

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

# H. R. 3309

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IN THE SENATE OF THE UNITED STATES

DECEMBER 9, 2013

Received; read twice and referred to the Committee on the Judiciary

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## AN ACT

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,*

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

2 (a) SHORT TITLE.—This Act may be cited as the  
3 “Innovation Act”.

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

- Sec. 1. Short title; table of contents.
- Sec. 2. Definitions.
- Sec. 3. Patent infringement actions.
- Sec. 4. Transparency of patent ownership.
- Sec. 5. Customer-suit exception.
- Sec. 6. Procedures and practices to implement recommendations of the Judicial  
Conference.
- Sec. 7. Small business education, outreach, and information access.
- Sec. 8. Studies on patent transactions, quality, and examination.
- Sec. 9. Improvements and technical corrections to the Leahy-Smith America In-  
vents Act.
- Sec. 10. Effective date.

6 **SEC. 2. DEFINITIONS.**

7 In this Act:

8 (1) DIRECTOR.—The term “Director” means  
9 the Under Secretary of Commerce for Intellectual  
10 Property and Director of the United States Patent  
11 and Trademark Office.

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

14 **SEC. 3. PATENT INFRINGEMENT ACTIONS.**

15 (a) 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.—Except as pro-  
4 vided in subsection (b), in a civil action in which a party  
5 asserts a claim for relief arising under any Act of Con-  
6 gress relating to patents, a party alleging infringement  
7 shall include in the initial complaint, counterclaim, or  
8 cross-claim for patent infringement, unless the informa-  
9 tion is not reasonably accessible to such party, the fol-  
10 lowing:

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

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

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

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

24 “(A) the name or model number of each  
25 accused instrumentality; or

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

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

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

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

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

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

21          “(8) A clear and concise description of the prin-  
22          cipal business, if any, of the party alleging infringe-  
23          ment.

24          “(9) A list of each complaint filed, of which the  
25          party alleging infringement has knowledge, that as-

1 serts or asserted any of the patents identified under  
2 paragraph (1).

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

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

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

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

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

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

8       (b) FEES AND OTHER EXPENSES.—

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

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

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

21       “(b) CERTIFICATION AND RECOVERY.—Upon motion  
22 of any party to the action, the court shall require another  
23 party to the action to certify whether or not the other  
24 party will be able to pay an award of fees and other ex-  
25 penses if such an award is made under subsection (a). If

1 a nonprevailing party is unable to pay an award that is  
2 made against it under subsection (a), the court may make  
3 a party that has been joined under section 299(d) with  
4 respect to such party liable for the unsatisfied portion of  
5 the award.

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

18 (2) CONFORMING AMENDMENT AND AMEND-  
19 MENT.—

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

“285. Fees and other expenses.”.

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

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

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

13 “(d) JOINDER OF INTERESTED PARTIES.—

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



1           “(2) LIMITATION ON JOINDER.—

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

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

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

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

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

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

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

1 it has been provided actual notice, within 30 days  
2 after the date on which it has been identified in the  
3 initial disclosure provided under section 290(b), that  
4 it has been so identified and that such party may  
5 therefore be an interested party subject to joinder  
6 under this subsection. Such notice shall be provided  
7 by the party who subsequently moves to join the in-  
8 terested party under paragraph (1), and shall in-  
9 clude language that—

10 “(A) identifies the action, the parties  
11 thereto, the patent or patents at issue, and the  
12 pleading or other paper that identified the  
13 party under section 290(b); and

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

18 “(i) fees and other expenses are  
19 awarded in the action against the party al-  
20 leging infringement of the patent or pat-  
21 ents at issue under section 285(a);

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

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

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

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

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

19           “(B) has a right, including a contingent  
20          right, to enforce or sublicense the patent or pat-  
21          ents at issue; or

22           “(C) has a direct financial interest in the  
23          patent or patents at issue, including the right  
24          to any part of an award of damages or any part

1 of licensing revenue, except that a person with  
2 a direct financial interest does not include—

3 “(i) an attorney or law firm providing  
4 legal representation in the civil action de-  
5 scribed in paragraph (1) if the sole basis  
6 for the financial interest of the attorney or  
7 law firm in the patent or patents at issue  
8 arises from the attorney or law firm’s re-  
9 ceipt of compensation reasonably related to  
10 the provision of the legal representation; or

11 “(ii) a person whose sole financial in-  
12 terest in the patent or patents at issue is  
13 ownership of an equity interest in the  
14 party alleging infringement, unless such  
15 person also has the right or ability to influ-  
16 ence, direct, or control the civil action.”.

17 (d) DISCOVERY LIMITS.—

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

21 **“§ 299A. Discovery in patent infringement action**

22 “(a) DISCOVERY IN PATENT INFRINGEMENT AC-  
23 TION.—Except as provided in subsections (b) and (c), in  
24 a civil action arising under any Act of Congress relating  
25 to patents, if the court determines that a ruling relating

1 to the construction of terms used in a patent claim as-  
2 serted in the complaint is required, discovery shall be lim-  
3 ited, until such ruling is issued, to information necessary  
4 for the court to determine the meaning of the terms used  
5 in the patent claim, including any interpretation of those  
6 terms used to support the claim of infringement.

7 “(b) DISCRETION TO EXPAND SCOPE OF DIS-  
8 COVERY.—

9 “(1) TIMELY RESOLUTION OF ACTIONS.—In the  
10 case of an action under any provision of Federal law  
11 (including an action that includes a claim for relief  
12 arising under section 271(e)), for which resolution  
13 within a specified period of time of a civil action  
14 arising under any Act of Congress relating to pat-  
15 ents will necessarily affect the rights of a party with  
16 respect to the patent, the court shall permit dis-  
17 covery, in addition to the discovery authorized under  
18 subsection (a), before the ruling described in sub-  
19 section (a) is issued as necessary to ensure timely  
20 resolution of the action.

21 “(2) RESOLUTION OF MOTIONS.—When nec-  
22 essary to resolve a motion properly raised by a party  
23 before a ruling relating to the construction of terms  
24 described in subsection (a) is issued, the court may  
25 allow limited discovery in addition to the discovery

1 authorized under subsection (a) as necessary to re-  
2 solve the motion.

3 “(3) SPECIAL CIRCUMSTANCES.—In special cir-  
4 cumstances that would make denial of discovery a  
5 manifest injustice, the court may permit discovery,  
6 in addition to the discovery authorized under sub-  
7 section (a), as necessary to prevent the manifest in-  
8 justice.

9 “(4) ACTIONS SEEKING RELIEF BASED ON COM-  
10 PETITIVE HARM.—The limitation on discovery pro-  
11 vided under subsection (a) shall not apply to an ac-  
12 tion seeking a preliminary injunction to redress  
13 harm arising from the use, sale, or offer for sale of  
14 any allegedly infringing instrumentality that com-  
15 petes with a product sold or offered for sale, or a  
16 process used in manufacture, by a party alleging in-  
17 fringement.

18 “(c) EXCLUSION FROM DISCOVERY LIMITATION.—  
19 The parties may voluntarily consent to be excluded, in  
20 whole or in part, from the limitation on discovery provided  
21 under subsection (a) if at least one plaintiff and one de-  
22 fendant enter into a signed stipulation, to be filed with  
23 and signed by the court. With regard to any discovery ex-  
24 cluded from the requirements of subsection (a) under the  
25 signed stipulation, with respect to such parties, such dis-

1   covery shall proceed according to the Federal Rules of  
2   Civil Procedure.”.

3           (2) CONFORMING AMENDMENT.—The table of  
4   sections for chapter 29 of title 35, United States  
5   Code, is amended by adding at the end the following  
6   new item:

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

7           (e) SENSE OF CONGRESS.—It is the sense of Con-  
8   gress that it is an abuse of the patent system and against  
9   public policy for a party to send out purposely evasive de-  
10   mand letters to end users alleging patent infringement.  
11   Demand letters sent should, at the least, include basic in-  
12   formation about the patent in question, what is being in-  
13   fringed, and how it is being infringed. Any actions or liti-  
14   gation that stem from these types of purposely evasive de-  
15   mand letters to end users should be considered a fraudu-  
16   lent or deceptive practice and an exceptional circumstance  
17   when considering whether the litigation is abusive.

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

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

23           (2) in the second undesignated paragraph, by  
24   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 paragraph (2) of this subsection, the fol-  
5        lowing:

6        “(c) WILLFUL INFRINGEMENT.—A claimant seeking  
7        to establish willful infringement may not rely on evidence  
8        of pre-suit notification of infringement unless that notifi-  
9        cation identifies with particularity the asserted patent,  
10       identifies the product or process accused, identifies the ul-  
11       timate parent entity of the claimant, and explains with  
12       particularity, to the extent possible following a reasonable  
13       investigation or inquiry, how the product or process in-  
14       fringes one or more claims of the patent.”; and

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

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

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

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



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

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

5 (3) by adding at the end the following new sub-  
6 sections:

7 “(b) INITIAL DISCLOSURE.—

8 “(1) IN GENERAL.—Except as provided in para-  
9 graph (2), upon the filing of an initial complaint for  
10 patent infringement, the plaintiff shall disclose to  
11 the Patent and Trademark Office, the court, and  
12 each adverse party the identity of each of the fol-  
13 lowing:

14 “(A) The assignee of the patent or patents  
15 at issue.

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

18 “(C) Any entity, other than the plaintiff,  
19 that the plaintiff knows to have a financial in-  
20 terest in the patent or patents at issue or the  
21 plaintiff.

22 “(D) The ultimate parent entity of any as-  
23 signee identified under subparagraph (A) and  
24 any entity identified under subparagraph (B) or  
25 (C).

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

5           “(c) DISCLOSURE COMPLIANCE.—

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

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

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

22           “(B) in the case of a corporation, the  
23 name of the corporation, the location of incor-  
24 poration, the address of the principal place of

1 business, and the name of each officer of the  
2 corporation; and

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

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

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

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

19 “(A) the plaintiff or subsequent owner  
20 shall not be entitled to recover reasonable fees  
21 and other expenses under section 285 or in-  
22 creased damages under section 284 with respect  
23 to infringing activities taking place during any  
24 period of noncompliance with paragraph (1),

1 unless the denial of such damages or fees would  
2 be manifestly unjust; and

3 “(B) the court shall award to a prevailing  
4 party accused of infringement reasonable fees  
5 and other expenses under section 285 that are  
6 incurred to discover the updated assignee or en-  
7 tity described under paragraph (1), unless such  
8 sanctions would be unjust.

9 “(e) DEFINITIONS.—In this section:

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

12 “(A) means—

13 “(i) with regard to a patent or pat-  
14 ents, the right of a person to receive pro-  
15 ceeds related to the assertion of the patent  
16 or patents, including a fixed or variable  
17 portion of such proceeds; and

18 “(ii) with regard to the plaintiff, di-  
19 rect or indirect ownership or control by a  
20 person of more than 5 percent of such  
21 plaintiff; and

22 “(B) does not mean—

23 “(i) ownership of shares or other in-  
24 terests in a mutual or common investment  
25 fund, unless the owner of such interest

1           participates in the management of such  
2           fund; or

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

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

13           “(3) ULTIMATE PARENT ENTITY.—

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

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

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

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

1 (c) REGULATIONS.—The Director may promulgate  
2 such regulations as are necessary to establish a registra-  
3 tion fee in an amount sufficient to recover the estimated  
4 costs of administering subsections (b) through (e) of sec-  
5 tion 290 of title 35, United States Code, as added by sub-  
6 section (a), to facilitate the collection and maintenance of  
7 the information required by such subsections, and to en-  
8 sure the timely disclosure of such information to the pub-  
9 lic.

10 (d) EFFECTIVE DATE.—The amendments made by  
11 this section shall take effect upon the expiration of the  
12 6-month period beginning on the date of the enactment  
13 of this Act and shall apply to any action for which a com-  
14 plaint is filed on or after such effective date.

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

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

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

19 “(a) STAY OF ACTION AGAINST CUSTOMER.—Except  
20 as provided in subsection (d), in any civil action arising  
21 under any Act of Congress relating to patents, the court  
22 shall grant a motion to stay at least the portion of the  
23 action against a covered customer related to infringement  
24 of a patent involving a covered product or process if the  
25 following requirements are met:

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

3           “(2) The covered manufacturer is a party to  
4 the action or to a separate action involving the same  
5 patent or patents related to the same covered prod-  
6 uct or process.

7           “(3) The covered customer agrees to be bound  
8 by any issues that the covered customer has in com-  
9 mon with the covered manufacturer and are finally  
10 decided as to the covered manufacturer in an action  
11 described in paragraph (2).

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

14           “(A) the 120th day after the date on which  
15 the first pleading in the action is served that  
16 specifically identifies the covered product or  
17 process as a basis for the covered customer’s al-  
18 leged infringement of the patent and that spe-  
19 cifically identifies how the covered product or  
20 process is alleged to infringe the patent; or

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

23           “(b) APPLICABILITY OF STAY.—A stay issued under  
24 subsection (a) shall apply only to the patents, products,

1 systems, or components accused of infringement in the ac-  
2 tion.

3 “(c) LIFT OF STAY.—

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

7 “(A) the action involving the covered man-  
8 ufacturer will not resolve a major issue in suit  
9 against the covered customer; or

10 “(B) the stay unreasonably prejudices and  
11 would be manifestly unjust to the party seeking  
12 to lift the stay.

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

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

24 “(e) CONSENT JUDGMENT.—If, following the grant  
25 of a motion to stay under this section, the covered manu-



1    factorer seeks or consents to entry of a consent judgment  
2    relating to one or more of the common issues that gave  
3    rise to the stay, or declines to prosecute through appeal  
4    a final decision as to one or more of the common issues  
5    that gave rise to the stay, the court may, upon grant of  
6    a motion, determine that such consent judgment or  
7    unappealed final decision shall not be binding on the cov-  
8    ered customer with respect to one or more of such common  
9    issues based on a showing that such an outcome would  
10   unreasonably prejudice and be manifestly unjust to the  
11   covered customer in light of the circumstances of the case.

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

17       “(g) DEFINITIONS.—In this section:

18           “(1) COVERED CUSTOMER.—The term ‘covered  
19   customer’ means a party accused of infringing a pat-  
20   ent or patents in dispute based on a covered product  
21   or process.

22           “(2) COVERED MANUFACTURER.—The term  
23   ‘covered manufacturer’ means a person that manu-  
24   factures or supplies, or causes the manufacture or

1 supply of, a covered product or process or a relevant  
2 part thereof.

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

7 “(A) is alleged to infringe the patent or  
8 patents in dispute; or

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

11 (b) CONFORMING AMENDMENT.—The table of sec-  
12 tions for chapter 29 of title 35, United States Code, is  
13 amended by striking the item relating to section 296 and  
14 inserting the following:

“296. Stay of action against customer.”.

15 (c) EFFECTIVE DATE.—The amendments made by  
16 this section shall take effect on the date of the enactment  
17 of this Act and shall apply to any action for which a com-  
18 plaint is filed on or after the first day of the 30-day period  
19 that ends on that date.

20 **SEC. 6. PROCEDURES AND PRACTICES TO IMPLEMENT REC-**  
21 **COMMENDATIONS OF THE JUDICIAL CON-**  
22 **FERENCE.**

23 (a) JUDICIAL CONFERENCE RULES AND PROCE-  
24 DURES ON DISCOVERY BURDENS AND COSTS.—

1           (1) RULES AND PROCEDURES.—The Judicial  
2 Conference of the United States, using existing re-  
3 sources, shall develop rules and procedures to imple-  
4 ment the issues and proposals described in para-  
5 graph (2) to address the asymmetries in discovery  
6 burdens and costs in any civil action arising under  
7 any Act of Congress relating to patents. Such rules  
8 and procedures shall include how and when payment  
9 for document discovery in addition to the discovery  
10 of core documentary evidence is to occur, and what  
11 information must be presented to demonstrate finan-  
12 cial capacity before permitting document discovery  
13 in addition to the discovery of core documentary evi-  
14 dence.

15           (2) RULES AND PROCEDURES TO BE CONSID-  
16 ERED.—The rules and procedures required under  
17 paragraph (1) should address each of the following  
18 issues and proposals:

19           (A) DISCOVERY OF CORE DOCUMENTARY  
20 EVIDENCE.—Whether and to what extent each  
21 party to the action is entitled to receive core  
22 documentary evidence and shall be responsible  
23 for the costs of producing core documentary  
24 evidence within the possession or control of  
25 each such party, and whether and to what ex-

1           tent each party to the action may seek non-  
2           documentary discovery as otherwise provided in  
3           the Federal Rules of Civil Procedure.

4           (B) ELECTRONIC COMMUNICATION.—If the  
5           parties determine that the discovery of elec-  
6           tronic communication is appropriate, whether  
7           such discovery shall occur after the parties have  
8           exchanged initial disclosures and core documen-  
9           tary evidence and whether such discovery shall  
10          be in accordance with the following:

11           (i) Any request for the production of  
12           electronic communication shall be specific  
13           and may not be a general request for the  
14           production of information relating to a  
15           product or business.

16           (ii) Each request shall identify the  
17           custodian of the information requested, the  
18           search terms, and a time frame. The par-  
19           ties shall cooperate to identify the proper  
20           custodians, the proper search terms, and  
21           the proper time frame.

22           (iii) A party may not submit produc-  
23           tion requests to more than 5 custodians,  
24           unless the parties jointly agree to modify

1 the number of production requests without  
2 leave of the court.

3 (iv) The court may consider contested  
4 requests for up to 5 additional custodians  
5 per producing party, upon a showing of a  
6 distinct need based on the size, complexity,  
7 and issues of the case.

8 (v) If a party requests the discovery  
9 of electronic communication for additional  
10 custodians beyond the limits agreed to by  
11 the parties or granted by the court, the re-  
12 questing party shall bear all reasonable  
13 costs caused by such additional discovery.

14 (C) ADDITIONAL DOCUMENT DISCOVERY.—

15 Whether the following should apply:

16 (i) IN GENERAL.—Each party to the  
17 action may seek any additional document  
18 discovery otherwise permitted under the  
19 Federal Rules of Civil Procedure, if such  
20 party bears the reasonable costs, including  
21 reasonable attorney's fees, of the additional  
22 document discovery.

23 (ii) REQUIREMENTS FOR ADDITIONAL  
24 DOCUMENT DISCOVERY.—Unless the par-  
25 ties mutually agree otherwise, no party

1 may be permitted additional document dis-  
2 covery unless such a party posts a bond, or  
3 provides other security, in an amount suffi-  
4 cient to cover the expected costs of such  
5 additional document discovery, or makes a  
6 showing to the court that such party has  
7 the financial capacity to pay the costs of  
8 such additional document discovery.

9 (iii) LIMITS ON ADDITIONAL DOCU-  
10 MENT DISCOVERY.—A court, upon motion,  
11 may determine that a request for addi-  
12 tional document discovery is excessive, ir-  
13 relevant, or otherwise abusive and may set  
14 limits on such additional document dis-  
15 covery.

16 (iv) GOOD CAUSE MODIFICATION.—A  
17 court, upon motion and for good cause  
18 shown, may modify the requirements of  
19 subparagraphs (A) and (B) and any defini-  
20 tion under paragraph (3). Not later than  
21 30 days after the pretrial conference under  
22 Rule 16 of the Federal Rules of Civil Pro-  
23 cedure, the parties shall jointly submit any  
24 proposed modifications of the requirements  
25 of subparagraphs (A) and (B) and any def-

1           initiation under paragraph (3), unless the  
2           parties do not agree, in which case each  
3           party shall submit any proposed modifica-  
4           tion of such party and a summary of the  
5           disagreement over the modification.

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

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

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

22                           (ii) Whether additional document dis-  
23                           covery will be sought under subparagraph  
24                           (C).

1           (iii) Any issues about infringement,  
2           invalidity, or damages that, if resolved be-  
3           fore the additional discovery described in  
4           subparagraph (C) commences, might sim-  
5           plify or streamline the case, including the  
6           identification of any terms or phrases re-  
7           lating to any patent claim at issue to be  
8           construed by the court and whether the  
9           early construction of any of those terms or  
10          phrases would be helpful.

11          (3) DEFINITIONS.—In this subsection:

12           (A) CORE DOCUMENTARY EVIDENCE.—The  
13          term “core documentary evidence”—

14           (i) includes—

15           (I) documents relating to the  
16           conception of, reduction to practice of,  
17           and application for, the patent or pat-  
18           ents at issue;

19           (II) documents sufficient to show  
20           the technical operation of the product  
21           or process identified in the complaint  
22           as infringing the patent or patents at  
23           issue;

24           (III) documents relating to po-  
25           tentially invalidating prior art;



1 (IV) documents relating to any  
2 licensing of, or other transfer of rights  
3 to, the patent or patents at issue be-  
4 fore the date on which the complaint  
5 is filed;

6 (V) documents sufficient to show  
7 profit attributable to the claimed in-  
8 vention of the patent or patents at  
9 issue;

10 (VI) documents relating to any  
11 knowledge by the accused infringer of  
12 the patent or patents at issue before  
13 the date on which the complaint is  
14 filed;

15 (VII) documents relating to any  
16 knowledge by the patentee of infringe-  
17 ment of the patent or patents at issue  
18 before the date on which the com-  
19 plaint is filed;

20 (VIII) documents relating to any  
21 licensing term or pricing commitment  
22 to which the patent or patents may be  
23 subject through any agency or stand-  
24 ard-setting body; and

1 (IX) documents sufficient to  
2 show any marking or other notice pro-  
3 vided of the patent or patents at  
4 issue; and

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

7 (B) ELECTRONIC COMMUNICATION.—The  
8 term “electronic communication” means any  
9 form of electronic communication, including  
10 email, text message, or instant message.

11 (4) IMPLEMENTATION BY THE DISTRICT  
12 COURTS.—Not later than 6 months after the date on  
13 which the Judicial Conference has developed the  
14 rules and procedures required by this subsection,  
15 each United States district court and the United  
16 States Court of Federal Claims shall revise the ap-  
17 plicable local rules for such court to implement such  
18 rules and procedures.

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

21 (A) STUDY OF EFFICACY OF RULES AND  
22 PROCEDURES.—The Judicial Conference shall  
23 study the efficacy of the rules and procedures  
24 required by this subsection during the 4-year  
25 period beginning on the date on which such

1 rules and procedures by the district courts and  
2 the United States Court of Federal Claims are  
3 first implemented. The Judicial Conference may  
4 modify such rules and procedures following  
5 such 4-year period.

6 (B) INITIAL MODIFICATIONS.—Before the  
7 expiration of the 4-year period described in sub-  
8 paragraph (A), the Judicial Conference may  
9 modify the requirements under this sub-  
10 section—

11 (i) by designating categories of “core  
12 documentary evidence”, in addition to  
13 those designated under paragraph (3)(A),  
14 as the Judicial Conference determines to  
15 be appropriate and necessary; and

16 (ii) as otherwise necessary to prevent  
17 a manifest injustice, the imposition of a re-  
18 quirement the costs of which clearly out-  
19 weigh its benefits, or a result that could  
20 not reasonably have been intended by the  
21 Congress.

22 (b) JUDICIAL CONFERENCE PATENT CASE MANAGE-  
23 MENT.—The Judicial Conference of the United States,  
24 using existing resources, shall develop case management  
25 procedures to be implemented by the United States dis-

1 triet courts and the United States Court of Federal Claims  
2 for any civil action arising under any Act of Congress re-  
3 lating to patents, including initial disclosure and early case  
4 management conference practices that—

5 (1) will identify any potential dispositive issues  
6 of the case; and

7 (2) focus on early summary judgment motions  
8 when resolution of issues may lead to expedited dis-  
9 position of the case.

10 (c) REVISION OF FORM FOR PATENT INFRINGE-  
11 MENT.—

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

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

1 exercise the authority under section 2073 of title 28,  
2 United States Code, to make recommendations with  
3 respect to such new form or forms.

4 (d) PROTECTION OF INTELLECTUAL-PROPERTY LI-  
5 CENSES IN BANKRUPTCY.—

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

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

15 (2) TRADEMARKS.—

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

18 (i) in subparagraph (E), by striking

19 “or”;

20 (ii) in subparagraph (F), by striking

21 “title 17;” and inserting “title 17; or”; and

22 (iii) by adding after subparagraph (F)

23 the following new subparagraph:

24 “(G) a trademark, service mark, or trade

25 name, as those terms are defined in section 45

1 of the Act of July 5, 1946 (commonly referred  
2 to as the ‘Trademark Act of 1946’) (15 U.S.C.  
3 1127);”.

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

7 (i) in subparagraph (B)—

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

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

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

16 (iii) by adding at the end the fol-  
17 lowing new subparagraph:

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

22 (3) EFFECTIVE DATE.—The amendments made  
23 by this subsection shall take effect on the date of the  
24 enactment of this Act and shall apply to any case

1 that is pending on, or for which a petition or com-  
2 plaint is filed on or after, such date of enactment.

3 **SEC. 7. SMALL BUSINESS EDUCATION, OUTREACH, AND IN-**  
4 **FORMATION ACCESS.**

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

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

11 (2) SMALL BUSINESS PATENT OUTREACH.—The  
12 existing small business patent outreach programs of  
13 the Office, and the relevant offices at the Small  
14 Business Administration and the Minority Business  
15 Development Agency, shall provide education and  
16 awareness on abusive patent litigation practices. The  
17 Director may give special consideration to the  
18 unique needs of small firms owned by disabled vet-  
19 erans, service-disabled veterans, women, and minor-  
20 ity entrepreneurs in planning and executing the out-  
21 reach efforts by the Office.

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

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

7           (A) information disclosed under sub-  
8 sections (b) and (d) of section 290 of title 35,  
9 United States Code, as added by section 4(a) of  
10 this Act; and

11           (B) any other information the Director de-  
12 termines to be relevant.

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

17 **SEC. 8. STUDIES ON PATENT TRANSACTIONS, QUALITY,**  
18 **AND EXAMINATION.**

19           (a) STUDY ON SECONDARY MARKET OVERSIGHT FOR  
20 PATENT TRANSACTIONS TO PROMOTE TRANSPARENCY  
21 AND ETHICAL BUSINESS PRACTICES.—

22           (1) STUDY REQUIRED.—The Director, in con-  
23 sultation with the Secretary of Commerce, the Sec-  
24 retary of the Treasury, the Chairman of the Securi-  
25 ties and Exchange Commission, the heads of other



1 relevant agencies, and interested parties, shall, using  
2 existing resources of the Office, conduct a study—

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

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

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

17 (D) to examine the requirements placed on  
18 other markets.

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

1 (b) STUDY ON PATENTS OWNED BY THE UNITED  
2 STATES GOVERNMENT.—

3 (1) STUDY REQUIRED.—The Director, in con-  
4 sultation with the heads of relevant agencies and in-  
5 terested parties, shall, using existing resources of the  
6 Office, conduct a study on patents owned by the  
7 United States Government that—

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

11 (B) provides legislative and administrative  
12 recommendations on whether there should be  
13 restrictions placed on patents acquired from the  
14 United States Government;

15 (C) examines whether or not each relevant  
16 agency maintains adequate records on the pat-  
17 ents owned by such agency, specifically whether  
18 such agency addresses licensing, assignment,  
19 and Government grants for technology related  
20 to such patents; and

21 (D) provides recommendations to ensure  
22 that each relevant agency has an adequate  
23 point of contact that is responsible for man-  
24 aging the patent portfolio of the agency.

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

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

10           (1) GAO STUDY.—The Comptroller General of  
11 the United States shall, using existing resources,  
12 conduct a study on patent examination at the Office  
13 and the technologies available to improve examina-  
14 tion and improve patent quality.

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

18                   (A) An examination of patent quality at  
19 the Office.

20                   (B) An examination of ways to improve  
21 patent quality, specifically through technology,  
22 that shall include examining best practices at  
23 foreign patent offices and the use of existing  
24 off-the-shelf technologies to improve patent ex-  
25 amination.

1 (C) A description of how patents are clas-  
2 sified.

3 (D) An examination of procedures in place  
4 to prevent double patenting through filing by  
5 applicants in multiple art areas.

6 (E) An examination of the types of off-the-  
7 shelf prior art databases and search software  
8 used by foreign patent offices and governments,  
9 particularly in Europe and Asia, and whether  
10 those databases and search tools could be used  
11 by the Office to improve patent examination.

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

14 (3) REPORT ON STUDY.—Not later than 1 year  
15 after the date of the enactment of this Act, the  
16 Comptroller General shall submit to the Committee  
17 on the Judiciary of the House of Representatives  
18 and the Committee on the Judiciary of the Senate  
19 a report on the findings and recommendations from  
20 the study required by this subsection, including rec-  
21 ommendations for any changes to laws and regula-  
22 tions that will improve the examination of patent ap-  
23 plications and patent quality.

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

25 (1) STUDY REQUIRED.—

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

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

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

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

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

22          (2) REPORT ON STUDY.—Not later than 1 year  
23          after the date of the enactment of this Act, the Di-  
24          rector of the Administrative Office of the United  
25          States Courts shall submit a report to the Com-

1        mittee on the Judiciary of the House of Representa-  
2        tives and the Committee on the Judiciary of the  
3        Senate on the findings and recommendations of the  
4        Director of the Administrative Office from the study  
5        required under paragraph (1).

6        (e) STUDY ON DEMAND LETTERS.—

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

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

21           (3) PATENT DEMAND LETTER DEFINED.—In  
22       this subsection, the term “patent demand letter”  
23       means a written communication relating to a patent  
24       that states or indicates, directly or indirectly, that

1 the recipient or anyone affiliated with the recipient  
2 is or may be infringing the patent.

3 (f) STUDY ON BUSINESS METHOD PATENT QUAL-  
4 ITY.—

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

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

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

1 (g) STUDY ON IMPACT OF LEGISLATION ON ABILITY  
2 OF INDIVIDUALS AND SMALL BUSINESSES TO PROTECT  
3 EXCLUSIVE RIGHTS TO INVENTIONS AND DISCOV-  
4 ERIES.—

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

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



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

3 (a) POST-GRANT REVIEW AMENDMENT.—Section  
4 325(e)(2) of title 35, United States Code is amended by  
5 striking “or reasonably could have raised”.

6 (b) USE OF DISTRICT-COURT CLAIM CONSTRUCTION  
7 IN POST-GRANT AND INTER PARTES REVIEWS.—

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

10 (A) in paragraph (12), by striking “; and”  
11 and inserting a semicolon;

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

14 (C) by adding at the end the following new  
15 paragraph:

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

18 “(A) each claim of a patent shall be con-  
19 strued as such claim would be in a civil action  
20 to invalidate a patent under section 282(b), in-  
21 cluding construing each claim of the patent in  
22 accordance with the ordinary and customary  
23 meaning of such claim as understood by one of  
24 ordinary skill in the art and the prosecution  
25 history pertaining to the patent; and

1           “(B) if a court has previously construed  
2           the claim or a claim term in a civil action in  
3           which the patent owner was a party, the Office  
4           shall consider such claim construction.”.

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

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

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

11          (C) by adding at the end the following new  
12          paragraph:

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

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

23               “(B) if a court has previously construed  
24               the claim or a claim term in a civil action in

1           which the patent owner was a party, the Office  
2           shall consider such claim construction.”.

3           (3) TECHNICAL AND CONFORMING AMEND-  
4           MENT.—Section 18(a)(1)(A) of the Leahy-Smith  
5           America Invents Act (Public Law 112–29; 126 Stat.  
6           329; 35 U.S.C. 321 note) is amended by striking  
7           “Section 321(c)” and inserting “Sections 321(c) and  
8           326(a)(13)”.

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

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

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

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

23                 “A claimed invention of a patent issued under section  
24         151 (referred to as the ‘first patent’) that is not prior art  
25         to a claimed invention of another patent (referred to as

1 the ‘second patent’) shall be considered prior art to the  
2 claimed invention of the second patent for the purpose of  
3 determining the nonobviousness of the claimed invention  
4 of the second patent under section 103 if—

5 “(1) the claimed invention of the first patent  
6 was effectively filed under section 102(d) on or be-  
7 fore the effective filing date of the claimed invention  
8 of the second patent;

9 “(2) either—

10 “(A) the first patent and second patent  
11 name the same individual or individuals as the  
12 inventor; or

13 “(B) the claimed invention of the first pat-  
14 ent would constitute prior art to the claimed in-  
15 vention of the second patent under section  
16 102(a)(2) if an exception under section  
17 102(b)(2) were deemed to be inapplicable and  
18 the claimed invention of the first patent was, or  
19 were deemed to be, effectively filed under sec-  
20 tion 102(d) before the effective filing date of  
21 the claimed invention of the second patent; and

22 “(3) the patentee of the second patent has not  
23 disclaimed the rights to enforce the second patent  
24 independently from, and beyond the statutory term  
25 of, the first patent.”.

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

11          (3) CONFORMING AMENDMENT.—The table of  
12          sections for chapter 10 of title 35, United States  
13          Code, is amended by adding at the end the following  
14          new item:

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

15          (4) EXCLUSIVE RULE.—A patent subject to sec-  
16          tion 106 of title 35, United States Code, as added  
17          by paragraph (1), shall not be held invalid on any  
18          nonstatutory, double-patenting ground based on a  
19          patent described in section 3(n)(1) of the Leahy-  
20          Smith America Invents Act (35 U.S.C. 100 note).

21          (5) EFFECTIVE DATE.—The amendments made  
22          by this subsection shall take effect upon the expira-  
23          tion of the 1-year period beginning on the date of  
24          the enactment of this Act and shall apply to a pat-  
25          ent or patent application only if both the first and

1 second patents described in section 106 of title 35,  
2 United States Code, as added by paragraph (1), are  
3 patents or patent applications that are described in  
4 section 3(n)(1) of the Leahy-Smith America Invents  
5 Act (35 U.S.C. 100 note).

6 (d) PTO PATENT REVIEWS.—

7 (1) CLARIFICATION.—

8 (A) SCOPE OF PRIOR ART.—Section  
9 18(a)(1)(C)(i) of the Leahy-Smith America In-  
10 vents Act (35 U.S.C. 321 note) is amended by  
11 striking “section 102(a)” and inserting “sub-  
12 section (a) or (e) of section 102”.

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

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

23 (e) CLARIFICATION OF LIMITS ON PATENT TERM  
24 ADJUSTMENT.—

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

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

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

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

15           (D) by striking the matter following clause  
16 (iii).

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

22 (f) CLARIFICATION OF JURISDICTION.—

23           (1) IN GENERAL.—The Federal interest in pre-  
24 venting inconsistent final judicial determinations as  
25 to the legal force or effect of the claims in a patent

1 presents a substantial Federal issue that is impor-  
2 tant to the Federal system as a whole.

3 (2) APPLICABILITY.—Paragraph (1)—

4 (A) shall apply to all cases filed on or  
5 after, or pending on, the date of the enactment  
6 of this Act; and

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

13 (g) PATENT PILOT PROGRAM IN CERTAIN DISTRICT  
14 COURTS DURATION.—

15 (1) DURATION.—Section 1(c) of Public Law  
16 111–349 (124 Stat. 3674; 28 U.S.C. 137 note) is  
17 amended to read as follows:

18 “(c) DURATION.—The program established under  
19 subsection (a) shall be maintained using existing re-  
20 sources, and shall terminate 20 years after the end of the  
21 6-month period described in subsection (b).”.

22 (2) EFFECTIVE DATE.—The amendment made  
23 by paragraph (1) shall take effect on the date of the  
24 enactment of this Act.

25 (h) TECHNICAL CORRECTIONS.—



## 1 (1) NOVELTY.—

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

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

## 12 (2) INVENTOR’S OATH OR DECLARATION.—

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

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

## 22 (3) ASSIGNEE FILERS.—

23 (A) BENEFIT OF EARLIER FILING DATE;  
24 RIGHT OF PRIORITY.—Section 119(e)(1) of title  
25 35, United States Code, is amended, in the first

1 sentence, by striking “by an inventor or inven-  
2 tors named” and inserting “that names the in-  
3 ventor or a joint inventor”.

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

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

16 (4) DERIVED PATENTS.—

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

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

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

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

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

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

19           (7) PATENT OWNER RESPONSE.—

20           (A) CONDUCT OF INTER PARTES RE-  
21           VIEW.—Paragraph (8) of section 316(a) of title  
22           35, United States Code, is amended by striking  
23           “the petition under section 313” and inserting  
24           “the petition under section 311”.

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

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

9 (8) INTERNATIONAL APPLICATIONS.—

10 (A) AMENDMENTS.—Section 202(b) of the  
11 Patent Law Treaties Implementation Act of  
12 2012 (Public Law 112–211; 126 Stat. 1536) is  
13 amended—

14 (i) by striking paragraph (7); and  
15 (ii) by redesignating paragraphs (8)  
16 and (9) as paragraphs (7) and (8), respec-  
17 tively.

18 (B) EFFECTIVE DATE.—The amendments  
19 made by subparagraph (A) shall be effective as  
20 if included in title II of the Patent Law Trea-  
21 ties Implementation Act of 2012 (Public Law  
22 112–21).

23 **SEC. 10. EFFECTIVE DATE.**

24 Except as otherwise provided in this Act, the provi-  
25 sions of this Act shall take effect on the date of the enact-

1 ment of this Act, and shall apply to any patent issued,  
2 or any action filed, on or after that date.

Passed the House of Representatives December 5,  
2013.

Attest:

KAREN L. HAAS,

*Clerk.*