

	H.R. 9 – Goodlatte	S. 1137 – Grassley	IPO Position
<b>1. Pleading Requirement</b>	<ul style="list-style-type: none"> <li>Complaint must include:               <ul style="list-style-type: none"> <li>Each patent, claim, and element allegedly infringed.</li> <li>Each product/process accused (name, model # or description)</li> <li>Theory of how each infringes.</li> <li>Authority to assert patent.</li> <li>Description of plaintiff's principal business.</li> <li>List of all other complaints filed related to asserted patent(s).</li> <li>Licensing commitments, e.g. standard essential patents.</li> </ul> </li> <li>Explanation and general description suffice where information not accessible after reasonable inquiry consistent with Fed. R. Civ. Pro. 11.</li> <li>Confidential information may be filed under seal.</li> <li>ANDA suit exception.</li> </ul>	<ul style="list-style-type: none"> <li>Complaint must include:               <ul style="list-style-type: none"> <li>Each patent, claim, and element allegedly infringed.</li> <li>Each product/process accused (name, model # or description).</li> <li>Theory of how each infringes.</li> </ul> </li> <li>Explanation and general description suffice where information not accessible after reasonable inquiry consistent with Fed. R. Civ. Pro. 11. Court may not dismiss if state plausible claim for relief per Fed. R. Civ. P.</li> <li>Confidential information may be filed under seal.</li> <li>ANDA suit exception.</li> </ul>	<ul style="list-style-type: none"> <li>SUPPORT patent pleading requirement consistent with <i>Twombly/Iqbal</i>.</li> <li>SUPPORT efforts of district courts and Judicial Conference to provide clarity by requiring at least: one claim that is infringed, statement explaining infringement, and statement addressing indirect infringement, if alleged.</li> <li>OPPOSE Congress dictating outcome of Judicial Conference deliberations, or bypassing its rulemaking, relative to pleading standard in patent cases.</li> </ul>
<b>2. Transparency of Patent Ownership</b>	<ul style="list-style-type: none"> <li>Required initial disclosures by plaintiff in patent infringement suits:               <ul style="list-style-type: none"> <li>Assignees</li> <li>Entities with right to sublicense or enforce patent</li> <li>Entities with financial interest in patent or plaintiff (&gt;5%)</li> <li>Ultimate parents of all above (defined in 16 CFR 801.1(a)(3)).</li> </ul> </li> <li>Same information must be disclosed to PTO.               <ul style="list-style-type: none"> <li>Creates ongoing duty of disclosure; may not recover fees/treble damages related to period of noncompliance and court may award costs incurred as result of nondisclosure.</li> </ul> </li> <li>ANDA suit exception.</li> </ul>	<ul style="list-style-type: none"> <li>Required initial disclosures by patentee in patent infringement suits:               <ul style="list-style-type: none"> <li>Assignees</li> <li>Entities with right to sublicense or enforce patent</li> <li>Entities with financial interest in patent or plaintiff (&gt;20%)</li> <li>Ultimate parents of all above (defined in 16 CFR 801.1(a)(3)).</li> <li>List of other complaints filed asserting patent in prior 3 years.</li> <li>Licensing commitments, standard essential patents.</li> </ul> </li> <li>Same information must be disclosed to PTO; no ongoing duty of disclosure.</li> <li>New requirement for all patents:               <ul style="list-style-type: none"> <li>Must record with PTO upon grant name of assignee/ultimate parent and later assignments that change ultimate parent. May not recover fees/treble damages related to period of noncompliance and court may award costs incurred as result of nondisclosure.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>DO NOT SUPPORT requiring disclosure of licensees or those with financial/control interests in asserted patent or patent owner, beyond those necessary to establish standing and real parties in interest.</li> <li>SUPPORT requiring limited disclosure of titleholder information in PTO rules.</li> </ul>
<b>3. Customer Stay</b>	<ul style="list-style-type: none"> <li>Required where manufacturer is party to same or other action on same patent relating to same product/process where the parties consent to stay and customer agrees to be bound by issues finally decided as to manufacturer.</li> <li>Must be sought within (later of) 120 days or first scheduling order.</li> <li>May be lifted where manufacturer suit will not resolve major issue in customer suit or unjust to party seeking to lift.</li> <li>If manufacturer seeks or consents to consent judgment or does not appeal final decision, court may determine decision is not binding on customer.</li> <li>ANDA suit exception.</li> </ul>	<ul style="list-style-type: none"> <li>Required where manufacturer is party to same or other action on same patent relating to same product/process where customer agrees to be bound by issues finally decided as to manufacturer.</li> <li>If manufacturer joined by customer, consent of both required.</li> <li>Covered customer defined as retailer or end user accused of infringement based on sale/use without material modification.</li> <li>Must be sought within (later of) 120 days or first scheduling order.</li> <li>May be lifted where manufacturer suit will not resolve major issue in customer suit or unjust to party seeking to lift.</li> <li>If manufacturer seeks or consents to consent judgment or does not appeal final decision, court may determine decision is not binding on customer.</li> <li>Maintains court's discretion to grant or expand stays otherwise permitted by law.</li> <li>ANDA suit exception.</li> </ul>	<ul style="list-style-type: none"> <li>SUPPORT, provided that:               <ol style="list-style-type: none"> <li>Manufacturer and customer consent.</li> <li>Sought early in case.</li> <li>Customer agrees to be bound by resolution of issues in common with manufacturer.</li> <li>Based on readily discernible criteria.</li> <li>Limited to retailer, end user or other customer accused of infringement based on sale/use without material modification.</li> <li>Does not preclude patent owner from seeking damages or other relief directly from customer once stay is lifted that would have been available if the case were not stayed.</li> <li>Maintains court's discretion to decide whether/to what extent stay is warranted beyond statutory stay.</li> </ol> </li> </ul>
<b>4. Discovery Limitation Prior to Claim Construction or Resolution of Motions</b>	<ul style="list-style-type: none"> <li>Limited prior to claim construction to information necessary to construe claims or resolve motions.</li> <li>Court must allow discovery to resolve motion for preliminary relief.</li> <li>Court must allow discovery where resolution of issue within period of time affects rights of party, e.g. ANDA suit.</li> <li>Court may allow discovery to prevent injustice.</li> <li>Parties may consent to exclusion from limitation.</li> </ul>	<ul style="list-style-type: none"> <li>Limited prior to ruling on motions to dismiss, transfer venue, and sever accused infringers to information necessary to resolve those motions.</li> <li>Court must allow discovery to resolve motion for preliminary relief.</li> <li>Court may allow discovery to preserve evidence or prevent prejudice to party.</li> <li>Court not prohibited from requiring exchange of contentions during limitation.</li> <li>Parties may consent to exclusion from limitation.</li> <li>ANDA suit exception.</li> </ul>	<ul style="list-style-type: none"> <li>OPPOSE Congress dictating outcome of Judicial Conference deliberations, or bypassing its rulemaking entirely, relative to rules of civil procedure on scope and sequencing of discovery in patent cases, including claim construction.</li> </ul>

114<sup>th</sup> Congress – Bills to Address Patent Litigation and IPO Positions

	H.R. 9 – Goodlatte	S. 1137 – Grassley	IPO Position
<b>5. Discovery - Judicial Conference Rules and Procedures</b>	<ul style="list-style-type: none"> <li>Judicial Conference <i>shall</i> develop rules addressing:               <ul style="list-style-type: none"> <li>Whether parties are entitled to discovery of core documents and should bear cost of producing documents in their possession.</li> <li>Appropriate timing of core document discovery.</li> <li>Whether parties may seek additional discovery, should bear all associated costs, and should be required to post bond/security to cover costs.</li> <li>Rules on electronic discovery including appropriate timing.</li> <li>Case management procedures for patent suits.</li> </ul> </li> <li>Core documents include those related to obtaining patent, prior art, licensing, profits, accused infringer’s knowledge of patent, patentee’s knowledge of infringement, and marking or other notice.</li> <li>Requires Judicial Conference study on efficacy of rules.</li> </ul>	<ul style="list-style-type: none"> <li>Judicial Conference <i>should</i> develop rules addressing:               <ul style="list-style-type: none"> <li>Scope of core documentary evidence</li> <li>Whether parties are entitled to core documentary evidence and should bear cost of producing documents in their possession.</li> <li>Appropriate timing of core documentary evidence discovery.</li> <li>Whether parties may seek additional discovery, should bear all associated costs, and should be required to post bond/security to cover costs.</li> <li>Rules on electronic discovery including appropriate timing.</li> <li>Case management procedures for patent suits.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>SUPPORT rules adopted by Judicial Conference to amend Fed. R. Civ. P. that go into effect on Dec. 1, 2015.</li> <li>SUPPORT Judicial Conference developing and adopting rules to address issues of case management and discovery in patent cases.</li> <li>OPPOSE Congress dictating outcome of Judicial Conference deliberations, or bypassing its rulemaking entirely, relative to rules of civil procedure on scope and sequencing of discovery in patent cases.</li> </ul>
<b>6. Attorney Fees</b>	<ul style="list-style-type: none"> <li>Awards to prevailing party unless position and conduct of nonprevailing party reasonably justified in law and fact or special circumstances make unjust.</li> <li>Plaintiff who later extends covenant not to sue treated as nonprevailing.</li> </ul>	<ul style="list-style-type: none"> <li>On motion by prevailing party, court shall award it reasonable attorney fees upon finding non-prevailing party’s position objectively reasonable in law and fact or conduct objectively reasonable, unless special circumstances make unjust.</li> <li>Plaintiff who seeks dismissal, extends covenant not to sue treated as nonprevailing.</li> <li>In ANDA suits, court may award fees in exceptional cases.</li> </ul>	<ul style="list-style-type: none"> <li>SUPPORT awarding to prevailing party unless position and conduct of non-prevailing party were objectively reasonable and substantially justified unless exceptional circumstances make unjust.</li> </ul>
<b>7. Fee Recovery</b>	<ul style="list-style-type: none"> <li>Court may require any party to certify that it will be able to pay fees if awarded.</li> <li>Court may join interested party identified by plaintiff in initial disclosure upon showing by defendant that plaintiff’s sole interest is asserting patent.</li> <li>Interested party may renounce interest; otherwise may be required to pay any portion of fee award not paid by plaintiff.</li> <li>Interested party includes assignee, right to enforce or sublicense, or direct financial interest including right to damages or licensing revenue, but does not include attorney/firm, equity interest without ability to direct/control action.</li> </ul>	<ul style="list-style-type: none"> <li>No later than two weeks before scheduling conference, defendant may state good faith belief plaintiff’s primary business is asserting/enforcing patents.</li> <li>Plaintiff must certify that its finances are sufficient to satisfy fee award, that its primary business is not patent assertion/enforcement, or identify interested parties.</li> <li>Interested party may renounce interest; otherwise may be required to pay any portion of fee award not paid by plaintiff.</li> <li>Interested party includes assignee, right to enforce or sublicense, or direct financial interest including right to damages or licensing revenue, but does not include attorney/firm, equity interest without ability to direct/control action.</li> <li>Exception for universities, non-profit tech transfer organizations, and ANDA suits.</li> </ul>	n/a
<b>8. Demand Letters</b>	<ul style="list-style-type: none"> <li>“Sense of Congress” that action including litigation stemming from sending purposely evasive demand letter should be considered fraudulent or deceptive practice and exceptional when considering whether litigation is abusive.</li> <li>Claimant seeking to establish willful infringement may not rely on evidence of pre-suit notification unless communication identifies asserted patent, product/process accused, ultimate parent entity of claimant, and explains with particularity, to the extent possible following reasonable investigation or inquiry, how product or process infringes.</li> </ul>	<ul style="list-style-type: none"> <li>Plaintiff may not rely on evidence of pre-suit notification to establish willful infringement unless communication identifies each patent and at least one claim of each patent allegedly infringed, product/process accused, alleged infringement, notifies recipient of possibility of customer stay, identifies persons with right to enforce patent, and explains proposed compensation.</li> <li>If initial written notice does not contain this information, defendant’s time to respond to subsequent complaint is extended by 30 days.</li> <li>Does not apply to communications regarding existing licensing arrangements or to subsequent communications if initial communication complied with requirements.</li> <li>Defines as violation of FTC Act engaging in widespread demand letter abuse where communications misrepresent whether litigation has been or will be filed related to the alleged infringement, contain a pattern of false statements or lack reasonable basis in law and fact, or fail to include facts such as sender’s identity, patent at issue, or at least one product/process alleged to infringe.</li> <li>Does not preempt state legislation.</li> </ul>	<ul style="list-style-type: none"> <li>SUPPORT legislation to make high volume sending of bad faith demand letters, to end users who are not resellers, a deceptive act or practice within the meaning of § 5(a)(1) of the FTC Act, provided it is carefully tailored to differentiate between abusive activity and legitimate, lawful activity. Should include clear identification of objective acts/practices that would deceive recipients.</li> <li>OPPOSE legislation to require overly burdensome and detailed disclosures in bad faith demand letters, e.g., information that could trigger DJ jurisdiction or confidential information.</li> <li>SUPPORT federal preemption of state legislation.</li> </ul>
<b>9. Post Grant Review and Inter Partes Review</b>	<ul style="list-style-type: none"> <li>Requires PTO to use district-court claim construction in PGR and IPR.</li> <li>Eliminates provision barring PGR petitioner from later asserting in civil action that claim is invalid on any ground petitioner “reasonably could have raised” during PGR.</li> </ul>	<ul style="list-style-type: none"> <li>Eliminates provision barring PGR petitioner from later asserting in civil action that claim is invalid on any ground petitioner “reasonably could have raised” during PGR.</li> </ul>	<ul style="list-style-type: none"> <li>SUPPORT requiring PTO to change approach to claim construction in PGR, IPR, and CBM proceedings.</li> <li>SUPPORT eliminating provision barring PGR petitioner from later asserting in civil or ITC action that a claim is invalid on any ground petitioner “reasonably could have raised” during PGR.</li> </ul>