

PROVIDING FOR CONSIDERATION OF THE BILL (H.R. 3309) TO AMEND TITLE 35, UNITED STATES CODE, AND THE LEAHY-SMITH AMERICA INVENTS ACT TO MAKE IMPROVEMENTS AND TECHNICAL CORRECTIONS, AND FOR OTHER PURPOSES; AND PROVIDING FOR CONSIDERATION OF THE BILL (H.R. 1105) TO AMEND THE INVESTMENT ADVISERS ACT OF 1940 TO PROVIDE A REGISTRATION EXEMPTION FOR PRIVATE EQUITY FUND ADVISERS, AND FOR OTHER PURPOSES

DECEMBER 3, 2013.—Referred to the House Calendar and ordered to be printed

Mr. NUGENT, from the Committee on Rules,
submitted the following

R E P O R T

[To accompany H. Res. 429]

The Committee on Rules, having had under consideration House Resolution 429, by a vote of 8 to 3, report the same to the House with the recommendation that the resolution be adopted.

SUMMARY OF PROVISIONS OF THE RESOLUTION

The resolution provides for consideration of H.R. 3309, the Innovation Act, under a structured rule. The resolution provides one hour of general debate equally divided and controlled by the chair and ranking minority member of the Committee on the Judiciary. The resolution waives all points of order against consideration of the bill. The resolution makes in order as original text for purpose of amendment an amendment in the nature of a substitute consisting of the text of Rules Committee Print 113-28 and provides that it shall be considered as read. The resolution waives all points of order against that amendment in the nature of a substitute. The resolution makes in order only those further amendments printed in part A of this report. Each such amendment may be offered only in the order printed in this report, may be offered only by a Member designated in this report, shall be considered as read, shall be debatable for the time specified in this report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question in the House or in the Committee of the Whole. The resolution waives all points of order against the amendments printed in part A of this report. The rule provides one motion to recommend with or without instructions.

The resolution also provides for consideration of H.R. 1105, the Small Business Capital Access and Job Preservation Act, under a structured rule. The resolution provides one hour of debate equally

divided and controlled by the chair and ranking minority member of the Committee on Financial Services. The resolution waives all points of order against consideration of the bill. The resolution provides that an amendment in the nature of a substitute consisting of the text of Rules Committee Print 113-29 shall be considered as adopted and the bill, as amended, shall be considered as read. The resolution waives all points of order against provisions in the bill, as amended. The resolution makes in order only the further amendment printed in part B of this report if offered by Representative Maloney of New York or her designee. The amendment shall be considered as read, shall be separately debatable for 10 minutes equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question. The resolution waives all points of order against the amendment printed in part B of this report. The resolution provides one motion to recommit with or without instructions.

EXPLANATION OF WAIVERS

Although the resolution waives all points of order against consideration of H.R. 3309, the Committee is not aware of any points of order. The waiver is prophylactic in nature.

Although the resolution waives all points of order against the amendment in the nature of a substitute to H.R. 3309 made in order as original text, the Committee is not aware of any points of order. The waiver is prophylactic in nature.

Although the resolution waives all points of order against the amendments to H.R. 3309 printed in Part A of this report, the Committee is not aware of any points of order. The waiver is prophylactic in nature.

Although the resolution waives all points of order against consideration of H.R. 1105, the Committee is not aware of any points of order. The waiver is prophylactic in nature.

Although the resolution waives all points of order against provisions in H.R. 1105, as amended, the Committee is not aware of any points of order. The waiver is prophylactic in nature.

Although the resolution waives all points of order against the amendment to H.R. 1105 printed in Part B of this report, the Committee is not aware of any points of order. The waiver is prophylactic in nature.

COMMITTEE VOTES

The results of each record vote on an amendment or motion to report, together with the names of those voting for and against, are printed below:

Rules Committee record vote No. 92

Motion by Ms. Slaughter to make in order and provide the appropriate waivers for amendments to H.R. 3309: amendments #10 by Rep. Jeffries (NY), which would create pleading parity between plaintiffs and defendants; amendment #23 by Rep. Perlmutter (CO), which delays subsection (a), (b), and (c) of section 6 until December 1st, 2015 to conform Congressional review of the Federal Rules of Civil Procedure in accordance with 28 U.S.C. 2074; amendment #14 by Rep. Conyers Jr. (MI) and Rep. Watt (NC), which ensures that the PTO retains all of the user fees it collects; amend-

ment #11 by Rep. Jeffries (NY), which leaves intact a patent applicant's ability to challenge the USPTO's denial of a patent in district court; and amendment #2 by Rep. Johnson (GA) and Rep. Conyers Jr. (MI), which strikes section 6 of the bill, which would require the Judicial Conference to promulgate certain rules and procedures. Defeated: 3–8.

Majority Members	Vote	Minority Members	Vote
Ms. Foxx	Nay	Ms. Slaughter	Yea
Mr. Bishop of Utah		Mr. McGovern	Yea
Mr. Cole	Nay	Mr. Hastings of Florida	
Mr. Woodall	Nay	Mr. Polis	Yea
Mr. Nugent	Nay		
Mr. Webster	Nay		
Ms. Ros-Lehtinen	Nay		
Mr. Burgess	Nay		
Mr. Sessions, Chairman	Nay		

Rules Committee record vote No. 93

Motion by Ms. Foxx to report the rule. Adopted: 8–3.

Majority Members	Vote	Minority Members	Vote
Ms. Foxx	Yea	Ms. Slaughter	Nay
Mr. Bishop of Utah		Mr. McGovern	Nay
Mr. Cole	Yea	Mr. Hastings of Florida	
Mr. Woodall	Yea	Mr. Polis	Nay
Mr. Nugent	Yea		
Mr. Webster	Yea		
Ms. Ros-Lehtinen	Yea		
Mr. Burgess	Yea		
Mr. Sessions, Chairman	Yea		

SUMMARY OF THE AMENDMENTS TO H.R. 3309 IN PART A MADE IN ORDER

1. Goodlatte (VA): MANAGERS Makes a few technical and clarifying changes. Specifically, under Section 3(d), it clarifies that the exception in paragraph one applies to biosimilars, it also adds an exception for actions seeking relief based on competitive harm, and ensures that the provision is not subject to reverse gamesmanship. Under Section 6(d) it makes clarifying changes that ensure that foreign courts cannot terminate licenses to US IP. Extends time required by the agencies to complete the various studies and reports required in the bill. (10 minutes)

2. Watt (NC): Brings the fee shifting provision in the underlying bill more closely aligned with the Equal Access to Justice Act. Allows a judge to consider dilatory or other abusive tactics by the prevailing party in determining whether to reduce or deny a fee award. (10 minutes)

3. Polis (CO): Requires claimants to provide additional disclosure information in any pre-suit notification to establish a willful infringement claim. (10 minutes)

4. Massie (KY): Strikes section 5, the “Customer-suit exception” provision. (10 minutes)

5. Jackson Lee (TX): Expands covered customer definition to all small businesses so long as their annual revenue does not exceed \$25 million. (10 minutes)

6. Jackson Lee (TX): Requires the Director to conduct a study regarding the economic impact of the changes in current law result-

ing from Sections 3, 4, and 5 of the bill on the ability of individuals and small businesses owned by women, veterans, and minorities to assert, secure, and vindicate their constitutionally guaranteed exclusive right to their inventions and discoveries. (10 minutes)

7. Rohrabacher (CA): Strikes 9(a) from the bill and reorder the remaining subsections of Section 9. (10 minutes)

8. Conyers (MI), Watt (NC) SUBSTITUTE: 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. (20 minutes)

SUMMARY OF THE AMENDMENT TO H.R. 1105 IN PART B MADE IN ORDER

1. Maloney, Carolyn (NY): Requires private equity fund advisers to register with the SEC, but directs the SEC to create a simplified registration and disclosure regime for small private equity fund advisers. (10 minutes)

PART A—TEXT OF AMENDMENTS MADE IN ORDER

1. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE GOODLATTE OF VIRGINIA OR HIS DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 12, line 3, strike “subsection (b)” and insert “subsections (b) and (c)”.

Page 12, strike lines 14 through 25 and insert the following:

“(1) TIMELY RESOLUTION OF ACTIONS.—In the case of an action under any provision of Federal law (including an action that includes a claim for relief arising under section 271(e)), for which resolution within a specified period of time of a civil action arising under any Act of Congress relating to patents will necessarily affect the rights of a party with respect to the patent, the court shall permit discovery, in addition to the discovery authorized under subsection (a), before the ruling described in subsection (a) is issued as necessary to ensure timely resolution of the action.”.

Page 13, insert after line 13 the following:

“(4) ACTIONS SEEKING RELIEF BASED ON COMPETITIVE HARM.—The limitation on discovery provided under subsection (a) shall not apply to an action seeking a preliminary injunction to redress harm arising from the use, sale, or offer for sale of any allegedly infringing instrumentality that competes with a product sold or offered for sale, or a process used in manufacture, by a party alleging infringement.

“(c) EXCLUSION FROM DISCOVERY LIMITATION.—The parties may voluntarily consent to be excluded, in whole or in part, from the limitation on discovery provided under subsection (a) if at least one plaintiff and one defendant enter into a signed stipulation, to be filed with and signed by the court. With regard to any discovery excluded from the requirements of subsection (a) under the signed stipulation, with respect to such parties, such discovery shall proceed according to the Federal Rules of Civil Procedure.”.

Page 35, strike line 16 and all that follows through page 36, line 3, and insert the following:

(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).”.

Page 38, line 1, strike “OMBUDSMAN” and insert “OUTREACH”.

Page 38, strike line 2 and all that follows through “programs” on line 6 and insert “The existing small business patent outreach programs”.

Page 38, lines 8 and 9, strike “to provide” and insert “shall provide”.

Page 40, line 13, strike “1 year” and insert “18 months”.

Page 41, lines 20 and 21, strike “6 months” and insert “1 year”.

Page 42, line 6, strike “shall conduct a study” and insert “shall, using existing resources, conduct a study”.

Page 43, lines 9 and 10, strike “6 months” and insert “1 year”.

Page 44, line 3, strike “courts” and insert “procedures”.

Page 44, strike lines 8 through 13 and insert the following:

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

Page 44, line 14, strike “(iii)” and insert “(ii)”.

Page 44, line 17, strike “(iv)” and insert “(iii)”.

Page 44, line 18, strike “courts” and insert “procedures used”.

Page 45, lines 7 and 8, strike “shall conduct a study” and insert “shall, using existing resources, conduct a study”.

Page 46, line 4, strike “shall conduct a study” and insert “shall, using existing resources, conduct a study”.

Page 46, lines 13 and 14, strike “6 months” and insert “1 year”.

Page 52, line 5, strike “name the same inventor” and insert “name the same individual or individuals as the inventor”.

Page 53, line 11, after “double-patenting ground” insert “based on a patent described in section 3(n)(1) of the Leahy-Smith America Invents Act (35 U.S.C. 100 note)”.

Page 53, lines 13–14, after “shall take effect” insert “upon the expiration of the 1-year period beginning”.

Page 55, line 10, strike “or patent”.

Page 57, strike lines 4 through 13 and insert the following:

(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”.

Page 57, line 14, strike “amendments” and insert “amendment”.

Page 59, lines 9 and 10, strike “2 years” and insert “18 months”.

2. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE WATT OF NORTH CAROLINA OR HIS DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 5, insert the following after line 23 and redesignate succeeding subsections, and references thereto, accordingly:

“(b) REDUCTION OR DENIAL OF AWARDS.—The court, in its discretion, may reduce the amount to be awarded under subsection (a), or deny an award, to the extent that the prevailing party during the course of the proceedings engaged in conduct that unduly and

unreasonably protracted the final resolution of the matter in controversy.

3. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE POLIS OF COLORADO OR HIS DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 14, line 20, insert after “accused,” the following: “identifies the ultimate parent entity of the claimant,”.

4. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE MASSIE OF KENTUCKY OR HIS DESIGNEE, DEBATABLE FOR 10 MINUTES

Strike section 5, redesignate subsequent sections, and amend the table of contents accordingly.

5. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE JACKSON LEE OF TEXAS OR HER DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 24, strike lines 7 through 10 and insert the following:

“(1) COVERED CUSTOMER.—The term ‘covered customer’ means a party that—

“(A) is accused of infringing a patent or patents in dispute based on a covered product or process; and

“(B) is a small business concern as defined under section 3 of the Small Business Act (15 U.S.C. 632) that has an annual revenue of \$25,000,000 or less.”.

6. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE JACKSON LEE OF TEXAS OR HER DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 46, after line 22, insert the following:

(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 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).

7. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE ROHR-
ABACHER OF CALIFORNIA OR HIS DESIGNEE, DEBATABLE FOR 10
MINUTES

Page 47, strike line 3 and all that follows through page 48, line 20, and redesignate succeeding subsections, and references thereto, accordingly.

8. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE CONYERS
JR. OF MICHIGAN OR HIS DESIGNEE, DEBATABLE FOR 20 MINUTES

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This Act may be cited as the “Deceptive Patent Practices Reduction Act”.

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

- Sec. 1. Short title; table of contents.
- Sec. 2. Definitions.
- Sec. 3. Transparency of patent ownership.
- Sec. 4. Customer stay.
- Sec. 5. Small business education, outreach, and information access.
- Sec. 6. Codification of the double-patenting doctrine for first-inventor-to-file patents.
- Sec. 7. Technical corrections to the Leahy-Smith America Invents Act.
- Sec. 8. Reports.
- Sec. 9. Effective date.

SEC. 2. DEFINITIONS.

In this Act:

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

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

SEC. 3. TRANSPARENCY OF PATENT OWNERSHIP.

(a) **JUDICIAL PROCEEDINGS.**—

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

(A) by striking “A patentee” and inserting “(a) IN GENERAL.—A patentee”; and

(B) by adding at the end the following:

“(b) **INITIAL DISCLOSURE.**—A patentee who has filed a civil action under subsection (a) is required to disclose to the court and to all adverse parties, any persons, associations of persons, firms, partnerships, corporations (including parent corporations), or other entities other than the patentee itself known by the patentee to have—

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

“(2) any other kind of interest that could be substantially affected by the outcome of the proceeding.

“(c) **ENFORCEMENT.**—The court may enforce the requirement under subsection (b) upon a motion by an opposing party or sua sponte.

“(d) **DEFINITIONS.**—For purposes of this section, the terms ‘proceeding’ and ‘financial interest’ have the meaning given those terms in section 455(d) of title 28.”.

(2) TECHNICAL AND CONFORMING AMENDMENT.—Section 290 of title 35, United States Code, is amended in the first sentence by inserting after “inventor,” the following: “any information that a patentee has publicly disclosed under section 281(b).”.

(b) PATENT AND TRADEMARK OFFICE PROCEEDINGS.—

(1) IN GENERAL.—Chapter 26 of title 35, United States Code, is amended by adding at the end the following:

“§ 263. Disclosure of information relating to patent ownership

“(a) DEFINITIONS.—In this section—

“(1) the term ‘period of noncompliance’ refers to a period of time during which the ultimate parent entity of an assignee of a patent has not been disclosed to the United States Patent and Trademark Office in accordance with this section; and

“(2) the term ‘ultimate parent entity’ has the meaning given the term in section 801.1(a)(3) of title 16, Code of Federal Regulations, or any successor regulation.

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

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

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

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

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

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

SEC. 4. CUSTOMER STAY.

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

“§ 299A. Customer stay

“(a) DEFINITIONS.—In this section—

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

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

“(3) the term ‘covered product or process’ means a component, product, process, system, service, method, or a relevant part thereof, that—

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

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

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

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

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

“(3) the covered customer agrees to be bound under the principles of collateral estoppel by any issues finally decided as to the covered manufacturer in an action described in paragraph (2) that the covered customer has in common with the covered manufacturer; and

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

“(A) 120 days after service of the first pleading in the action that specifically identifies the covered product or process as a basis for the alleged infringement of the patent by the covered customer, and specifically identifies how the covered product or process is alleged to infringe the patent; or

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

“(c) APPLICABILITY.—A stay issued under subsection (b) shall apply only to those asserted patents and products, systems, methods, or components accused of infringement in the action.

“(d) VACATING STAY.—

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

“(A) the action involving the covered manufacturer will not resolve a major issue in suit against the covered customer; or

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

“(2) SEPARATE ACTIONS.—In the case of a stay entered under this section based on the participation of the covered manufacturer in a separate action described in subsection (b)(2), 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.

“(e) WAIVER OF ESTOPPEL EFFECT.—If, following the grant of a motion to stay under this section, the covered manufacturer in an action described in subsection (b)(2)—

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

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

“(f) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to limit the ability of a court to grant, expand, or modify any stay granted pursuant to 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 adding at the end the following new item:

“299A. Customer stay.”.

SEC. 5. SMALL BUSINESS EDUCATION, OUTREACH, AND INFORMATION ACCESS.

(a) SMALL BUSINESS EDUCATION AND OUTREACH.—

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

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

(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 pursuant to section 290 of title 35, United States Code, as amended by section 4(a)(2) of this Act; and

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

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

SEC. 6. CODIFICATION OF THE DOUBLE-PATENTING DOCTRINE FOR FIRST-INVENTOR-TO-FILE PATENTS.

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

“§ 106. Prior art in cases of double patenting

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

invention of the second patent for the purpose of determining the nonobviousness of the claimed invention of the second patent under section 103 if—

“(1) the claimed invention of the first patent was effectively filed under section 102(d) on or before the effective filing date of the claimed invention of the second patent;

“(2) either—

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

“(B) the claimed invention of the first patent would constitute prior art to the claimed invention of the second patent under section 102(a)(2) if an exception under section 102(b)(2) were deemed to be inapplicable and the claimed invention of the first patent was, or were deemed to be, effectively filed under section 102(d) before the effective filing date of the claimed invention of the second patent; and

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

(b) REGULATIONS.—The Director shall promulgate regulations setting forth the form and content of any disclaimer required for a patent to be issued in compliance with section 106 of title 35, United States Code, as added by subsection (a). Such regulations shall apply to any disclaimer filed after a patent has issued. A disclaimer, when filed, shall be considered for the purpose of determining the validity of the patent under section 106 of title 35, United States Code.

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

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

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

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act and shall apply to a patent or patent application only if both the first and second patents described in section 106 of title 35, United States Code, as added by subsection (a), are patents or patent applications that are described in section 3(n)(1) of the Leahy-Smith America Invents Act (35 U.S.C. 100 note).

SEC. 7. TECHNICAL CORRECTIONS TO THE LEAHY-SMITH AMERICA INVENTS ACT.

(a) TECHNICAL CORRECTIONS.—

(1) INVENTOR’S OATH OR DECLARATION.—

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

(i) in the matter preceding subparagraph (A), by striking “claims the benefit” and inserting “is entitled, as to each invention claimed in the application, to the benefit”; and

(ii) in subparagraph (A), by striking “meeting the requirements of subsection (a) was executed by the individual and was filed in connection with the earlier-filed application” and inserting the following: “exe-

cuted by or on behalf of the individual was filed in connection with the earlier-filed application and meets the requirements of this section as effective on the date such oath or declaration was filed”.

(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; 125 Stat. 293).

(2) 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; 125 Stat. 285).

(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; 125 Stat. 288).

(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) PATENT OWNER RESPONSE.—

(A) CONDUCT OF INTER PARTES REVIEW.—Section 316(a)(8) 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.—Section 326(a)(8) 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.

(7) TIME LIMIT FOR COMMENCING MISCONDUCT PROCEEDINGS.—

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

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

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

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

“(d) For purposes of this section, section 1454, and section 1295(a), a claim of legal malpractice that necessarily raises a disputed question of patent law shall be deemed to arise under an Act of Congress relating to patents.”.

SEC. 8. REPORTS.

(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) SUBMISSION OF 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 consultation with the heads of relevant agencies and interested 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 licensed and sold, with reference to 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 9 months after the date of completion of the study required by subsection (a)(1), 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 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 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 TO CONGRESS.—Not later than 6 months after the date of the completion of the study required by subsection (b)(1), 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, shall, using existing resources, conduct a study to examine the idea of developing a pilot program for patent small claims courts in certain judicial districts within the existing patent pilot program mandated by Public Law 111–349 (28 U.S.C. 137 note).

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

- (i) the number and qualifications for judges that could serve on the courts described in subparagraph (A);
- (ii) how the courts described in subparagraph (A) would be designated and the necessary criteria;
- (iii) the costs that would be incurred for establishing, maintaining and operating the pilot program described in subparagraph (A); and
- (iv) the steps that would be taken to ensure that the pilot small claims courts are not misused for abusive patent litigation.

(2) REPORT.—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 from the study required under paragraph (1).

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

(1) STUDY.—The Intellectual Property Enforcement Coordinator, in consultation with the Director, shall conduct a study of the practice by a person, in connection with the assertion of a United States patent, of sending written communications that state that the intended recipients or any affiliated persons of such recipients are infringing or have infringed the patent and bear liability or owe compensation to another, whereby—

(A) the communications falsely threaten that administrative or judicial relief will be sought if compensation is not paid or the infringement issue is not otherwise resolved;

(B) the assertions contained in the communications lack a reasonable basis in fact or law, including, for example, because—

- (i) the person asserting the patent is not a person, or does not represent a person, with the current right to license the patent to, or to enforce the patent against, the intended recipients or any such affiliated persons; or
- (ii) the communications seek compensation on account of activities undertaken after the patent has expired; or

(C) the content of the written communications is likely to materially mislead a reasonable recipient, including, for example, because the content fails to include such facts reasonably necessary to inform the recipient of—

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

(ii) the patent issued by the United States Patent and Trademark Office alleged to have been infringed; and

(iii) the reasons for the assertion that the patent may be or may have been infringed.

(2) REPORT TO CONGRESS.—Not later than 18 months after the date of the enactment of this Act, the Intellectual Property Enforcement Coordinator 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 study conducted under paragraph (1), including recommendations for any changes to laws and regulations that will deter any abuses found in the practice described in paragraph (1).

SEC. 9. 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.

PART B—TEXT OF AMENDMENT MADE IN ORDER

1. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE CAROLYN MALONEY OF NEW YORK OR HER DESIGNEE, DEBATABLE FOR 10 MINUTES

Page 1, strike line 10 and all that follows through page 2, line 17, and insert the following:

“(o) SIMPLIFIED REGISTRATION AND DISCLOSURE FOR SMALL PRIVATE EQUITY FUND ADVISERS.—

“(1) IN GENERAL.—Subject to paragraph (2), the Commission shall promulgate rules providing for a simplified procedure for registration and disclosure under this section for any investment adviser acting as an investment adviser to a private equity fund or funds that, in the aggregate, have assets under management in the United States of between \$150,000,000 and \$1,000,000,000.

“(2) TAILORED APPLICATION.—The rules promulgated under paragraph (1) shall take into account compliance costs, fund size, governance, and any other factors that the Commission determines necessary.

“(3) PRIVATE EQUITY FUND DEFINED.—Not later than 6 months after the date of enactment of this subsection, the Commission shall issue final rules to define the term ‘private equity fund’ for purposes of this subsection.”.