily accessible,
16 an explanation of the basis for such allegation.

17 “(c) ENFORCEMENT BY FEDERAL TRADE COMMIS-
18 SION.—

19 “(1) POWERS OF COMMISSION.—The Federal
20 Trade Commission shall enforce this section in the
21 same manner, by the same means, and with the
22 same jurisdiction, powers, and duties as though all
23 applicable terms and provisions of the Federal Trade
24 Commission Act (15 U.S.C. 41 et seq.) were incor-
25 porated into and made a part of this section.

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

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

 “299D. Bad-faith demand letters.”.

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

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

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

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

20 “(a) DEFINITIONS.—In this section:

21 “(1) PERIOD OF NONCOMPLIANCE.—The term
 22 ‘period of noncompliance’ refers to a period of time
 23 during which the assignee or the ultimate parent en-
 24 tity of an assignee of a patent has not been disclosed

1 to the United States Patent and Trademark Office
2 in accordance with this section.

3 “(2) ULTIMATE PATENT ENTITY.—

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

9 “(B) MODIFICATION OF DEFINITION.—The
10 Director may by regulation modify the defini-
11 tion of the term ‘ultimate parent entity’.

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

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

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

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

22 “(B) in the case of an assignment made as
23 part of a corporate acquisition that meets the
24 reporting thresholds under section 7A(a)(2) of
25 the Clayton Act (15 U.S.C. 18a(a)(2)), not

1 later than 6 months after the closing date of
2 such acquisition.

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

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

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

17 “(2) the court shall award to a prevailing ac-
18 cused infringer reasonable attorney fees and ex-
19 penses incurred in discovering the identity of any
20 undisclosed entity required to be disclosed under
21 subsection (b), unless such sanctions would be mani-
22 festly unjust.”.

23 (2) APPLICABILITY.—The amendment made by
24 paragraph (1) shall apply to any patent for which a

1 notice of allowance is issued on or after the date of
2 enactment of this Act.

3 (3) CONFORMING AMENDMENT.—The table of
4 sections for chapter 26 of title 35, United States
5 Code, is amended by adding at the end the following
6 new item:

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

7 (b) REGULATIONS.—The Director may promulgate
8 such regulations as are necessary to establish a registra-
9 tion fee in an amount sufficient to recover the estimated
10 costs of administering section 261A of title 35, United
11 States Code, as added by subsection (a), to facilitate the
12 collection and maintenance of the information required by
13 the amendments made by this section and section 3(b) of
14 this Act, and to ensure the timely disclosure of such infor-
15 mation to the public.

16 **SEC. 11. PROTECTION OF INTELLECTUAL PROPERTY LI-**
17 **CENSES IN BANKRUPTCY.**

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

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

1 entitled to make the election and exercise the rights de-
2 scribed in section 365(n).”.

3 (b) TRADEMARKS.—

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

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

7 (B) in subparagraph (F), by adding “or”
8 at 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
13 of the Act of July 5, 1946 (commonly referred
14 to as the ‘Trademark Act of 1946’ (15 U.S.C.
15 1127));”.

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

19 (A) in subparagraph (B)—

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

22 and

23 (ii) by striking “and” after the semi-
24 colon;

1 (B) in subparagraph (C), by striking the
 2 period at the end of clause (ii) and inserting “;
 3 and”; and

4 (C) by adding at the end the following new
 5 subparagraph:

6 “(D) in the case of a trademark, service
 7 mark, or trade name, the licensee shall not be
 8 relieved of any of its obligations to maintain the
 9 quality of the products and services offered
 10 under or in connection with the licensed trade-
 11 mark, service mark or trade name, and the
 12 trustee shall retain the right to oversee and en-
 13 force quality control for said products and/or
 14 services.”.

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

20 **SEC. 12. SMALL BUSINESS EDUCATION, OUTREACH, AND IN-**
 21 **FORMATION ACCESS.**

22 (a) SMALL BUSINESS EDUCATION AND OUT-
 23 REACH.—

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

1 cational resources for small businesses to address
2 concerns arising from patent infringement.

3 (2) SMALL BUSINESS PATENT OMBUDSMAN.—

4 The existing small business patent outreach pro-
5 grams of the Office, in consultation with the relevant
6 offices at the Small Business Administration and the
7 Minority Business Development Agency, shall pro-
8 vide education and awareness regarding resources
9 available for those persons responding to allegations
10 of patent infringement.

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

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

20 (A) information disclosed under section
21 261A of title 35, United States Code, as added
22 by section 10, and section 281B(b) of title 35,
23 United States Code, as added by section 3; and

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

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

5 **SEC. 13. STUDIES ON PATENT TRANSACTIONS, QUALITY,**
6 **AND EXAMINATION.**

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

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

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

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

23 (C) to examine licensing and other over-
24 sight requirements that may be placed on the
25 patent secondary market, including on the par-

1 participants in such markets, to ensure that the
2 market is a level playing field and that brokers
3 in the market have the requisite expertise and
4 adhere to ethical business practices; and

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

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

14 (b) STUDY ON PATENT SMALL CLAIMS PROCE-
15 DURES.—

16 (1) STUDY REQUIRED.—

17 (A) IN GENERAL.—The Director of the
18 Administrative Office of the United States
19 Courts, in consultation with the Director of the
20 Federal Judicial Center and the United States
21 Patent and Trademark Office, shall, using ex-
22 isting resources, conduct a study to examine the
23 idea of developing a pilot program for patent
24 small claims procedures in certain judicial dis-

1 tricts within the existing patent pilot program
2 mandated by Public Law 111–349.

3 (B) CONTENTS OF STUDY.—The study
4 under subparagraph (A) shall examine—

5 (i) the necessary criteria for using
6 small claims procedures;

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

10 (iii) the steps that would be taken to
11 ensure that the procedures used in the
12 pilot program are not misused for abusive
13 patent litigation.

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

23 (c) STUDY ON BUSINESS METHOD PATENT QUAL-
24 ITY.—

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

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

11 (3) REPORT TO CONGRESS.—Not later than 1
12 year after the date of enactment of this Act, the
13 Comptroller General shall submit to the Committee
14 on the Judiciary of the House of Representatives
15 and the Committee on the Judiciary of the Senate
16 a report on the findings and recommendations from
17 the study required by this subsection, including rec-
18 ommendations for any changes to laws or regula-
19 tions that the Comptroller General considers appro-
20 priate on the basis of the study.

21 **SEC. 14. TECHNICAL CORRECTIONS TO THE LEAHY-SMITH**
22 **AMERICA INVENTS ACT AND OTHER IM-**
23 **PROVEMENTS.**

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

1 (b) PTO PATENT REVIEWS.—

2 (1) CLARIFICATION.—

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

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

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

18 (c) TECHNICAL CORRECTIONS.—

19 (1) NOVELTY.—

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

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

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

7 (A) REQUIREMENT TO EXECUTE.—Section
8 115(a) of title 35, United States Code, is
9 amended in the second sentence by striking
10 “shall execute” and inserting “may be required
11 by the Director to execute”.

12 (B) EFFECTIVE DATE.—The amendment
13 made by subparagraph (A) shall be effective as
14 if included in the amendment made by section
15 4(a)(1) of the Leahy-Smith America Invents
16 Act (Public Law 112–29).

17 (3) ASSIGNEE FILERS.—

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

24 (B) BENEFIT OF EARLIER FILING DATE IN
25 THE UNITED STATES.—Section 120 of title 35,

1 United States Code, is amended, in the first
2 sentence, by striking “names an inventor or
3 joint inventor” and inserting “names the inven-
4 tor or a joint inventor”.

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

11 (4) DERIVED PATENTS.—

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

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

21 (5) SPECIFICATION.—Notwithstanding section
22 4(e) of the Leahy-Smith America Invents Act (Pub-
23 lic Law 112–29; 125 Stat. 297), the amendments
24 made by subsections (c) and (d) of section 4 of such
25 Act shall apply to any proceeding or matter that is

1 pending on, or filed on or after, the date of the en-
2 actment of this Act.

3 (6) TIME LIMIT FOR COMMENCING MISCONDUCT
4 PROCEEDINGS.—

5 (A) AMENDMENT.—The fourth sentence of
6 section 32 of title 35, United States Code, is
7 amended by striking “1 year” and inserting
8 “18 months”.

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

14 (7) PATENT OWNER RESPONSE.—

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

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

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

4 (d) MANAGEMENT OF THE UNITED STATES PATENT
5 AND TRADEMARK OFFICE.—

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

9 (A) by striking “be vested with the author-
10 ity to act in the capacity of the” and inserting
11 “serve as Acting,”; and

12 (B) by inserting before the period “or in
13 the event of a vacancy in the office of the Di-
14 rector.”.

15 (2) EFFECTIVE DATE.—The amendments made
16 by paragraph (1) shall take effect on the date of en-
17 actment of this Act and shall apply with respect to
18 appointments and vacancies occurring before, on, or
19 after the date of enactment of this Act.

20 **SEC. 15. EFFECTIVE DATE.**

21 Except as otherwise provided in this Act, the provi-
22 sions of this Act shall take effect on the date of enactment
23 of this Act, and shall apply to any patent issued, or any
24 action filed, on or after that date.

1 **SEC. 16. SEVERABILITY.**

2 If any provision of this Act, or an amendment made
3 by this Act, or the application of such provision or amend-
4 ment to any person or circumstance, is held to be invalid,
5 the remainder of this Act, or an amendment made by this
6 Act, or the application of such provision to other persons
7 or circumstances, shall not be affected.

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