

AMENDMENT ROSTER

H.R. 3309, the Innovation Act

Amendments to the Amendment in the nature of a substitute

Conyers/Watt (CONYER_67)	Provides full funding for the PTO; promotes transparency in patent ownership; protects customers who are targeted in infringement suits; directs the PTO to develop educational resources for small businesses; instructs the PTO and others to prepare reports on several issues including the use of deceptive demand letters	
Conyers/Watt (SLS_357)	Ensures that the PTO retains all of the user fees it collects	
Jackson Lee (335)	Strikes Section 3	
Watt (38)	Amends Section 3(b)(1)(a) to replace “exceptional” with “appropriate”	
Watt (39)	Amends Section 3(d) to make discovery limits discretionary	
Watt (40)	Limits the application of the amendments made by Section 3 to patent cases brought in districts designated under Pub. Law 111-349; requires a study by the AO on the operation and efficacy of Section 3 in those districts.	
Johnson (40)	Strikes Section 6	
Jackson Lee (333)	Amends Section 5 definition of Covered Customer to ensure that small businesses are protected	
Jackson Lee (331)	Amends Section 8 to give PTO a more reasonable time period to complete the reports	

Lofgren/Farenthold (37)	Establishes that the PTO may consider prosecution history in reviewing patent claims during inter partes and post-grant review	
Lofgren (38)	Clarifies that the prior art activities listed in 35 U.S.C. § 102(a) qualify for the grace period in 102(b)	
Richmond (32)	Ensures that the education and outreach efforts involve minorities, disabled veterans and women	
Richmond (33)	Requires plaintiff to disclose in the initial complaint the number of pending patent infringement suits it has brought	

**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 3309
OFFERED BY MR. CONYERS OF MICHIGAN**

*MR. WATT OF
NORTH CAROLINA*

Strike “**SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**” and all that follows through the end and insert the following:

1 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

2 (a) **SHORT TITLE.**—This Act may be cited as the
3 “Deceptive Patent Practices Reduction 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 and Trademark Office funding.
- Sec. 4. Transparency of patent ownership.
- Sec. 5. Customer stay.
- Sec. 6. Small business education, outreach, and information access.
- Sec. 7. Codification of the double-patenting doctrine for first-inventor-to-file patents.
- Sec. 8. Technical corrections to the Leahy-Smith America Invents Act.
- Sec. 9. Reports.
- 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.

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

3 **SEC. 3. PATENT AND TRADEMARK OFFICE FUNDING.**

4 (a) DEFINITIONS.—In this section:

5 (1) FUND.—The term “Fund” means the
6 United States Patent and Trademark Office Public
7 Enterprise Revolving fund established under sub-
8 section (c).

9 (2) TRADEMARK ACT OF 1946.—The term
10 “Trademark Act of 1946” means the Act entitled
11 “An Act to provide for the registration and protec-
12 tion of trademarks used in commerce, to carry out
13 the provisions of certain international conventions,
14 and for other purposes”, approved July 5, 1946 (15
15 U.S.C. 1051 et seq.) (commonly referred to as the
16 “Trademark Act of 1946” or the “Lanham Act”).

17 (b) FUNDING.—

18 (1) IN GENERAL.—Section 42 of title 35,
19 United States Code, is amended—

20 (A) in subsection (b), by striking “Patent
21 and Trademark Office Appropriation Account”
22 and inserting “United States Patent and
23 Trademark Office Public Enterprise Fund”;
24 and

25 (B) in subsection (c)—

1 (i) in paragraph (1)—

2 (I) in the first sentence, by strik-
3 ing “To the extent” and all that fol-
4 lows through “fees” and inserting
5 “Fees”; and

6 (II) by striking “shall be col-
7 lected by and shall, subject to para-
8 graph (3), be available to the Direc-
9 tor” and inserting “shall be collected
10 by, and shall be available to, the Di-
11 rector until expended”; and

12 (ii) by striking paragraph (2) and re-
13 designating paragraph (3) as paragraph
14 (2).

15 (2) EFFECTIVE DATE.—The amendments made
16 by paragraph (1) shall take effect on the first day
17 of the first fiscal year that begins on or after the
18 date of the enactment of this Act.

19 (c) USPTO REVOLVING FUND.—

20 (1) ESTABLISHMENT.—There is established in
21 the Treasury of the United States a revolving fund
22 to be known as the “United States Patent and
23 Trademark Office Public Enterprise Fund”. Any
24 amounts in the Fund shall be available for use by
25 the Director without fiscal year limitation.

1 (2) DERIVATION OF RESOURCES.—

2 (A) IN GENERAL.—There shall be depos-
3 ited into the Fund on and after the effective
4 date set forth in subsection (b)(2)—

5 (i) any fees collected under title 35,
6 United States Code; and

7 (ii) any fees collected under the
8 Trademark Act of 1946 (15 U.S.C. 1051
9 et seq.).

10 (B) REMAINING BALANCES.—There shall
11 be deposited in the Fund, on the effective date
12 set forth in subsection (b)(2), any unobligated
13 balances remaining in the Patent and Trade-
14 mark Office Appropriation Account, and in the
15 Patent and Trademark Fee Reserve Fund es-
16 tablished under section 42(b)(2) of title 31,
17 United States Code, as in effect on the day be-
18 fore such effective date. Upon the payment of
19 all obligated amounts in the Patent and Trade-
20 mark Fee Reserve Fund, the Patent and Trade-
21 mark Fee Reserve Fund shall be terminated.

22 (3) EXPENSES.—Amounts deposited into the
23 Fund under paragraph (2) shall be available, with-
24 out fiscal year limitation, to cover—

1 (A) all expenses, to the extent consistent
2 with the limitation on the use of fees set forth
3 in section 42(c) of title 35, United States Code,
4 including all administrative and operating ex-
5 penses, determined in the discretion of the Di-
6 rector to be ordinary and reasonable, incurred
7 by the Director for the continued operation of
8 all services, programs, activities, and duties of
9 the Office relating to patents and trademarks,
10 as such services, programs, activities, and du-
11 ties are described under—

12 (i) title 35, United States Code; and

13 (ii) the Trademark Act of 1946; and

14 (B) all expenses incurred pursuant to any
15 obligation, representation, or other commitment
16 of the Office.

17 (d) ANNUAL REPORT AND OPERATION PLAN.—Not
18 later than 60 days after the end of each fiscal year, the
19 Director shall submit to Congress a report that—

20 (1) summarizes the operations of the Office for
21 the preceding fiscal year, including financial details
22 and staff levels broken down by each major activity
23 of the Office;

24 (2) describes the long term modernization plans
25 of the Office;

1 (3) sets forth details of any progress towards
2 such modernization plans made in the preceding fis-
3 cal year; and

4 (4) includes the results of the most recent audit
5 carried out under subsection (f).

6 (e) ANNUAL SPENDING PLAN.—

7 (1) IN GENERAL.—Not later than 30 days after
8 the beginning of each fiscal year, the Director shall
9 notify the Committee on Appropriations of the
10 House of Representatives and the Committee on Ap-
11 propriations of the Senate of the plan for the obliga-
12 tion and expenditure by the Office of the total
13 amount of the funds for that fiscal year in accord-
14 ance with section 605 of the Science, State, Justice,
15 Commerce, and Related Agencies Appropriations
16 Act, 2006 (Public Law 109–108; 119 Stat. 2334).

17 (2) CONTENTS.—Each plan under paragraph
18 (1) shall—

19 (A) summarize the operations of the Office
20 for the current fiscal year, including financial
21 details and staff levels with respect to major ac-
22 tivities; and

23 (B) detail the operating plan of the Office,
24 including specific expense and staff needs, for
25 the current fiscal year.

1 (f) AUDIT.—The Director shall, on an annual basis,
2 provide for an independent audit of the financial state-
3 ments of the Office. Such audit shall be conducted in ac-
4 cordance with generally accepted accounting principles.

5 (g) BUDGET.—The Fund shall prepare and submit
6 each year to the President a business-type budget in such
7 manner, and before such date, as the President prescribes
8 by regulation.

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

10 (a) JUDICIAL PROCEEDINGS.—

11 (1) IN GENERAL.—Section 281 of title 35,
12 United States Code, is amended—

13 (A) by striking “A patentee” and inserting

14 “(a) IN GENERAL.—A patentee”; and

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

16 “(b) INITIAL DISCLOSURE.—A patentee who has filed
17 a civil action under subsection (a) is required to disclose
18 to the court and to all adverse parties, any persons, asso-
19 ciations of persons, firms, partnerships, corporations (in-
20 cluding parent corporations), or other entities other than
21 the patentee itself known by the patentee to have—

22 “(1) a financial interest (of any kind) in the
23 subject matter in controversy or in a party to the
24 proceeding; or

1 entity of an assignee of a patent has not been dis-
2 closed to the United States Patent and Trademark
3 Office in accordance with this section; and

4 “(2) the term ‘ultimate parent entity’ has the
5 meaning given the term in section 801.1(a)(3) of
6 title 16, Code of Federal Regulations, or any suc-
7 cessor regulation.

8 “(b) REQUIREMENT TO DISCLOSE ASSIGNMENT.—
9 An assignment of all substantial rights in an issued patent
10 that results in a change to the ultimate parent entity shall
11 be recorded in the Patent and Trademark Office within
12 3 months of the assignment.

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

16 “(d) FAILURE TO COMPLY.—If a party required to
17 make a disclosure under subsection (b) fails to comply
18 with such requirement, in a civil action in which that party
19 asserts a claim for infringement of the patent, that party
20 may not recover increased damages under section 284 or
21 attorney fees under section 285 with respect to infringing
22 activities taking place during any period of noncompli-
23 ance.”.

1 (2) **APPLICABILITY.**—The amendment made by
2 paragraph (1) shall apply to any patent issued on or
3 after the date of enactment of this Act.

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

“263. Disclosure of information relating to patent ownership.”.

8 **SEC. 5. CUSTOMER STAY.**

9 (a) **IN GENERAL.**—Chapter 29 of title 35, United
10 States Code, is amended by adding at the end the fol-
11 lowing new section:

12 **“§ 299A. Customer stay**

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

14 “(1) the term ‘covered customer’ means a party
15 accused of infringing a patent or patents in dispute
16 based on a covered product or process;

17 “(2) the term ‘covered manufacturer’ means a
18 person who manufactures or supplies, or causes the
19 manufacture or supply of, a covered product or proc-
20 ess, or a relevant part thereof; and

21 “(3) the term ‘covered product or process’
22 means a component, product, process, system, serv-
23 ice, method, or a relevant part thereof, that—

24 “(A) is alleged to infringe the patent or
25 patents in dispute, or

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

3 “(b) MOTION FOR STAY.—In a civil action in which
4 a party asserts a claim for relief arising under any Act
5 of Congress relating to patents (other than an action that
6 includes a cause of action described in section 271(e) of
7 this title), the court shall grant a motion to stay at least
8 the portion of the action against a covered customer that
9 relates to infringement of a patent involving a covered
10 product or process if—

11 “(1) the covered manufacturer and the covered
12 customer consent in writing to the stay;

13 “(2) the covered manufacturer is a party to the
14 action or a separate action involving the same patent
15 or patents relating to the same covered product or
16 process;

17 “(3) the covered customer agrees to be bound
18 under the principles of collateral estoppel by any
19 issues finally decided as to the covered manufacturer
20 in an action described in paragraph (2) that the cov-
21 ered customer has in common with the covered man-
22 ufacturer; and

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

1 “(A) 120 days after service of the first
2 pleading in the action that specifically identifies
3 the covered product or process as a basis for
4 the alleged infringement of the patent by the
5 covered customer, and specifically identifies how
6 the covered product or process is alleged to in-
7 fringe the patent; or

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

10 “(c) APPLICABILITY.—A stay issued under sub-
11 section (b) shall apply only to those asserted patents and
12 products, systems, methods, or components accused of in-
13 fringement in the action.

14 “(d) VACATING STAY.—

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

18 “(A) the action involving the covered man-
19 ufacturer will not resolve a major issue in suit
20 against the covered customer; or

21 “(B) the stay unreasonably prejudices or
22 would be manifestly unjust to the party seeking
23 to vacate the stay.

24 “(2) SEPARATE ACTIONS.—In the case of a stay
25 entered under this section based on the participation

1 of the covered manufacturer in a separate action de-
2 scribed in subsection (b)(2), a motion under para-
3 graph (1) may only be granted if the court in such
4 separate action determines that the showing re-
5 quired under paragraph (1) has been made.

6 “(e) WAIVER OF ESTOPPEL EFFECT.—If, following
7 the grant of a motion to stay under this section, the cov-
8 ered manufacturer in an action described in subsection
9 (b)(2)—

10 “(1) seeks or consents to entry of a consent
11 judgment involving one or more of the common
12 issues that gave rise to the stay; or

13 “(2) fails to prosecute, to a final, non-appeal-
14 able judgment, a final decision as to one or more of
15 the common issues that gave rise to the stay,

16 the court may, upon motion, determine that such consent
17 judgment or unappealed final decision shall not be binding
18 on the covered customer with respect to one or more of
19 such common issues based on a showing that such an out-
20 come would unreasonably prejudice or be manifestly un-
21 just to the covered customer in light of the circumstances
22 of the case.

23 “(f) RULE OF CONSTRUCTION.—Nothing in this sec-
24 tion shall be construed to limit the ability of a court to
25 grant, expand, or modify any stay granted pursuant to

1 this section, or grant any motion to intervene, if otherwise
2 permitted by law.”.

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

“299A. Customer stay.”.

6 **SEC. 6. SMALL BUSINESS EDUCATION, OUTREACH, AND IN-**
7 **FORMATION ACCESS.**

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

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

14 (2) SMALL BUSINESS PATENT OMBUDSMAN.—
15 The Patent Ombudsman Program established under
16 section 28 of the Leahy-Smith America Invents Act
17 (35 U.S.C. 2 note) shall coordinate with the existing
18 small business outreach programs of the Office to
19 provide education and awareness on abusive patent
20 litigation practices.

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

24 (1) WEB SITE.—Using existing resources, the
25 Director shall create a user-friendly section on the

1 official Web site of the Office to notify the public
2 when a patent case is brought in Federal court and
3 with respect to each patent at issue in such case, the
4 Director shall include—

5 (A) information disclosed pursuant to sec-
6 tion 290 of title 35, United States Code, as
7 amended by section 4(a)(2) of this Act; and

8 (B) any information the Director deter-
9 mines to be relevant.

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

14 **SEC. 7. CODIFICATION OF THE DOUBLE-PATENTING DOC-**
15 **TRINE FOR FIRST-INVENTOR-TO-FILE PAT-**
16 **ENTS.**

17 (a) **AMENDMENT.**—Chapter 10 of title 35, United
18 States Code, is amended by adding at the end the fol-
19 lowing new section:

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

21 “A claimed invention of a patent issued under section
22 151 (referred to in this section as the ‘first patent’) that
23 is not prior art to a claimed invention of another patent
24 (referred to in this section as the ‘second patent’) shall
25 be considered prior art to the claimed invention of the sec-

1 ond patent for the purpose of determining the nonobvious-
2 ness of the claimed invention of the second patent under
3 section 103 if—

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

8 “(2) either—

9 “(A) the first patent and the second patent
10 name the same inventor; or

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

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

24 (b) REGULATIONS.—The Director shall promulgate
25 regulations setting forth the form and content of any dis-

1 claimer required for a patent to be issued in compliance
2 with section 106 of title 35, United States Code, as added
3 by subsection (a). Such regulations shall apply to any dis-
4 claimer filed after a patent has issued. A disclaimer, when
5 filed, shall be considered for the purpose of determining
6 the validity of the patent under section 106 of title 35,
7 United States Code.

8 (c) CONFORMING AMENDMENT.—The table of sec-
9 tions for chapter 10 of title 35, United States Code, is
10 amended by adding at the end the following new item:

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

11 (d) EXCLUSIVE RULE.—A patent subject to section
12 106 of title 35, United States Code, as added by sub-
13 section (a), shall not be held invalid on any nonstatutory,
14 double-patenting ground.

15 (e) 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 a patent or patent applica-
18 tion only if both the first and second patents described
19 in section 106 of title 35, United States Code, as added
20 by subsection (a), are patents or patent applications that
21 are described in section 3(n)(1) of the Leahy-Smith Amer-
22 ica Invents Act (35 U.S.C. 100 note).

23 **SEC. 8. TECHNICAL CORRECTIONS TO THE LEAHY-SMITH**
24 **AMERICA INVENTS ACT.**

25 (a) TECHNICAL CORRECTIONS.—

1 (1) INVENTOR'S OATH OR DECLARATION.—

2 (A) AMENDMENT.—Section 115(g)(1) of
3 title 35, United States Code, is amended—

4 (i) in the matter preceding subpara-
5 graph (A), by striking “claims the benefit”
6 and inserting “is entitled, as to each inven-
7 tion claimed in the application, to the ben-
8 efit”; and

9 (ii) in subparagraph (A), by striking
10 “meeting the requirements of subsection
11 (a) was executed by the individual and was
12 filed in connection with the earlier-filed ap-
13 plication” and inserting the following: “ex-
14 ecuted by or on behalf of the individual
15 was filed in connection with the earlier-
16 filed application and meets the require-
17 ments of this section as effective on the
18 date such oath or declaration was filed”.

19 (B) EFFECTIVE DATE.—The amendment
20 made by subparagraph (A) shall be effective as
21 if included in the amendment made by section
22 4(a)(1) of the Leahy-Smith America Invents
23 Act (Public Law 112–29; 125 Stat. 293).

24 (2) NOVELTY.—

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

6 (B) EFFECTIVE DATE.—The amendment
7 made by subparagraph (A) shall be effective as
8 if included in the amendment made by section
9 3(b)(1) of the Leahy-Smith America Invents
10 Act (Public Law 112–29; 125 Stat. 285).

11 (3) ASSIGNEE FILERS.—

12 (A) BENEFIT OF EARLIER FILING DATE;
13 RIGHT OF PRIORITY.—Section 119(e)(1) of title
14 35, United States Code, is amended, in the first
15 sentence, by striking “by an inventor or inven-
16 tors named” and inserting “that names the in-
17 ventor or a joint inventor”.

18 (B) BENEFIT OF EARLIER FILING DATE IN
19 THE UNITED STATES.—Section 120 of title 35,
20 United States Code, is amended, in the first
21 sentence, by striking “names an inventor or
22 joint inventor” and inserting “names the inven-
23 tor or a joint inventor”.

24 (C) EFFECTIVE DATE.—The amendments
25 made by this paragraph shall take effect on the

1 date of the enactment of this Act and shall
2 apply to any patent application, and any patent
3 issuing from such application, that is filed on or
4 after September 16, 2012.

5 (4) DERIVED PATENTS.—

6 (A) AMENDMENT.—Section 291(b) of title
7 35, United States Code, is amended by striking
8 “or joint inventor” and inserting “or a joint in-
9 ventor”.

10 (B) EFFECTIVE DATE.—The amendment
11 made by subparagraph (A) shall be effective as
12 if included in the amendment made by section
13 3(h)(1) of the Leahy-Smith America Invents
14 Act (Public Law 112–29; 125 Stat. 288).

15 (5) SPECIFICATION.—Notwithstanding section
16 4(e) of the Leahy-Smith America Invents Act (Pub-
17 lic Law 112–29; 125 Stat. 297), the amendments
18 made by subsections (c) and (d) of section 4 of such
19 Act shall apply to any proceeding or matter, that is
20 pending on, or filed on or after, the date of the en-
21 actment of this Act.

22 (6) PATENT OWNER RESPONSE.—

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

1 tion under section 313” and inserting “the peti-
2 tion under section 311”.

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

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

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

13 (A) AMENDMENT.—The fourth sentence of
14 section 32 of title 35, United States Code, is
15 amended by striking “1 year” and inserting “2
16 years”.

17 (B) EFFECTIVE DATE.—The amendment
18 made by this paragraph shall apply to any ac-
19 tion in which the Office files a complaint on or
20 after the date of enactment of this Act.

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

1 (e) CLARIFICATION OF JURISDICTION.—Section 1338
2 of title 28, United States Code, is amended by adding at
3 the end the following:

4 “(d) For purposes of this section, section 1454, and
5 section 1295(a), a claim of legal malpractice that nec-
6 essarily raises a disputed question of patent law shall be
7 deemed to arise under an Act of Congress relating to pat-
8 ents.”.

9 **SEC. 9. REPORTS.**

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

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

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

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

1 (C) to examine licensing and other over-
2 sight requirements that may be placed on the
3 patent secondary market, including on the par-
4 ticipants in such markets, to ensure that the
5 market is a level playing field and that brokers
6 in the market have the requisite expertise and
7 adhere to ethical business practices; and

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

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

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

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

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

4 (B) provides legislative and administrative
5 recommendations on whether there should be
6 restrictions placed on patents acquired from the
7 United States Government;

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

14 (D) provides recommendations to ensure
15 that each relevant agency has an adequate
16 point of contact that is responsible for man-
17 aging the patent portfolio of the agency.

18 (2) REPORT ON STUDY.—Not later than 9
19 months after the date of completion of the study re-
20 quired by subsection (a)(1), the Director shall sub-
21 mit to the Committee on the Judiciary of the House
22 of Representatives and the Committee on the Judici-
23 ary of the Senate a report on the findings and rec-
24 ommendations of the Director from the study re-
25 quired under paragraph (1).

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

3 (1) GAO STUDY.—The Comptroller General of
4 the United States shall conduct a study on patent
5 examination at the Office and the technologies avail-
6 able to improve examination and improve patent
7 quality.

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

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

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

19 (C) A description of how patents are clas-
20 sified.

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

24 (E) An examination of the types of off-the-
25 shelf prior art databases and search software

1 used by foreign patent offices and governments,
2 particularly in Europe and Asia, and whether
3 those databases and search tools could be used
4 by the Office to improve patent examination.

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

7 (3) REPORT TO CONGRESS.—Not later than 6
8 months after the date of the completion of the study
9 required by subsection (b)(1), the Comptroller Gen-
10 eral shall submit to the Committee on the Judiciary
11 of the House of Representatives and the Committee
12 on the Judiciary of the Senate a report on the find-
13 ings and recommendations from the study required
14 by this subsection, including recommendations for
15 any changes to laws and regulations that will im-
16 prove the examination of patent applications and
17 patent quality.

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

19 (1) STUDY REQUIRED.—

20 (A) IN GENERAL.—The Director of the
21 Administrative Office of the United States
22 Courts, in consultation with the Director of the
23 Federal Judicial Center, shall, using existing
24 resources, conduct a study to examine the idea
25 of developing a pilot program for patent small

1 claims courts in certain judicial districts within
2 the existing patent pilot program mandated by
3 Public Law 111-349 (28 U.S.C. 137 note).

4 (B) CONTENTS OF STUDY.—The study
5 conducted under subparagraph (A) shall exam-
6 ine—

7 (i) the number and qualifications for
8 judges that could serve on the courts de-
9 scribed in subparagraph (A);

10 (ii) how the courts described in sub-
11 paragraph (A) would be designated and
12 the necessary criteria;

13 (iii) the costs that would be incurred
14 for establishing, maintaining and operating
15 the pilot program described in subpara-
16 graph (A); and

17 (iv) the steps that would be taken to
18 ensure that the pilot small claims courts
19 are not misused for abusive patent litiga-
20 tion.

21 (2) REPORT.—Not later than 1 year after the
22 date of the enactment of this Act, the Director of
23 the Administrative Office of the United States
24 Courts shall submit a report to the Committee on
25 the Judiciary of the House of Representatives and

1 the Committee on the Judiciary of the Senate on the
2 findings and recommendations from the study re-
3 quired under paragraph (1).

4 (e) STUDY ON BAD-FAITH DEMAND LETTERS.—

5 (1) STUDY.—The Intellectual Property Enforce-
6 ment Coordinator, in consultation with the Director,
7 shall conduct a study of the practice by a person, in
8 connection with the assertion of a United States pat-
9 ent, of sending written communications that state
10 that the intended recipients or any affiliated persons
11 of such recipients are infringing or have infringed
12 the patent and bear liability or owe compensation to
13 another, whereby—

14 (A) the communications falsely threaten
15 that administrative or judicial relief will be
16 sought if compensation is not paid or the in-
17 fringement issue is not otherwise resolved;

18 (B) the assertions contained in the commu-
19 nications lack a reasonable basis in fact or law,
20 including, for example, because—

21 (i) the person asserting the patent is
22 not a person, or does not represent a per-
23 son, with the current right to license the
24 patent to, or to enforce the patent against,

1 the intended recipients or any such affili-
2 ated persons; or

3 (ii) the communications seek com-
4 pensation on account of activities under-
5 taken after the patent has expired; or

6 (C) the content of the written communica-
7 tions is likely to materially mislead a reasonable
8 recipient, including, for example, because the
9 content fails to include such facts reasonably
10 necessary to inform the recipient of—

11 (i) the identity of the person asserting
12 a right to license the patent to, or enforce
13 the patent against, the intended recipient
14 or any affiliated person of the recipient;

15 (ii) the patent issued by the United
16 States Patent and Trademark Office al-
17 leged to have been infringed; and

18 (iii) the reasons for the assertion that
19 the patent may be or may have been in-
20 fringed.

21 (2) REPORT TO CONGRESS.—Not later than 18
22 months after the date of the enactment of this Act,
23 the Intellectual Property Enforcement Coordinator
24 shall submit to the Committee on the Judiciary of
25 the House of Representatives and the Committee on

1 the Judiciary of the Senate a report on the study
2 conducted under paragraph (1), including rec-
3 ommendations for any changes to laws and regula-
4 tions that will deter any abuses found in the practice
5 described in paragraph (1).

6 **SEC. 10. EFFECTIVE DATE.**

7 Except as otherwise provided in this Act, the provi-
8 sions of this Act shall take effect on the date of the enact-
9 ment of this Act, and shall apply to any patent issued,
10 or any action filed, on or after that date.



**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 3309**

OFFERED BY MR. CONYERS / MR. WATT

Page 56, after line 20, insert the following and re-designate the succeeding section, and amend the table of contents, accordingly:

1 SEC. 10. PATENT AND TRADEMARK OFFICE FUNDING.

2 (a) DEFINITIONS.—In this section:

3 (1) FUND.—The term “Fund” means the
4 United States Patent and Trademark Office Public
5 Enterprise Revolving fund established under sub-
6 section (c).

7 (2) TRADEMARK ACT OF 1946.—The term
8 “Trademark Act of 1946” means the Act entitled
9 “An Act to provide for the registration and protec-
10 tion of trademarks used in commerce, to carry out
11 the provisions of certain international conventions,
12 and for other purposes”, approved July 5, 1946 (15
13 U.S.C. 1051 et seq.) (commonly referred to as the
14 “Trademark Act of 1946” or the “Lanham Act”).

15 (b) FUNDING.—

16 (1) IN GENERAL.—Section 42 of title 35,
17 United States Code, is amended—

1 (A) in subsection (b), by striking “Patent
2 and Trademark Office Appropriation Account”
3 and inserting “United States Patent and
4 Trademark Office Public Enterprise Fund”;
5 and

6 (B) in subsection (c)—

7 (i) in paragraph (1)—

8 (I) in the first sentence, by strik-
9 ing “To the extent” and all that fol-
10 lows through “fees” and inserting
11 “Fees”; and

12 (II) by striking “shall be col-
13 lected by and shall, subject to para-
14 graph (3), be available to the Direc-
15 tor” and inserting “shall be collected
16 by, and shall be available to, the Di-
17 rector until expended”; and

18 (ii) by striking paragraph (2) and re-
19 designating paragraph (3) as paragraph
20 (2).

21 (2) EFFECTIVE DATE.—The amendments made
22 by paragraph (1) shall take effect on the first day
23 of the first fiscal year that begins on or after the
24 date of the enactment of this Act.

25 (c) USPTO REVOLVING FUND.—

1 (1) ESTABLISHMENT.—There is established in
2 the Treasury of the United States a revolving fund
3 to be known as the “United States Patent and
4 Trademark Office Public Enterprise Fund”. Any
5 amounts in the Fund shall be available for use by
6 the Director without fiscal year limitation.

7 (2) DERIVATION OF RESOURCES.—

8 (A) IN GENERAL.—There shall be depos-
9 ited into the Fund on and after the effective
10 date set forth in subsection (b)(2)—

11 (i) any fees collected under title 35,
12 United States Code; and

13 (ii) any fees collected under the
14 Trademark Act of 1946 (15 U.S.C. 1051
15 et seq.).

16 (B) REMAINING BALANCES.—There shall
17 be deposited in the Fund, on the effective date
18 set forth in subsection (b)(2), any unobligated
19 balances remaining in the Patent and Trade-
20 mark Office Appropriation Account, and in the
21 Patent and Trademark Fee Reserve Fund es-
22 tablished under section 42(b)(2) of title 31,
23 United States Code, as in effect on the day be-
24 fore such effective date. Upon the payment of
25 all obligated amounts in the Patent and Trade-

1 mark Fee Reserve Fund, the Patent and Trade-
2 mark Fee Reserve Fund shall be terminated.

3 (3) EXPENSES.—Amounts deposited into the
4 Fund under paragraph (2) shall be available, with-
5 out fiscal year limitation, to cover—

6 (A) all expenses, to the extent consistent
7 with the limitation on the use of fees set forth
8 in section 42(c) of title 35, United States Code,
9 including all administrative and operating ex-
10 penses, determined in the discretion of the Di-
11 rector to be ordinary and reasonable, incurred
12 by the Director for the continued operation of
13 all services, programs, activities, and duties of
14 the Office relating to patents and trademarks,
15 as such services, programs, activities, and du-
16 ties are described under—

17 (i) title 35, United States Code; and

18 (ii) the Trademark Act of 1946; and

19 (B) all expenses incurred pursuant to any
20 obligation, representation, or other commitment
21 of the Office.

22 (d) ANNUAL REPORT AND OPERATION PLAN.—Not
23 later than 60 days after the end of each fiscal year, the
24 Director shall submit to Congress a report that—

1 (1) summarizes the operations of the Office for
2 the preceding fiscal year, including financial details
3 and staff levels broken down by each major activity
4 of the Office;

5 (2) describes the long term modernization plans
6 of the Office;

7 (3) sets forth details of any progress towards
8 such modernization plans made in the preceding fis-
9 cal year; and

10 (4) includes the results of the most recent audit
11 carried out under subsection (f).

12 (e) ANNUAL SPENDING PLAN.—

13 (1) IN GENERAL.—Not later than 30 days after
14 the beginning of each fiscal year, the Director shall
15 notify the Committee on Appropriations of the
16 House of Representatives and the Committee on Ap-
17 propriations of the Senate of the plan for the obliga-
18 tion and expenditure by the Office of the total
19 amount of the funds for that fiscal year in accord-
20 ance with section 605 of the Science, State, Justice,
21 Commerce, and Related Agencies Appropriations
22 Act, 2006 (Public Law 109–108; 119 Stat. 2334).

23 (2) CONTENTS.—Each plan under paragraph
24 (1) shall—

1 (A) summarize the operations of the Office
2 for the current fiscal year, including financial
3 details and staff levels with respect to major ac-
4 tivities; and

5 (B) detail the operating plan of the Office,
6 including specific expense and staff needs, for
7 the current fiscal year.

8 (f) AUDIT.—The Director shall, on an annual basis,
9 provide for an independent audit of the financial state-
10 ments of the Office. Such audit shall be conducted in ac-
11 cordance with generally accepted accounting principles.

12 (g) BUDGET.—The Fund shall prepare and submit
13 each year to the President a business-type budget in such
14 manner, and before such date, as the President prescribes
15 by regulation.



**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 3309
OFFERED BY MS. JACKSON LEE OF TEXAS**

Page 2, strike line 3 and all that follows through page 13, line 22 (and redesignate the subsequent sections accordingly).



**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 3309
OFFERED BY MR. WATT OF NORTH CAROLINA**

Page 5, strike lines 17 through 25 and insert the following:

1 **“§ 285. Attorney fees**

2 “(a) AWARD.—The court in appropriate cases may
3 award reasonable attorney fees to the prevailing party.”.

Page 6, strike line 23 and all that follows through page 7, line 7 and insert the following:

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



**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 3309
OFFERED BY MR. WATT OF NORTH CAROLINA**

Page 12, line 3 strike “Except as provided in subsection (b),” and insert “In”.

Page 12, line 7 insert “the court shall consider whether” after “is required,”.

Page 12, strike lines 22 through 23 and insert the following: “court shall consider whether to permit discovery, in addition to any discovery determined by the court to be necessary under subsection (a), before the”.

Page 13, beginning on line 9 strike “a manifest injustice” and insert “unjust”.

Page 13, beginning on line 12 strike “to prevent the manifest injustice”.



**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 3309
OFFERED BY MR. WATT OF NORTH CAROLINA**

Page 13, insert the following after the matter following line 17 and redesignate the succeeding subsection accordingly:

1 (e) LIMITATION ON APPLICABILITY OF AMEND-
2 MENTS.—

3 (1) LIMITATION.—The amendments made by
4 this section shall apply only to a civil action arising
5 under any Act of Congress relating to patents that
6 is brought in a district court designated under sec-
7 tion 1(b) of Public Law 111–349 for the program
8 established under section 1(a) of such Public Law.

9 (2) REPORT TO CONGRESS.—Not later than
10 January 4, 2019, the Director of the Administrative
11 Office of the United States Courts, in consultation
12 with the chief judge of each of the designated dis-
13 trict courts described in paragraph (1), shall submit
14 to the Committee on the Judiciary of the House of
15 Representatives and the Committee on the Judiciary
16 of the Senate a report on the operation and efficacy
17 of the amendments made by this section in civil ac-

1 tions described in paragraph (1) that are brought in
2 such district courts.

3 (3) REFERENCE.—In this subsection, Public
4 Law 111–349 refers to the Act entitled “An Act to
5 establish a pilot program in certain United States
6 district courts to encourage enhancement of exper-
7 tise in patent cases among district judges”, approved
8 January 4, 2011.



**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 3309
OFFERED BY MR. JOHNSON OF GEORGIA**

Page 23, strike line 20 and all that follows through page 36, line 5 (and redesignate subsequent sections accordingly).



**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 3309
OFFERED BY MS. JACKSON LEE OF TEXAS**

Page 22, strike lines 18 through 21 and insert the following:

1 “(1) COVERED CUSTOMER.—The term ‘covered
2 customer’ means a party that—
3 “(A) is accused of infringing a patent or
4 patents in dispute based on a covered product
5 or process; and
6 “(B) is a small business concern as defined
7 under section 3 of the Small Business Act (15
8 U.S.C. 632).”.



**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 3309
OFFERED BY MS. JACKSON LEE OF TEXAS**

Page 38, beginning on line 19 strike “1 year” and insert “18 months”.

Page 40, line 2 strike “date of the enactment of this Act” and insert “date of the completion of the study required under subsection (a)(1)”.

Page 41, beginning on line 14 strike “6 months after the date of the enactment of this Act” and insert “9 months after the date of the completion of the study required under subsection (b)(1)”.

Page 43, line 2 strike “date of the enactment of this Act” and insert “date of the completion of the study required under subsection (c)(1)”.



**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 3309
OFFERED BY MS. LOFGREN OF CALIFORNIA
*and Mr. Farenthold of Texas***

Page 45, line 9 strike “DISTRICT-COURT CLAIM CONSTRUCTION” and insert “PROSECUTION HISTORY”.

Page 45, strike line 21 and all that follows through page 46, line 7 and insert the following:

- 1 “(A) the Office may consider the prosecu-
2 tion history pertaining to the patent in review-
3 ing each patent claim; and
4 “(B) if a court has previously construed
5 the claim or a claim term in a civil action in
6 which the patent owner was a party, the Office
7 may consider such claim construction.”.

Page 46, strike line 18 and all that follows through page 47, line 4 and insert the following:

- 8 “(A) the Office may consider the prosecu-
9 tion history pertaining to the patent in review-
10 ing each patent claim; and
11 “(B) if a court has previously construed
12 the claim or a claim term in a civil action in

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



**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 3309
OFFERED BY MS. LOFGREN OF CALIFORNIA**

Page 56, insert after line 20 the following new sub-
section:

1 (j) PRIOR ART GRACE PERIOD.—Paragraph (1) of
2 section 102(b) of title 35, United States Code, shall be
3 construed in a manner that ensures that all activities list-
4 ed in 102(a) shall qualify as disclosures under such para-
5 graph (1).



**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 3309
OFFERED BY MR. RICHMOND OF LOUISIANA**

Page 36, line 19 insert after “the Office” the following: “and the relevant offices at the Small Business Administration and the Minority Business Development Agency”.

Page 36, line 21 insert after “practices.” the following: “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.”



**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 3309
OFFERED BY MR. RICHMOND OF LOUISIANA**

Page 14, insert after line 25 the following:

1 “(E) The number of pending patent in-
2 fringement suits brought by the plaintiff as of
3 the date of the filing of the initial complaint.”.

