

## HR 3309

### Innovation Act

**Congress:** 113 (2013–2015, Ended)

**Chamber:** House

**Policy Area:** Commerce

**Introduced:** Oct 23, 2013

**Current Status:** Received in the Senate and Read twice and referred to the Committee on the Judiciary.

**Latest Action:** Received in the Senate and Read twice and referred to the Committee on the Judiciary. (Dec 9, 2013)

**Official Text:** <https://www.congress.gov/bill/113th-congress/house-bill/3309>

### Sponsor

**Name:** Rep. Goodlatte, Bob [R-VA-6]

**Party:** Republican • **State:** VA • **Chamber:** House

### Cosponsors (16 total)

Cosponsor	Party / State	Role	Date Joined
Rep. Bachus, Spencer [R-AL-6]	R · AL		Oct 23, 2013
Rep. Chaffetz, Jason [R-UT-3]	R · UT		Oct 23, 2013
Rep. Coble, Howard [R-NC-6]	R · NC		Oct 23, 2013
Rep. DeFazio, Peter A. [D-OR-4]	D · OR		Oct 23, 2013
Rep. Eshoo, Anna G. [D-CA-18]	D · CA		Oct 23, 2013
Rep. Farenthold, Blake [R-TX-27]	R · TX		Oct 23, 2013
Rep. Holding, George [R-NC-13]	R · NC		Oct 23, 2013
Rep. Lofgren, Zoe [D-CA-19]	D · CA		Oct 23, 2013
Rep. Marino, Tom [R-PA-10]	R · PA		Oct 23, 2013
Rep. Smith, Lamar [R-TX-21]	R · TX		Oct 23, 2013
Rep. Chabot, Steve [R-OH-1]	R · OH		Oct 29, 2013
Rep. Huffman, Jared [D-CA-2]	D · CA		Oct 29, 2013
Rep. McCollum, Betty [D-MN-4]	D · MN		Oct 29, 2013
Rep. Honda, Michael M. [D-CA-17]	D · CA		Oct 30, 2013
Rep. Johnson, Bill [R-OH-6]	R · OH		Nov 19, 2013
Rep. Larsen, Rick [D-WA-2]	D · WA		Nov 19, 2013

### Committee Activity

Committee	Chamber	Activity	Date
Judiciary Committee	House	Discharged from	Oct 28, 2013
Judiciary Committee	Senate	Referred To	Dec 9, 2013

## Subjects & Policy Tags

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### Policy Area:

Commerce

### Related Bills

Bill	Relationship	Last Action
113 HR 5360	Related bill	Sep 15, 2014: Referred to the Subcommittee on Public Lands and Environmental Regulation.
113 S 1013	Related bill	Dec 17, 2013: Committee on the Judiciary. Hearings held.
113 S 1612	Related bill	Dec 17, 2013: Committee on the Judiciary. Hearings held.
113 S 1720	Related bill	Dec 17, 2013: Committee on the Judiciary. Hearings held.
113 HRES 429	Related bill	Dec 4, 2013: Motion to reconsider laid on the table Agreed to without objection.
113 HR 2639	Related bill	Sep 13, 2013: Referred to the Subcommittee on Courts, Intellectual Property, and the Internet.

Innovation Act - (Sec. 3) Directs a party alleging infringement in a civil action involving a claim for relief arising under any Act of Congress relating to patents to include in the court pleadings, unless the information is not reasonably accessible, specified details concerning:

- each claim of each patent allegedly infringed, including each accused process, machine, manufacture, or composition of matter (referred to as an "accused instrumentality") alleged to infringe the claim;
- for each claim of indirect infringement, the acts of the alleged indirect infringer that contribute to, or are inducing, a direct infringement;
- the principal business, if any, of the party alleging infringement;
- the authority of the party alleging infringement to assert each patent and the grounds for the court's jurisdiction;
- each complaint filed that asserts any of the same patents; and
- whether a standard-setting body has specifically declared such patent to be essential, potentially essential, or having potential to become essential to that body, as well as whether the United States or a foreign government has imposed any specific licensing requirements.

Requires courts to award prevailing parties reasonable fees and other expenses incurred in connection with such actions unless: (1) the position and conduct of the nonprevailing party was reasonably justified in law and fact, or (2) special circumstances (such as severe economic hardship to a named inventor) make an award unjust.

Directs courts, upon a motion of a party, to require another party to certify whether it will be able to pay any award of such fees and expenses in the event that such an award is made against such other party. Allows the court, if a nonprevailing party is unable to pay such a fee award made against it, to make a party that has been joined to the action with respect to such party liable for the unsatisfied portion of such award.

Deems to be a nonprevailing party a party asserting a patent claim against another party who subsequently unilaterally extends to such other party a covenant not to sue for infringement with respect to the patent at issue (thus providing for the other party to be considered the prevailing party), unless the party asserting the claim, at the time the covenant was extended, would have been entitled to voluntarily dismiss the claim without a court order.

Requires the court, upon a motion by a prevailing party defending against an allegation of infringement in a case in which the nonprevailing party alleging infringement is unable to pay an award of fees and expenses, to join an interested party if such prevailing party shows that the nonprevailing party has no substantial interest in the subject matter at issue other than asserting the patent claim in litigation.

Defines "interested party" as a person, other than the party alleging infringement, that: (1) is an assignee of the patent; (2) has a right, including a contingent right, to enforce or sublicense the patent; or (3) has a direct financial interest in the patent, including the right to any part of an award of damages or licensing revenue, subject to exceptions for attorneys providing legal representation and owners of equity interests in the party alleging infringement.

Permits a court to deny a joinder motion if: (1) the interested party is not subject to service of process, or (2) the joinder would deprive the court of subject matter jurisdiction or make venue improper.

Prohibits an interested party from being joined unless it has been provided actual notice, within 30 days after it has been identified in a disclosure made upon the filing of an initial complaint, that it may be an interested party subject to joinder. Requires such notice to be provided by the party who subsequently moves to join the interested party after fees and

expenses have been awarded and the nonprevailing party alleging infringement is unable to pay.

Requires the court to deny a joinder motion if the interested party, after receiving such notice, renounces any ownership, right, or direct financial interest in the patents at issue.

Limits discovery to only the information necessary to determine the meaning of patent terms when the court requires a ruling relating to the construction of terms used in a patent claim asserted in the complaint. Makes such limitation inapplicable 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.

Requires a court to permit additional discovery if resolution of the action within a specified period of time will necessarily affect the rights of a party with respect to the patent.

Allows a court to permit additional discovery in special circumstances as necessary to prevent a manifest injustice.

Allows parties to voluntarily consent to be excluded from specified discovery limitations under this Act and to instead proceed according to the Federal Rules of Civil Procedure.

Expresses the sense of Congress that: (1) parties who send purposely evasive demand letters to end users alleging patent infringement are abusing the patent system in a manner that is against public policy, and (2) actions or litigation stemming from such purposeful evasion should be considered a fraudulent or deceptive practice and an exceptional circumstance when considering whether the litigation is abusive.

Prohibits a claimant seeking to establish willful infringement from relying on evidence of pre-suit notification of infringement unless such notification: (1) identifies the asserted patent, the product or process accused, and the ultimate parent entity of the claimant; and (2) explains, to the extent possible following a reasonable investigation or inquiry, how the product or process infringes the claims of the patent.

(Sec. 4) Requires plaintiffs, upon filing an initial complaint, to disclose to the U.S. Patent and Trademark Office (USPTO), the court, and each adverse party the identity of: (1) the assignee, (2) any entity with a right to sublicense or enforce the patent, (3) any entity that the plaintiff knows to have a specified financial interest in the patent or the plaintiff, and (4) the ultimate parent entity of any such identified assignee or entity. Directs plaintiffs, or subsequent owners of the patent, to provide the USPTO with updates regarding such information after the initial identification.

(Sec. 5) Requires courts to grant a motion to stay an action against a customer accused of infringing a patent based on a product or process under specified conditions when: (1) the manufacturer is a party to the action or to a separate action involving the same patent related to the same product or process; and (2) the customer agrees to be bound by any issues in common with, and finally decided as to, such manufacturer in the action to which the manufacturer is a party.

Authorizes the court, if the manufacturer consents to or declines to appeal a judgment with respect an issue in common with such a customer, to determine, upon grant of a motion, that the consent judgment or unappealed decision is not binding on the customer based on a showing that such an outcome would unreasonably prejudice and be manifestly unjust to such customer.

Exempts from pleading, disclosure, and lift of stay requirements patent actions that include certain claims relating to abbreviated new drug applications for generic drugs under the Federal Food, Drug, and Cosmetic Act and the Public Health Service Act, including animal drugs, veterinary products, and other biological products.

(Sec. 6) Directs the Judicial Conference of the United States to develop discovery rules and procedures, to be implemented by U.S. districts courts and the U.S. Court of Federal Claims, that address whether and to what extent each party to the action is: (1) entitled to receive specified categories of core documentary evidence and is to be responsible for the costs of producing such evidence within its possession or control; and (2) permitted to seek any additional document discovery if the requesting party bears the reasonable costs, including reasonable attorney's fees, of the additional discovery.

Provides for discovery of electronic communications (including emails, text messages, or instant messages) only if the parties determine that it is appropriate under procedures that address whether such discovery is to occur after the parties have exchanged initial disclosures and core documentary evidence.

Directs the Judicial Conference to consider a prohibition that would bar additional document discovery unless: (1) the parties mutually agree otherwise; or (2) the requesting party posts a bond, or provides security, in an amount sufficient to cover the expected costs or shows that it has the financial capacity to pay such costs.

Requires the Judicial Conference to consider whether courts, in response to a motion, may: (1) determine that a request for additional document discovery is excessive, irrelevant, or abusive; (2) modify discovery rules; or (3) include computer code in the discovery of core documentary evidence.

Directs the Judicial Conference to study the efficacy of such rules and procedures during the four-year period after implementation by the courts. Specifies the circumstances under which the Judicial Conference is authorized to modify rules during and after such period.

Requires the Supreme Court to eliminate the model patent infringement complaint form currently provided in the Federal Rules of Civil Procedure. Permits the Supreme Court to prescribe new model allegations that, at a minimum, notify accused infringers of: (1) the asserted claims, (2) the products or services accused of infringement, and (3) the plaintiff's theory for how each accused product or service meets each limitation of each asserted claim.

Makes U.S. bankruptcy law, as it relates to intellectual property rights, applicable in cross-border bankruptcy cases under the Model Law on Cross-Border Insolvency. Specifies that if a foreign representative rejects or repudiates a contract under which the debtor is a licensor of intellectual property, the licensee under such contract may elect to retain its right in such intellectual property.

Expands the definition of "intellectual property" as it applies to federal bankruptcy code to include trademarks, service marks, or trade names (thereby providing for trademark licenses to be retained instead of voided in bankruptcy).

Prohibits trustees, if a trademark licensee elects to retain such rights, from being relieved of a contractual obligation to monitor and control the quality of a licensed product or service.

(Sec. 7) Requires the USPTO Director to develop educational resources for small businesses to address patent infringement concerns.

Requires education and awareness on abusive patent litigation practices to be provided through existing USPTO small business patent outreach programs along with the Small Business Administration (SBA) and the Minority Business Development Agency.

Directs the USPTO to notify the public on its website when a patent case is brought in federal court, including by providing patent ownership information with respect to each patent at issue in a manner that is searchable by patent

number, art area, and entity.

(Sec. 8) Requires the USPTO to study and report to Congress with recommendations regarding: (1) secondary market patent transactions, including transparency, accountability, licensing, and other oversight requirements; (2) patents owned by the U.S. government, including an examination of how such patents are licensed and sold, whether restrictions should be placed on patents acquired from the U.S. government, and whether agencies owning such patents maintain adequate records and a point of contact responsible for managing such portfolios; (3) the prevalence of patent demand letters (indicating that the recipient or anyone affiliated with the recipient is or may be infringing the patent) sent in bad faith and the extent to which such practices may, through fraudulent or deceptive practices, impose a negative impact on the marketplace; and (4) the economic impact of this Act on individuals and small businesses owned by women, veterans, and minorities.

Requires reports from the Comptroller General (GAO) concerning: (1) technologies available to improve USPTO patent examination and patent quality, including an examination of best practices at foreign patent offices, procedures to prevent double patenting through applicant filings in multiple art areas, and prior art databases and search software; and (2) business method patents, including the volume and nature of litigation involving such patents and an examination of the quality of such patents asserted in suits alleging infringement.

Directs the Administrative Office of the United States Courts to study and report to Congress with recommendations regarding the potential development of a pilot program for patent small claims procedures in certain judicial districts.

(Sec. 9) Amends the Leahy-Smith America Invents Act (AIA) to:

- limit the grounds for invalidity of a patent claim that a post-grant review petitioner is prohibited, by estoppel, from asserting in subsequent civil actions (or certain U.S. International Trade Commission [USITC] proceedings) to only those grounds that the petitioner actually raised during post-grant review (currently, the petitioner is estopped from asserting claims that the petitioner raised or could have raised during such review);
- require claims of patent in post-grant and inter partes review proceedings to be construed in the same manner as a court would construe such claims in a civil action to invalidate the patent, including by interpreting the claim in accordance with its ordinary and customary meaning, as well as the prosecution history pertaining to the patent (currently, the USPTO construes claims by considering the broadest reasonable interpretation);
- codify judicial doctrine relating to the consideration of prior art in cases of double patenting for the purpose of determining the nonobviousness of a second patent's claimed invention, thereby specifying that such doctrine continues to apply under the AIA's first-inventor-to-file patent system;
- revise the transitional covered business method patent review program to expand the scope of prior art that may serve as the basis of a challenge and permit the USPTO to waive filing fees; and
- exclude any time consumed by an applicant's request for continued examination from the calculation of a patent term adjustment that is based on the USPTO failing to issue a patent within three years.

Declares that the federal interest in preventing inconsistent final judicial determinations as to the legal force or effect of the claims in a patent presents a substantial federal issue that is important to the federal system as a whole.

Extends by an additional 10 years the duration of the patent pilot program under which U.S. district court judges in designated judicial districts can request to be assigned to hear patent cases.

Extends from 1 year to 18 months the time limit for the USPTO Director to commence a misconduct proceeding to suspend or exclude a person from practicing before the USPTO once the misconduct forming the basis for the

proceeding is made known to a USPTO officer or employee.

Repeals an amendment to USPTO procedures for receiving international applications, scheduled to become effective under the Patent Law Treaties Implementation Act of 2012, that would allow international applications to be filed with the USPTO in a language other than English, provided that the applicant subsequently filed an English translation (thereby retaining a requirement that international applications be filed in English).

## Actions Timeline

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- **Dec 9, 2013:** Received in the Senate and Read twice and referred to the Committee on the Judiciary.
- **Dec 5, 2013:** Considered under the provisions of rule H. Res. 429. (consideration: CR H7511-7556)
- **Dec 5, 2013:** For H.R. 3309, resolution provides one hour of general debate; bill is considered read; specified amendments are in order; and one motion to recommit, with or without instructions. For H.R. 1105, 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; one hour of debate; makes in order an additional specified amendment; and one motion to recommit, with or without instructions.
- **Dec 5, 2013:** House resolved itself into the Committee of the Whole House on the state of the Union pursuant to H. Res. 429 and Rule XVIII.
- **Dec 5, 2013:** The Speaker designated the Honorable Virginia Foxx to act as Chairwoman of the Committee.
- **Dec 5, 2013:** GENERAL DEBATE - The Committee of the Whole proceeded with one hour of general debate on H.R. 3309.
- **Dec 5, 2013:** DEBATE - Pursuant to the provisions of H.Res. 429, the Committee of the Whole proceeded with 10 minutes of debate on the Goodlatte Part A amendment No. 1.
- **Dec 5, 2013:** POSTPONED PROCEEDINGS - At the conclusion of debate on the Goodlatte amendment No. 1, the Chair put the question on adoption of the amendment and by voice vote, announced that the noes had prevailed. Mr. Goodlatte demanded a recorded vote and the Chair postponed further proceedings on the question of adoption of the amendment until later in the legislative day.
- **Dec 5, 2013:** DEBATE - Pursuant to the provisions of H.Res. 429, the Committee of the Whole proceeded with 10 minutes of debate on the Watt Part A amendment No. 2.
- **Dec 5, 2013:** POSTPONED PROCEEDINGS - At the conclusion of debate on the Watt amendment No. 2, the Chair put the question on adoption of the amendment and by voice vote, announced that the noes had prevailed. Mr. Watt demanded a recorded vote and the Chair postponed further proceedings on the question of adoption of the amendment until later in the legislative day.
- **Dec 5, 2013:** DEBATE - Pursuant to the provisions of H. Res. 429, the Committee of the Whole proceeded with 10 minutes of debate on the Polis Part A amendment No. 3.
- **Dec 5, 2013:** DEBATE - Pursuant to the provisions of H. Res. 429, the Committee of the Whole proceeded with 10 minutes of debate on the Massie Part A amendment No. 4.
- **Dec 5, 2013:** POSTPONED PROCEEDINGS - At the conclusion of debate on the Massie amendment No. 4, the Chair put the question on adoption of the amendment and by voice vote, announced that the noes had prevailed. Mr. Massie demanded a recorded vote and the Chair postponed further proceedings on the question of adoption of the amendment until later in the legislative day.
- **Dec 5, 2013:** DEBATE - Pursuant to the provisions of H. Res. 429, the Committee of the Whole proceeded with 10 minutes of debate on the Jackson Lee Part A amendment No. 5.
- **Dec 5, 2013:** POSTPONED PROCEEDINGS - At the conclusion of debate on the Jackson Lee amendment No. 5, the Chair put the question on adoption of the amendment and by voice vote, announced that the ayes had prevailed. Mr. Goodlatte demanded a recorded vote and the Chair postponed further proceedings on the question of adoption of the amendment until later in the legislative day.
- **Dec 5, 2013:** DEBATE - Pursuant to the provisions of H. Res. 429, the Committee of the Whole proceeded with 10 minutes of debate on the Jackson Lee Part A amendment No. 6.
- **Dec 5, 2013:** DEBATE - Pursuant to the provisions of H. Res. 429, the Committee of the Whole proceeded with 10 minutes of debate on the Rohrabacher Part A amendment No. 7.
- **Dec 5, 2013:** POSTPONED PROCEEDINGS - At the conclusion of debate on the Rohrabacher amendment No. 7, the Chair put the question on adoption of the amendment and by voice vote, announced that the noes had prevailed. Mr. Rohrabacher demanded a recorded vote and the Chair postponed further proceedings on the question of adoption of the amendment until later in the legislative day.
- **Dec 5, 2013:** DEBATE - Pursuant to the provisions of H. Res. 429, the Committee of the Whole proceeded with 20 minutes of debate on the Conyers Part A Substitute amendment No. 8.
- **Dec 5, 2013:** POSTPONED PROCEEDINGS - At the conclusion of debate on the Conyers Substitute amendment No. 8, the Chair put the question on adoption of the amendment and by voice vote, announced that the noes had prevailed. Mr. Conyers demanded a recorded vote and the Chair postponed further proceedings on the question of adoption of the amendment until later in the legislative day.
- **Dec 5, 2013:** UNFINISHED BUSINESS - The Chair announced that the unfinished business was the question on

adoption of amendments which had been debated earlier and on which further proceedings had been postponed.

- **Dec 5, 2013:** The House rose from the Committee of the Whole House on the state of the Union to report H.R. 3309.
- **Dec 5, 2013:** The previous question was ordered pursuant to the rule. (consideration: CR H7555)
- **Dec 5, 2013:** The House adopted the amendment in the nature of a substitute as agreed to by the Committee of the Whole House on the state of the Union. (text of amendment in the nature of a substitute: CR H7526-7532)
- **Dec 5, 2013:** Passed/agreed to in House: On passage Passed by recorded vote: 325 - 91 (Roll no. 629).
- **Dec 5, 2013:** On passage Passed by recorded vote: 325 - 91 (Roll no. 629).
- **Dec 5, 2013:** Motion to reconsider laid on the table Agreed to without objection.
- **Dec 3, 2013:** Rules Committee Resolution H. Res. 429 Reported to House. For H.R. 3309, resolution provides one hour of general debate; bill is considered read; specified amendments are in order; and one motion to recommit, with or without instructions. For H.R. 1109, 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; one hour of debate; makes in order an additional specified amendment; and one motion to recommit, with or without instructions.
- **Dec 2, 2013:** Reported (Amended) by the Committee on Judiciary. H. Rept. 113-279.
- **Dec 2, 2013:** Placed on the Union Calendar, Calendar No. 200.
- **Nov 20, 2013:** Committee Consideration and Mark-up Session Held.
- **Nov 20, 2013:** Ordered to be Reported by the Yeas and Nays: 33 - 5.
- **Oct 29, 2013:** Committee Hearings Held.
- **Oct 28, 2013:** Subcommittee on Courts, Intellectual Property, and the Internet Discharged.
- **Oct 24, 2013:** Referred to the Subcommittee on Courts, Intellectual Property, and the Internet.
- **Oct 23, 2013:** Introduced in House
- **Oct 23, 2013:** Referred to the House Committee on the Judiciary.