AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 9
OFFERED BY MR. GOODLATTE OF VIRGINIA

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.
2
3 (a) SHORT TITLE.—This Act may be cited as the
4 “Innovation Act”.
5
6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:
8
9 Sec. 1. Short title; table of contents.
10 Sec. 2. Definitions.
11 Sec. 3. Patent infringement actions.
12 Sec. 4. Transparency of patent ownership.
13 Sec. 5. Customer-suit exception.
14 Sec. 6. Procedures and practices to implement recommendations of the Judicial
15 Conference.
16 Sec. 7. Small business education, outreach, and information access.
17 Sec. 8. Studies on patent transactions, quality, and examination.
18 Sec. 9. Improvements and technical corrections to the Leahy-Smith America In-
19 vents Act.
20 Sec. 10. Effective date.

6 SEC. 2. DEFINITIONS.
7
8 In this Act:
9
10 (1) DIRECTOR.—The term “Director” means
11
12 the Under Secretary of Commerce for Intellectual
13
14 Property and Director of the United States Patent
15
16 and Trademark Office.
(2) Office.—The term “Office” means the United States Patent and Trademark Office.

SEC. 3. PATENT INFRINGEMENT ACTIONS.

(a) Pleading Requirements.—

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

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§ 281A. Pleading requirements for patent infringement actions

“(a) Pleading Requirements.—Except as provided in subsection (b), in a civil action in which a party asserts a claim for relief arising under any Act of Congress relating to patents, a party alleging infringement shall include in the initial complaint, counterclaim, or cross-claim for patent infringement, unless the information is not reasonably accessible to such party, the following:

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

“(2) An identification of all claims necessary to produce the identification (under paragraph (3)) of each process, machine, manufacture, or composition of matter (referred to in this section as an ‘accused instrumentality’) that is alleged to infringe any
claim of each patent that is identified under paragraph (1).

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

“(4) For each accused instrumentality identified under paragraph (3), an identification with particularity, if known, of—

“(A) the name or model number (or a representative model number) of each accused instrumentality; or

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

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

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

“(B) with detailed specificity, how each limitation of each claim identified under paragraph (2) is met by the accused instrumentality.

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

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

“(b) INFORMATION NOT READILY ACCESSIBLE.—If information required to be disclosed under subsection (a) is not readily accessible to a party after an inquiry reasonable under the circumstances, as required by Rule 11 of the Federal Rules of Civil Procedure, that information may instead be generally described, along with an explanation of why such undisclosed information was not readily accessible, and of any efforts made by such party to access such information.

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

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

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

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

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

(b) FEES AND OTHER EXPENSES.—

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

“§285. Fees and other expenses

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

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

“(c) COVENANT NOT TO SUE.—A party to a civil action who asserts a claim for relief arising under any Act of Congress relating to patents against another party, and who subsequently unilaterally (i) seeks dismissal of the action without consent of the other party and (ii) extends to such other party a covenant not to sue for infringement with respect to the patent or patents at issue, may be the subject of a motion for attorneys fees under subsection (a) as if it were a non-prevailing party, unless the party asserting such claim would have been entitled, at the time that such covenant was extended, to dismiss voluntarily the action without a court order under Rule 41 of the Federal Rules of Civil Procedure, or the interests of justice require otherwise.”.

(2) CONFORMING AMENDMENT AND AMENDMENT.—

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

“285. Fees and other expenses.”.

(B) AMENDMENT.—Section 273 of title 35, United States Code, is amended by striking subsection (f).

(C) AMENDMENT.—

(i) IN GENERAL.—Section 273 of title 35, United States Code, as amended by subparagraph (B), is further amended by striking subsection (g).

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

(3) EFFECTIVE DATE.—Except as otherwise provided in this subsection, the amendments made by this subsection shall take effect on the date of the enactment of this Act and shall apply to any action for which a complaint is filed on or after the first day of the 6-month period ending on that effective date.
(c) JOINDER OF INTERESTED PARTIES.—Section
299 of title 35, United States Code, is amended by adding
at the end the following new subsection:

“(d) JOINDER OF INTERESTED PARTIES.—

“(1) JOINDER.—Except as otherwise provided
under this subsection, in a civil action arising under
any Act of Congress relating to patents in which
fees and other expenses have been awarded under
section 285 to a prevailing party defending against
an allegation of infringement of a patent claim, and
in which the nonprevailing party alleging infringe-
ment is unable to pay the award of fees and other
expenses, the court shall grant a motion by the pre-
vailing party to join an interested party if such pre-
vailing party shows that the nonprevailing party has
no substantial interest in the subject matter at issue
other than asserting such patent claim in litigation.

“(2) LIMITATION ON JOINDER.—

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

“(i) the interested party is not subject
to service of process; or
“(ii) joinder under paragraph (1) would deprive the court of subject matter jurisdiction or make venue improper.

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

“(i) the interested party did not time-

ly receive the notice required by paragraph (3); or

“(ii) within 30 days after receiving

the notice required by paragraph (3), the interested party renounces, in writing and

with notice to the court and the parties to the action, any ownership, right, or direct financial interest (as described in para-

graph (4)) that the interested party has in the patent or patents at issue.

“(3) NOTICE REQUIREMENT.—An interested party may not be joined under paragraph (1) unless it has been provided actual notice, within 30 days after the expiration of the time period during which a certification under paragraph (4)(B) is required to be filed, that the interested party has been identified in the initial disclosure under section 290(b) and that such party may therefore be an interested party.
subject to joinder under this subsection. Such notice
shall be provided by the party who subsequently
moves to join the interested party under paragraph
(1), and shall include language that—

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

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

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

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

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

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

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

“(A) INITIAL STATEMENT.—This sub-
section shall not apply to an action unless a
party defending against an allegation of in-
fringement of a patent claim files, not later
than 14 days before the date on which a sched-
uling conference is held or the date on which a
scheduling order is due under Rule 16(b) of the
Federal Rules of Civil Procedure, a statement
that such party holds a good faith belief, based
on publicly available information and any other
information known to such party, that the party
alleging infringement has no substantial inter-
est in the subject matter at issue other than as-
serting the patent in litigation.

“(B) CERTIFICATION.—This subsection
shall not apply to an action if the party alleging
infringement files, not later than 45 days after
the date on which such party is served with the
initial statement described under subparagraph
(A), a certification that—

“(i) establishes and certifies to the
court, under oath, that such party will
have sufficient funds available to satisfy
any award of reasonable attorney’s fees
and expenses under section 285 if an
award is assessed;

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

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

“(5) Exception for university technology transfer organizations.—This sub-
section shall not apply to a technology transfer organ-
ization whose primary purpose is to facilitate the
commercialization of technologies developed by one
or more institutions of higher education (as defined
in section 101(a) of the Higher Education Act of
1965 (20 U.S.C. 1001(a))) if such technology trans-
fer organization is alleging infringement on behalf of
an entity that would not be subject to this subsection.

“(6) INTERESTED PARTY DEFINED.—In this subsection, the term ‘interested party’ means a person, other than the party alleging infringement, that—

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

“(B) has a right, including a contingent right, to enforce or sublicense the patent or patents at issue; or

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

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

“(I) whose principal source of income or employment is employment with the party alleging infringement; or

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

“(ii) an attorney or law firm providing legal representation in the civil action described in paragraph (1) if the sole basis for the financial interest of the attorney or law firm in the patent or patents at issue arises from the attorney or law firm’s receipt of compensation reasonably related to the provision of the legal representation; or

“(iii) a person whose sole financial interest in the patent or patents at issue is ownership of an equity or security interest in the party alleging infringement, unless such person also has the right or ability to direct or control (membership on the board of directors alone is not sufficient to demonstrate such right or ability) the civil action.

“(7) SUBSTANTIAL INTEREST.—In this subsection, the term ‘substantial interest’ includes an interest in the subject matter of a patent at issue if the party—

“(A) invented the subject matter; or
“(B) commercially practices or implements, made substantial preparations directed particularly to commercially practicing or implementing, or is engaged in research and development in, technology in the field of the subject matter.”.

(d) Discovery Stay.—

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

§281B. Stay of discovery pending a preliminary motion

“(a) In General.—Except as provided in subsection (d), in an action for patent infringement under section 281 or an action for a declaratory judgment that a patent is invalid or not infringed, discovery shall be stayed if—

“(1) the defendant moves to—

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

“(B) transfer the action under section 1404(a) of title 28; or
“(C) transfer or dismiss the action under section 1406(a) of title 28; and

“(2) such motion is filed before a responsive pleading is due and includes a declaration or other evidence in support of the motion.

“(b) Expiration of Stay.—A stay entered under subsection (a) shall expire when the motion that is the basis for the stay is decided by the court.

“(c) Priority of Decision.—In an action described in subsection (a), the court shall decide a motion to sever a claim or drop a party for misjoinder under Rule 21 of the Federal Rules of Civil Procedure, to transfer under section 1404(a) of title 28, or to transfer or dismiss under 1406(a) of title 28 before the earlier of the date on which the court—

“(1) decides any other substantive motion, provided however that the court may decide a question of its own jurisdiction at any time; or

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

“(d) Exception.—

“(1) Discovery Necessary to Decide Motion.—Notwithstanding subsection (a), the court may allow such discovery as the court determines to
be necessary to decide a motion to sever, drop a party, dismiss, or transfer.

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

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

“(4) FDA AND BIOLOGICAL PRODUCT APPLICATION.—Subsections (a) and (c) shall not apply to an action that includes a cause of action described under section 271(e)(2).”.

(2) CONFORMING AMENDMENT.—The table of sections for chapter 29 of title 35, United States Code, is amended by inserting after the item relating to section 281A, as added by subsection (a), the following new item:

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

(e) SENSE OF CONGRESS.—It is the sense of Congress that it is an abuse of the patent system and against
public policy for a party to send out purposely evasive demand letters to end users alleging patent infringement. Demand letters sent should, at the least, include basic information about the patent in question, what is being infringed, and how it is being infringed. Any actions or litigation that stem from these types of purposely evasive demand letters to end users should be considered a fraudulent or deceptive practice and an exceptional circumstance when considering whether the litigation is abusive.

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

(1) in the first undisgnated paragraph, by striking “Upon finding” and inserting “(a) IN GENERAL.—Upon finding”; [full text of amendment]

(2) in the second undisgnated paragraph, by striking “When the damages” and inserting “(b) ASSESSMENT BY COURT; TREBLE DAMAGES.—When the damages”; [full text of amendment]

(3) by inserting after subsection (b), as designated by paragraph (2) of this subsection, the following:

“(c) WILLFUL INFRINGEMENT.—A claimant seeking to establish willful infringement may not rely on evidence of pre-suit notification of infringement unless that notification identifies with particularity the asserted patent,
identifies the product or process accused, identifies the ultimate parent entity of the claimant, and explains with particularity, to the extent possible following a reasonable investigation or inquiry, how the product or process infringes one or more claims of the patent.”; and

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

(g) VENUE.—

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

“(b) VENUE FOR ACTION RELATING TO PATENTS.—

Notwithstanding subsections (b) and (c) of section 1391 of this title, any civil action for patent infringement or any action for a declaratory judgment that a patent is invalid or not infringed may be brought only in a judicial district—

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

“(2) where the defendant has committed an act of infringement of a patent in suit and has a regular and established physical facility;

“(3) where the defendant has agreed or consented to be sued;
“(4) where the invention claimed in a patent in suit was conceived or actually reduced to practice;

“(5) where significant research and development of an invention claimed in a patent in suit occurred at a regular and established physical facility;

“(6) where a party has a regular and established physical facility that such party controls and operates and has—

“(A) engaged in management of significant research and development of an invention claimed in a patent in suit;

“(B) manufactured a product that embodies an invention claimed in a patent in suit; or

“(C) implemented a manufacturing process that embodies an invention claimed in a patent in suit; or

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

(2) MANDAMUS RELIEF.—For the purpose of determining whether relief may issue under section 1651 of title 28, United States Code, a clearly and indisputably erroneous denial of a motion under section 1406(a) of such title to dismiss or transfer a
case on the basis of section 1400(b) of such title shall be deemed to cause irremediable interim harm.

(3) Retailers not eligible for customer stay.—If a defendant does not meet the definition of a retailer under section 296(a)(6) of title 35, United States Code, as added by section 5, solely because the defendant manufacturers or causes the manufacture of the covered product or process in suit, the retail facilities of such defendant shall not constitute a regular and established physical facility for purposes of section 1400(b)(2) of title 28, United Code, as added by paragraph (1).

(4) Teleworkers.—The dwelling or residence of an employee or contractor of a defendant who works at such dwelling or residence shall not constitute a regular and established physical facility of the defendant for purposes of section 1400(b)(2) of title 28, United Code, as added by paragraph (1).

(h) Effective date.—Except as otherwise provided in this section, the amendments made by this section shall take effect on the date of the enactment of this Act and shall apply to any action for which a complaint is filed on or after that date.
SEC. 4. TRANSPARENCY OF PATENT OWNERSHIP.

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

(1) in the heading, by striking “suits” and inserting “suits; disclosure of interests”;

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

(3) by adding at the end the following new subsections:

“(b) INITIAL DISCLOSURE.—

“(1) IN GENERAL.—Except as provided in paragraph (2), upon the filing of an initial complaint for patent infringement, the plaintiff shall disclose to the Patent and Trademark Office, the court, and each adverse party the identity of each of the following:

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

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

“(C) Any entity, other than the plaintiff, that the plaintiff knows to have a financial interest in the patent or patents at issue or the plaintiff.

“(D) The ultimate parent entity of any assignee identified under subparagraph (A) and
any entity identified under subparagraph (B) or (C).

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

“(F) A list of each complaint filed, of which the party alleging infringement has knowledge, that asserts or asserted any of the patents identified under subparagraph (A).

“(G) For each patent identified under subparagraph (A), whether a standard-setting body has specifically declared such patent to be essential, potentially essential, or having potential to become essential to that standard-setting body, and whether the United States Government or a foreign government has imposed specific licensing requirements with respect to such patent.

“(2) EXEMPTION.—The requirements of paragraph (1) shall not apply with respect to a civil action filed under subsection (a) that includes a cause of action described under section 271(e)(2).

“(e) DISCLOSURE COMPLIANCE.—

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

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

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

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

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

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

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

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

“(A) the plaintiff or subsequent owner shall not be entitled to recover reasonable fees and other expenses under section 285 or increased damages under section 284 with respect to infringing activities taking place during any period of noncompliance with paragraph (1), unless the denial of such damages or fees would be manifestly unjust; and

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

“(e) DEFINITIONS.—In this section:
“(1) FINANCIAL INTEREST.—The term ‘financial interest’—

“(A) means—

“(i) with regard to a patent or patents, the right of a person to receive proceeds related to the assertion of the patent or patents, including a fixed or variable portion of such proceeds; and

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

“(B) does not mean—

“(i) ownership of shares or other interests in a mutual or common investment fund, unless the owner of such interest participates in the management of such fund; or

“(ii) the proprietary interest of a policyholder in a mutual insurance company or of a depositor in a mutual savings association, or a similar proprietary interest, unless the outcome of the proceeding could substantially affect the value of such interest.
“(2) PROCEEDING.—The term ‘proceeding’ means all stages of a civil action, including pretrial and trial proceedings and appellate review.

“(3) ULTIMATE PARENT ENTITY.—

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

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

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

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

(c) REGULATIONS.—The Director may promulgate such regulations as are necessary to establish a registration fee in an amount sufficient to recover the estimated costs of administering subsections (b) through (e) of section 290 of title 35, United States Code, as added by subsection (a), to facilitate the collection and maintenance of the information required by such subsections, and to ensure the timely disclosure of such information to the public.
(d) Effective Date.—The amendments made by this section shall take effect upon the expiration of the 6-month period beginning on the date of the enactment of this Act and shall apply to any action for which a complaint is filed on or after such effective date.

SEC. 5. CUSTOMER-SUIT EXCEPTION.

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

§ 296. Stay of action against customer

“(a) Definitions.—In this section:

“(1) Covered Customer.—The term ‘covered customer’ means a retailer or end user that is accused of infringing a patent or patents in dispute based on—

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

“(B) the use by such retailer, the retailer’s end user customer, or an end user of a covered product or covered process without material modification of the product or process in a manner that is alleged to infringe a patent or patents in dispute.
“(2) COVERED MANUFACTURER.—The term ‘covered manufacturer’ means a person that manufactures or supplies, or causes the manufacture or supply of, a covered product or covered process, or a relevant part thereof.

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

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

“(A) is alleged to infringe a patent or patents in dispute; or

“(B) implements a process alleged to infringe the patent or patents in dispute.

“(5) END USER.—The term ‘end user’ includes an affiliate of an end user, but does not include an entity that manufacturers or causes the manufacture of a covered product or covered process, or a relevant part thereof.
“(6) Retailer.—The term ‘retailer’ means an entity that generates revenues predominately through the sale to the public of consumer goods or services, or an affiliate of such entity, but does not include an entity that manufacturers or causes the manufacturer of a covered product or covered process, or a relevant part thereof.

“(b) Stay of Action Against Customer.—Except as provided in subsection (d), in any civil action in which a party asserts a claim for relief arising under any Act of Congress relating to patents, the court shall grant a motion to stay at least the portion of the action against a covered customer related to infringement of a patent involving a covered product or covered process if the following requirements are met:

“(1) Party to the action.—The covered manufacturer is a party to the action or to a separate action (in which a party asserts a claim for relief arising under any Act of Congress relating to patents) involving the same patent or patents related to the same covered product or covered process.

“(2) Agreement to be Bound by Issues Determined.—The covered customer agrees to be bound as to issues determined in an action described in paragraph (1) without a full and fair opportunity
to separately litigate any such issue, but only as to
those issues for which all other elements of the com-
mon law doctrine of issue preclusion are met.

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

“(A) the 120th day after the date on which
the first pleading or paper in the action is
served that specifically identifies the covered
product or covered process as a basis for the
covered customer’s alleged infringement of the
patent and that specifically identifies how the
covered product or covered process is alleged to
infringe the patent; or

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

“(4) MANUFACTURER CONSENT IN CERTAIN
CASES.—In a case in which the covered manufac-
turer has been made a party to the action on motion
by the covered customer, the covered manufacturer
and the covered customer consent in writing to the
stay. In any other case in which the covered manu-
facturer did not consent in writing to the stay, the
court may not grant the motion to stay if the stay
would be inconsistent with an indemnity or other
agreement between the covered customer and the
covered manufacturer, or if the covered manufac-
turer shows that the covered customer is in a better
position to understand and defend against the claims
of infringement.

“(c) LIFT OF STAY.—

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

“(A) the action involving the covered man-
ufacturer will not resolve a major issue in the
suit against the covered customer (such as a
covered product or covered process identified in
the motion to lift the stay is not a material part
of the claimed invention or inventions in the
patent or patents in dispute); or

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

“(2) SEPARATE MANUFACTURER ACTION IN-
volved.—In the case of a stay entered under this
section based on the participation of the covered
manufacturer in a separate action described in sub-
section (b)(1), a motion under paragraph (1) may
only be granted if the court in such separate action
determines that the showing required under paragraph (1) has been made.

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

“(e) WAIVER OF ESTOPPEL EFFECT.—The court may, upon motion, determine that a consent judgment or a final non-appealable judgment shall not be binding on the covered customer with respect to one or more of the issues that gave rise to the stay based on a showing that such judgment would unreasonably prejudice or be manifestly unjust to the covered customer in light of the circumstances of the case if, following the grant of a motion to stay under this section, the covered manufacturer described in subsection (b)(1)—

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

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

“(f) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to limit the ability of a court to grant any stay, expand any stay granted under this section, or grant any motion to intervene, if otherwise permitted by law.”.
(b) CONFORMING AMENDMENT.—The table of sections for chapter 29 of title 35, United States Code, is amended by striking the item relating to section 296 and inserting the following:

“296. Stay of action against customer.”

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

SEC. 6. PROCEDURES AND PRACTICES TO IMPLEMENT RECOMMENDATIONS OF THE JUDICIAL CONFERENCE.

(a) PILOT PROGRAM FOR RULES AND PROCEDURES ON DISCOVERY BURDENS AND COSTS AND CASE MANAGEMENT.—

(1) DEFINITIONS.—In this subsection, the term “electronic communication” means any form of electronic communication, including email, text message, and instant message.

(2) DEVELOPMENT OF RULES AND PROCEDURES.—Not later than 3 months after the date of the enactment of this Act, the Director of the Administrative Office of the United States Courts shall designate not fewer than 6 of the district courts of the United States that are participating in the pat-
ent cases pilot program established under section 1 of Public Law 111–349 (28 U.S.C. 137 note) to de-
velop rules and procedures to implement the pro-
posals described in paragraphs (3) through (5) to address the asymmetries in discovery burdens and costs, and to establish case management procedures, in any civil action arising under any Act of Congress relating to patents.

(3) Types of discovery rules and procedures to be considered.—The discovery rules and procedures required under paragraph (2) shall address each of the following:

(A) Discovery of core documentary evidence.—Whether and to what extent each party to the action is entitled to receive core documentary evidence and should be responsible for the costs of producing core documentary evidence within the possession or control of each such party, and whether and to what extent each party may seek non-core documentary discovery as otherwise provided in the Federal Rules of Civil Procedure.

(B) Electronic communication.—If the parties request discovery of electronic commun-
ication, how such discovery should be phased
to occur relative to the exchange of initial disclosures and core documentary evidence, and appropriate limitations to apply to such discovery.

(C) **Scope of Documentary Evidence.**—The kinds of evidence that should constitute “core documentary evidence”.

(4) **Specific Discovery Rules and Procedures to be Considered for Additional Document Discovery.**—The discovery rules and procedures required under paragraph (2) shall address whether the following provisions, or variations on the following provisions, should apply:

(A) **In General.**—Whether each party to the action may seek any additional document discovery otherwise permitted under the Federal Rules of Civil Procedure beyond core documentary evidence, if such party bears the reasonable costs, including reasonable attorney’s fees, of the additional document discovery.

(B) **Requirements for Additional Document Discovery.**—Whether, unless the parties mutually agree otherwise, no party may be permitted additional document discovery unless such a party posts a bond, or provides
other security, in an amount sufficient to cover
the expected costs of such additional document
discovery, or makes a showing to the court that
such party has the financial capacity to pay the
costs of such additional document discovery.

(C) GOOD CAUSE MODIFICATION.—Whether a court, upon motion and for good cause
shown, may modify the requirements of sub-
paragraphs (A) and (B) and any definition of
core documentary evidence.

(D) COMPUTER CODE.—Whether a court, upon motion and for good cause shown, may
determine that computer code should be in-
cluded in the discovery of core documentary evi-
dence, and whether the discovery of computer
code shall occur after the parties have ex-
changed initial disclosures and other core docu-
mentary evidence.

(E) DISCOVERY SEQUENCE AND SCOPE.—
Whether the parties shall discuss and address
in the written report filed pursuant to rule
26(f) of the Federal Rules of Civil Procedure
the views and proposals of each party on the
following:
(i) When the discovery of core documentary evidence should be completed.

(ii) Whether additional document discovery described in subparagraphs (A) and (B) will be sought.

(iii) Any issues about infringement, invalidity, or damages that, if resolved before the additional document discovery described in subparagraphs (A) and (B) commences, might simplify or streamline the case.

(5) Case management rules and procedures to be considered.—The rules and procedures required under paragraph (2) shall also address case management procedures for any civil action arising under any Act of Congress relating to patents, including initial disclosure and early case management conference practices that—

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

(B) focus on early summary judgment motions when resolution of issues may lead to expedited disposition of the case.

(b) Implementation of rules and procedures.—Within 18 months after the designation by the
Director of the Administrative Office of the 6 district courts to develop the rules and procedures pursuant to subsection (a), the 6 district courts shall complete the development of the rules and procedures, and begin to implement them.

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

(d) REVISION OF FORM FOR PATENT INFRINGEMENT.—

(1) ELIMINATION OF FORM.—The Supreme Court, using existing resources, shall eliminate Form 18 in the Appendix to the Federal Rules of Civil Procedure (relating to Complaint for Patent Infringement), effective on the date of the enactment of this Act.
(2) Revised Form.—The Supreme Court may prescribe a new form or forms setting out model allegations of patent infringement that, at a minimum, notify accused infringers of the asserted claim or claims, the products or services accused of infringement, and the plaintiff’s theory for how each accused product or service meets each limitation of each asserted claim. The Judicial Conference should exercise the authority under section 2073 of title 28, United States Code, to make recommendations with respect to such new form or forms.

(e) Protection of Intellectual-Property Licenses in Bankruptcy.—

(1) In General.—Section 1522 of title 11, United States Code, is amended by adding at the end the following:

“(e) Section 365(n) shall apply to cases under this chapter. If the foreign representative rejects or repudiates a contract under which the debtor is a licensor of intellectual property, the licensee under such contract shall be entitled to make the election and exercise the rights described in section 365(n).”.

(2) Trademarks.—

(A) In General.—Section 101(35A) of title 11, United States Code, is amended—
(i) in subparagraph (E), by striking “or”;

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

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

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

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

(i) in subparagraph (B)—

(I) by striking “royalty payments” and inserting “royalty or other payments”; and

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

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

(iii) by adding at the end the following new subparagraph:
“(D) in the case of a trademark, service
mark, or trade name, the licensee shall not be
relieved of any of its obligations to maintain the
quality of the products and services offered
under or in connection with the licensed trade-
mark, service mark, or trade name, and the
trustee shall retain the right to oversee and en-
force quality control for such products or serv-
ices, or both.”.

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

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

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

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

(2) SMALL BUSINESS PATENT OUTREACH.—The
existing small business patent outreach programs of
the Office, and the relevant offices at the Small
Business Administration and the Minority Business Development Agency, shall provide education and awareness on abusive patent litigation practices. The Director may give special consideration to the unique needs of small firms owned by disabled veterans, service-disabled veterans, women, and minority entrepreneurs in planning and executing the outreach efforts by the Office.

(b) Improving Information Transparency for Small Business and the United States Patent and Trademark Office Users.—

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

(A) information disclosed under subsections (b) and (d) of section 290 of title 35, United States Code, as added by section 4(a) of this Act; and

(B) any other information the Director determines to be relevant.

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

SEC. 8. STUDIES ON PATENT TRANSACTIONS, QUALITY, AND EXAMINATION.

(a) Study on Secondary Market Oversight for Patent Transactions To Promote Transparency and Ethical Business Practices.—

(1) Study Required.—The Director, in consultation with the Secretary of Commerce, the Secretary of the Treasury, the Chairman of the Securities and Exchange Commission, the heads of other relevant agencies, and interested parties, shall, using existing resources of the Office, conduct a study—

(A) to develop legislative recommendations to ensure greater transparency and accountability in patent transactions occurring on the secondary market;

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

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

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

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

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

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

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

(B) provides legislative and administrative
recommendations on whether there should be
restrictions placed on patents acquired from the
United States Government;
(C) examines whether or not each relevant agency maintains adequate records on the patents owned by such agency, specifically whether such agency addresses licensing, assignment, and Government grants for technology related to such patents; and

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

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

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

(1) GAO STUDY.—The Comptroller General of the United States shall, using existing resources, conduct a study on patent examination at the Office and the technologies available to improve examination and improve patent quality.
(2) CONTENTS OF THE STUDY.—The study required under paragraph (1) shall include the following:

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

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

(C) A description of how patents are classified.

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

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

(F) An examination of any other areas the Comptroller General determines to be relevant.
(3) REPORT ON STUDY.—Not later than 1 year after the date of the enactment of this Act, the Comptroller General shall submit to the Committee on the Judiciary of the House of Representatives and the Committee on the Judiciary of the Senate a report on the findings and recommendations from the study required by this subsection, including recommendations for any changes to laws and regulations that will improve the examination of patent applications and patent quality.

(d) STUDY ON PATENT SMALL CLAIMS COURT.—

(1) STUDY REQUIRED.—

(A) IN GENERAL.—The Director of the Administrative Office of the United States Courts, in consultation with the Director of the Federal Judicial Center and the United States Patent and Trademark Office, shall, using existing resources, conduct a study to examine the idea of developing a pilot program for patent small claims procedures in certain judicial districts within the existing patent pilot program mandated by Public Law 111–349.

(B) CONTENTS OF STUDY.—The study under subparagraph (A) shall examine—
(i) the necessary criteria for using small claims procedures;
(ii) the costs that would be incurred for establishing, maintaining, and operating such a pilot program; and
(iii) the steps that would be taken to ensure that the procedures used in the pilot program are not misused for abusive patent litigation.

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

(e) STUDY ON DEMAND LETTERS.—

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

(2) Report to Congress.—Not later than 1 year after the date of the enactment of this Act, the Director shall submit a report to the Committee on the Judiciary of the House of Representatives and the Committee on the Judiciary of the Senate on the findings and recommendations of the Director from the study required under paragraph (1).

(3) Patent Demand Letter Defined.—In this subsection, the term “patent demand letter” means a written communication relating to a patent that states or indicates, directly or indirectly, that the recipient or anyone affiliated with the recipient is or may be infringing the patent.

(f) Study on Business Method Patent Quality.—

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

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

(3) Report to Congress.—Not later than 1 year after the date of the enactment of this Act, the Comptroller General shall submit to the Committee on the Judiciary of the House of Representatives and the Committee on the Judiciary of the Senate a report on the findings and recommendations from the study required by this subsection, including recommendations for any changes to laws or regulations that the Comptroller General considers appropriate on the basis of the study.

(g) Study on Impact of Legislation on Ability of Individuals and Small Businesses To Protect Exclusive Rights to Inventions and Discoveries.—

(1) Study Required.—The Director, in consultation with the Secretary of Commerce, the Director of the Administrative Office of the United States Courts, the Director of the Federal Judicial Center, the heads of other relevant agencies, and interested parties, shall, using existing resources of the Office, conduct a study to examine the economic impact of sections 3, 4, and 5 of this Act, and any amendments made by such sections, on the ability of indi-
individuals and small businesses owned by women, veterans, and minorities to assert, secure, and vindicate the constitutionally guaranteed exclusive right to inventions and discoveries by such individuals and small business.

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

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

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

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

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

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

(B) in paragraph (13), by striking the period at the end and inserting a semicolon; and
(C) by adding at the end the following new paragraphs:

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

“(A) each claim of a patent shall be construed as such claim would be in a civil action to invalidate a patent under section 282(b), including construing each claim of the patent in accordance with the ordinary and customary meaning of such claim as understood by one of ordinary skill in the art and the prosecution history pertaining to the patent; and

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

“(15) providing that a review may not be instituted unless the petitioner certifies that the petitioner and the real parties in interest of the petitioner—

“(A) do not own and will not acquire a financial instrument (including a prepaid variable forward contract, equity swap, collar, or exchange fund) that is designed to hedge or offset any decrease in the market value of an equity
security of the patent owner or an affiliate of the patent owner, during a period following the filing of the petition to be determined by the Director; and

“(B) have not demanded payment, monetary or otherwise, from the patent owner or an affiliate of the patent owner in exchange for a commitment not to file a petition under section 311 with respect to the patent that is the subject of the petition, unless the petitioner or the real party in interest of the petitioner has been sued for or charged with infringement of the patent, during a period to be determined by the Director.”.

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

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

(B) in paragraph (12), by striking the period at the end and inserting a semicolon; and

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

“(13) providing that for all purposes under this chapter—
“(A) each claim of a patent shall be construed as such claim would be in a civil action to invalidate a patent under section 282(b), including construing each claim of the patent in accordance with the ordinary and customary meaning of such claim as understood by one of ordinary skill in the art and the prosecution history pertaining to the patent; and

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

“(14) providing that a review may not be instituted unless the petitioner certifies that the petitioner and the real parties in interest of the petitioner—

“(A) do not own and will not acquire a financial instrument (including a prepaid variable forward contract, equity swap, collar, or exchange fund) that is designed to hedge or offset any decrease in the market value of an equity security of the patent owner or an affiliate of the patent owner, during a period following the filing of the petition to be determined by the Director; and
“(B) have not demanded payment, monetary or otherwise, from the patent owner or an affiliate of the patent owner in exchange for a commitment not to file a petition under section 311 with respect to the patent that is the subject of the petition, unless the petitioner or the real party in interest of the petitioner has been sued for or charged with infringement of the patent, during a period to be determined by the Director.”.

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

(4) DECLARATION EVIDENCE.—

(A) PRELIMINARY RESPONSE TO PETITION FOR INTER PARTES REVIEW.—Section 313 of title 35, United States Code, is amended by striking the period at the end and inserting “, including affidavits or declarations of supporting evidence and opinions.”.

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

(5) RIGHT OF DUE PROCESS.—

(A) INTER PARTES REVIEW.—Section 316(b) of title 35, United States Code, is amended by striking “and the ability” and inserting “the rights to due process of the patent owner and the petitioner, and the ability”.

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

(6) SERIAL OR REDUNDANT PETITIONS.—The Director shall designate as precedential (and may change the designation as the Director determines to be appropriate), with respect to the application of subsections (d) and (e) of section 325 of title 35, United States Code, the decisions of the Patent Trial and Appeal Board in each of the following decisions:


(7) Preliminary response to inter partes review amendment.—

(A) Amendment.—Section 313 of title 35, United States Code, is amended by adding at the end the following new sentence: “The Director may accept a reply by the petitioner to new issues raised in the preliminary response, upon request by the petitioner to file such reply, within a time period set by the Director.”

(B) Conforming amendments.—Section 314 of title 35, United States Code, is amended—
(i) in subsection (a), by striking “any response” and inserting “any response or reply”; and

(ii) in subsection (b)—

(I) in paragraph (1), by striking “receiving a preliminary response to the petition” and inserting “receiving the later of a preliminary response to the petition or a reply to such preliminary response”; and

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

“(2) if—

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

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

(8) EFFECTIVE DATE, REGULATIONS, AND TRANSITION FOR SHORT SALES.—

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

(B) Regulations Required.—Not later than one year after the date of the enactment of this Act, the Director shall issue regulations to carry out sections 316(a)(15) and 326(a)(14) of title 35, United States Code, as added by paragraphs (1) and (2).

(C) Transition.—During the period that begins on the date of the enactment of this Act and ends on the date of the issuance of the regulations required pursuant to subparagraph (B), a petition filed under chapter 31 or 32 of title 35, United States Code, on or after the date of the enactment of this Act may not be instituted unless the petitioner certifies that the petitioner and the real parties in interest of such petitioner—

(i) do not own a financial instrument described in sections 316(a)(15) and 326(a)(14) of title 35, United States Code, as added by paragraphs (1) and (2), during the one-week period following the date on which the petition is filed; and
(ii) have not demanded anything of value from the patent owner or an affiliate of the patent owner during the period between September 16, 2012, and the date of the filing of the petition.

(9) Effective Date.—Except as otherwise provided, the amendments made by this subsection shall take effect upon the expiration of the 90-day period beginning on the date of the enactment of this Act, and shall apply to any proceeding under chapter 31 or 32 of title 35, United States Code, as the case may be, for which the petition for review is filed on or after such effective date.

(c) Codification of the Double-Patenting Doctrine.—

(1) Amendments.—

(A) Conditions for Patentability; Novelty.—Section 102 of title 35, United States Code, is amended by inserting at the end the following new subsection:

"(e) Double-Patenting Prior Art.—If a first claimed invention in a first patent was effectively filed on or before the effective filing date of a second claimed invention in a second patent or in the application on which the second patent issues, and the first claimed invention
is not otherwise prior art to the second claimed invention
under this section, then the first claimed invention shall,
notwithstanding the other subsections of this section, con-
stitute prior art to the second claimed invention under this
subsection unless—

“(1) the second claimed invention is consonant
with a requirement for restriction under the first
sentence of section 121 with respect to the claims
issued in the first patent; or

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

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

“(B) the owner of the first patent or the
application on which the first patent issues has
recorded an election limiting the enforcement of
the first patent relative to the second patent in
the manner described in this paragraph, the
owner of the first patent is a party to the civil
action, or a separate action under section 281
to enforce the first patent can no longer be
brought or maintained.”

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

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

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

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

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

(B) SAVINGS CLAUSE.—If a second claimed invention in a second patent issued before the date of the enactment of this Act is subject to the amendments made by paragraph (1) and would not have been invalid had the amendments made by paragraph (1) and the provisions of this paragraph not been enacted, then, notwithstanding section 102(e) of title 35, United States Code, as added by paragraph (1), prior art under such section 102(e) may not be considered in determining the validity of such second claimed invention.

(C) PROVISIONAL REJECTIONS TO CONTINUE.—If a first claimed invention in a first application for patent subject to the amendments under paragraph (1) would, if issued as a patent, constitute prior art under section 102(e) of title 35, United States Code, as added by paragraph (1), with respect to a second claimed invention in a second application, the first claimed invention may be provisionally cited by the Office as prior art in a notice
under section 132 of title 35, United States Code, in connection with the examination of the second claimed invention.

(D) PATENT TERM; RULE OF CONSTRUCTION.—

(i) IN GENERAL.—If the term of a patent is based upon the amendments made to subsection (a) of section 154, title 35, United States Code, by the Uruguay Round Agreements Act (Public Law 103–465; 108 Stat. 4809)—

(I) the patent term as provided under subsection (a) of such section 154, any adjustment to said term as provided under subsection (b) of such section 154, and any extension of such term as provided under section 156 of title 35, United States Code, shall not constitute, nor be deemed by the Office or the courts to constitute, an unjustified period of protection under the patent or an unjustified extension of the right to exclude under the patent relative to an earlier-expiring patent;
(II) the Office shall not condition the issuance of such a patent on a disclaimer of any portion of the term of the patent; and

(III) the Office may condition the issuance of such a patent on the making of an election as described in section 102(e)(2) of title 35, United States Code, as added by paragraph (1) in lieu of the filing of a disclaimer with respect to the ownership or separate enforcement of the patent that would otherwise be required by the Office in cases of non-statutory double patenting.

(ii) DISCLAIMERS IN PENDING APPLICATIONS.—A terminal disclaimer made in connection with an application for patent with respect to one or more other applications or patents shall be given no effect and shall be treated as having never been made if—

(I) within one year after the date of the enactment of this Act, an election as described in section 102(e)(2)
of title 35, United State Code, as added by paragraph (1), has been made in connection with the application or any patent issuing thereon and has effect with respect to each such other application or patent with respect to which the disclaimer was made;

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

(III) the term of a patent issued on the application would be based upon the amendments made to subsection (a) of section 154 of title 35, United States Code, by the Uruguay Round Agreements Act.

(iii) **DISCLAIMERS OTHERWISE UNAFFECTED.**—Except as provided in clause (ii), nothing in this subsection shall be construed to negate the effect of a terminal disclaimer limiting the enforcement of a patent issued on or before the date of the enactment of this Act.
(iv) **Terminal Disclaimer Defined.**—In this subparagraph, the term “terminal disclaimer” has the meaning as such term is described in section 1.321 of title 37, Code of Federal Regulations.

(E) **Exclusive Rules.**—

(i) **First-Inventor-to-File Patents.**—A claimed invention of a patent described in section 3(n)(1) of the Leahy-Smith America Invents Act (35 U.S.C. 100 note) and issued before, on, or after the date of the enactment of this Act may not be held invalid on any nonstatutory double-patenting ground.

(ii) **First-To-Invent Patents.**—A claimed invention of a patent not described in section 3(n)(1) of the Leahy-Smith America Invents Act and issued before, on, or after the date of the enactment of this Act may not be held invalid with respect to a claimed invention of another patent based on any nonstatutory double-patenting ground if one of the claimed inventions is prior art to the other claimed invention under section 102 of title 35,
United States Code, as in effect on the day
prior to the effective date of the amend-
ments made by section 3(b)(1) of the
Leahy-Smith America Invents Act.

(F) EFFECT OF RULE OF CONSTRUCTION
AND EXCLUSIVE RULES.—Subparagraphs (D)
and (E) shall take effect on the date of the en-
actment of this Act, except that they shall not
apply to any defense raised in a civil action
brought before such date.

(d) PTO PATENT REVIEWS.—

(1) CLARIFICATION.—

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

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

(2) AUTHORITY TO WAIVE FEE.—Subject to
available resources, the Director may waive payment
of a filing fee for a transitional proceeding described
under section 18(a) of the Leahy-Smith America In-

(3) PROCEEDING CONSOLIDATION CLARIFICA-
TION.—Section 315(c) is amended to read as fol-
 lows:

“(c) JOINDER.—

“(1) JOINDER OF PARTY.—If the Director insti-
tutes an inter partes review, the Director, in his or
her discretion, may join as a party to that inter
partes review any person who meets the requirement
of properly filing a petition under section 311 that
the Director, after receiving a preliminary response
under section 313 or the expiration of the time for
filing such a response, determines warrants the in-
stitution of an inter partes review under section 314.

“(2) JOINDER OF LATER FILED PETITION.—
For good cause shown, the Director may allow a
party who files a petition that meets the requirement
described in paragraph (1) and concerns the patent
of a pending inter partes review to join the petition
to the pending review.”.

(e) CLARIFICATION OF JURISDICTION.—

(1) IN GENERAL.—An action or claim arises
under an Act of Congress relating to patents if such
action or claim—
(A) necessarily requires resolution of a disputed question as to the validity of a patent or the scope of a patent claim; or

(B) is an action or claim for legal malpractice that arises from an attorney’s conduct in relation to an action or claim arising under an Act of Congress relating to patents (including as described in paragraph (1)).

(2) APPLICABILITY.—Paragraph (1)—

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

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

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

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

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

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

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

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

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

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

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

(h) TECHNICAL CORRECTIONS.—

(1) NOVELTY.—

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

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

(2) INVENTOR’S OATH OR DECLARATION.—

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

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

(3) ASSIGNEE FILERS.—

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

(B) **Benefit of earlier filing date in the United States.**—Section 120 of title 35, United States Code, is amended, in the first sentence, by striking “names an inventor or joint inventor” and inserting “names the inventor or a joint inventor”.

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

(4) **Derived patents.**—

(A) **Amendment.**—Section 291(b) of title 35, United States Code, is amended by striking “or joint inventor” and inserting “or a joint inventor”.

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

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

(6) TIME LIMIT FOR COMMENCING MISCONDUCT PROCEEDINGS.—

(A) Amendment.—Section 32 of title 35, United States Code, is amended by striking the fourth sentence and inserting the following new sentences: “A proceeding under this section shall be commenced not later than the earlier of either the date that is 10 years after the date on which the misconduct forming the basis for the proceeding occurred, or 18 months after the date on which the Director of the Office of Enrollment and Discipline received a written grievance (as prescribed in the regulations established under section 2(b)(2)(D)) about a specified individual that describes the misconduct forming the basis for the proceeding. If the misconduct that forms the basis for the proceeding under this section is at issue in a court or administrative-agency proceeding, the 18-month period for commencing the proceeding under this section shall be tolled until the court or
agency’s decision regarding the misconduct becomes final and non-appealable. The 18-month period for commencing a proceeding under this section also may be tolled by agreement between the parties.”

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

(7) PATENT OWNER RESPONSE.—

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

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

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

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

(i) by striking paragraph (7); and

(ii) by redesignating paragraphs (8) and (9) as paragraphs (7) and (8), respectively.

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

(9) GLOBAL WORKSHARING.—

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

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(f) FOREIGN OR INTERNATIONAL FILING.—

(1) PROVISION OF INFORMATION.—The Director may provide information concerning an application for patent to a foreign or international intellectual property office if a corresponding application is filed with such foreign or international intellectual property office. If the corresponding application is an international application, such information may
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also be provided to an International Searching Au-
thority, an International Preliminary Examining Au-
thority, or the International Bureau.

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

(B) CONFORMING AMENDMENT.—Section
122(a) of title 35, United States Code, is
amended by striking “subsection (b)” and in-
serting “subsections (b) and (f)”.

(C) EFFECTIVE DATE.—The amendments
made by this paragraph shall take effect on the
date of the enactment of this Act and shall
apply to applications for patent that are pend-
ing on, or filed on or after, such effective date.

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

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

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

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

(11) OFFICERS AND EMPLOYEES AMEND-
MENT.—

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

(B) APPLICABILITY.—Section 3(b)(3)(B) of title 35, United States Code, as added by subparagraph (A) shall apply to all officers nominated for appointment by the Secretary of
Commerce before, on, or after the date of the enactment of this Act.

SEC. 10. EFFECTIVE DATE.

Except as otherwise provided in this Act, the provisions of this Act shall take effect on the date of the enactment of this Act, and shall apply to any patent issued, or any action filed, on or after that date.