

113TH CONGRESS
1ST SESSION

H. R. 3540

To amend chapter 26 of title 35, United States Code, to require the disclosure of information related to patent ownership, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 19, 2013

Mr. POLIS (for himself, Mr. MARINO, and Mr. DEUTCH) introduced the following bill; which was referred to the Committee on the Judiciary, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend chapter 26 of title 35, United States Code, to require the disclosure of information related to patent ownership, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Demand Letter Trans-
5 parency Act of 2013”.

1 **SEC. 2. DEMAND LETTER DISCLOSURE REQUIREMENT.**

2 (a) AMENDMENT.—Chapter 26 of title 35, United
3 States Code, is amended by adding at the end the fol-
4 lowing new section:

5 **“§ 263. Disclosure of Information Related to Patent**
6 **Ownership**

7 “(a) DEMAND LETTER DISCLOSURE.—Any entity
8 that sends 20 or more demand letters during any 365-
9 day period shall, not later than the disclosure deadline,
10 submit to the Patent and Trademark Office with respect
11 to each patent that was the subject in each such letter
12 the following:

13 “(1) Identification of the patent and confirma-
14 tion that the entity that sent the letter is the owner
15 of the patent (or a representative of such person)
16 and is the last recorded entity in the records of the
17 Patent and Trademark Office for purposes of as-
18 signment, grant, or conveyance under this chapter.

19 “(2) Identification of the entity that has the
20 right to license the patent or, in the case of a patent
21 already exclusively licensed, the name of the exclu-
22 sive licensee.

23 “(3) Identification of each entity asserting a
24 claim with regard to a patent in such letter in ac-
25 cordance with subsection (b).

1 “(4) Identification of each obligation to license
2 the patent on reasonable and nondiscriminatory
3 terms, including a copy of each letter of assurance
4 to each standard-setting organization with respect to
5 such obligation, and the financial terms, including
6 the rate, at which such patent has been licensed pur-
7 suant to such obligation.

8 “(5) Identification of the ultimate parent entity
9 of such entity.

10 “(6) Identification of the number of entities
11 that received a demand letter from the entity that
12 sent the letter.

13 “(7) Identification of any case that has been
14 filed by such entity relating to each such patent, in-
15 cluding the docket number and the court in which
16 the case was filed.

17 “(8) Identification of any ex parte review under
18 chapter 30 or inter partes review under chapter 31
19 of such patent.

20 “(9) Any required registration fee established
21 with regard to this section.

22 “(b) INFORMATION NOT READILY ACCESSIBLE.—An
23 entity required to disclose the information described under
24 subsection (a) shall include with such disclosure a descrip-
25 tion of any information described under subsection (a)

1 that is not disclosed, why such undisclosed information
2 was not readily accessible, and the efforts made by such
3 entity to access such undisclosed information.

4 “(c) IDENTIFICATION.—

5 “(1) PUBLICLY TRADED.—For purposes of sub-
6 section (a)(3), if the entity to be identified is owned
7 or controlled by a corporation traded on a public
8 stock exchange, an identification of the publicly
9 traded corporation and the public stock exchange
10 shall be sufficient.

11 “(2) NOT PUBLICLY TRADED.—For purposes of
12 subsection (a)(3), if the entity to be identified is not
13 owned or controlled by a publicly traded corporation,
14 the information shall identify—

15 “(A) in the case of a partnership, the
16 name and address of each partner or other enti-
17 ty, holding more than a 5 percent share of that
18 partnership;

19 “(B) in the case of a corporation, the loca-
20 tion of incorporation and the name of each offi-
21 cer of the corporation;

22 “(C) in the case of an entity that is di-
23 rectly or indirectly controlled by another entity,
24 the name and address of the entity and each
25 other entity, and the name, address, location of

1 incorporation, and each officer or partner of the
2 entity and each other entity; and

3 “(D) for each individual, the name and ad-
4 dress of that individual.

5 “(3) NUMBER OF DEMAND LETTERS.—The re-
6 quirement under subsection (a)(6) shall be updated
7 regularly by the Director.

8 “(d) FAILURE TO COMPLY.—

9 “(1) MONETARY SANCTIONS.—Any entity that
10 does not meet the requirements of this section with
11 regard to a patent or the disclosure requirements
12 with respect to a demand letter under section 264
13 may be subject to monetary sanctions by a court in
14 an action brought by such entity with regard to in-
15 fringement or validity of such patent, for an amount
16 to be awarded to the adverse party that covers any
17 cost incurred by the adverse party resulting from the
18 failure of such entity to meet the requirements of
19 this section, including any reasonable cost incurred
20 by such adverse party to discover the correct and
21 complete information described under subsection (a)
22 with regard to such patent, unless such sanctions
23 would be unjust.

1 “(2) AWARD OF DAMAGES OR FEES.—A court
2 in a case involving monetary sanctions described in
3 paragraph (1)—

4 “(A) may not award treble damages under
5 the second undesignated paragraph of section
6 284 or attorney’s fees under section 285 to the
7 entity described in paragraph (1), unless the
8 denial of such damages or fees would be mani-
9 festly unjust; and

10 “(B) shall consider good faith mistakes in
11 a relevant demand letter when calculating attor-
12 neys fees under section 285 and damages under
13 section 284.

14 “(e) ONGOING DUTY TO CORRECT OR SUPPLE-
15 MENT.—An entity described in subsection (a) shall update
16 any filing made pursuant to such subsection with correct
17 information not later than 20 days after any change in
18 the information described under subsection (a).

19 “(f) EXEMPTION.—This section shall not apply to
20 any of the following:

21 “(1) The original inventor or joint inventor.

22 “(2) An institution of higher education (as that
23 term is defined in section 101 of the Higher Edu-
24 cation Act of 1965 (20 U.S.C. 1001)).

1 “(3) A technology transfer organization whose
2 primary purpose is to facilitate the commercializa-
3 tion of technology developed by one or more institu-
4 tions of higher education.

5 “(g) DEFINITIONS.—In this section:

6 “(1) DEMAND LETTER.—The term ‘demand let-
7 ter’ means any written communication directed to an
8 unaffiliated third party stating or indicating, directly
9 or indirectly, that the intended recipient or anyone
10 affiliated with that recipient is or may be infringing
11 a patent, or may bear liability or owe compensation
12 to another because of such patent.

13 “(2) DISCLOSURE DEADLINE.—The term ‘dis-
14 closure deadline’ means the lesser of 30 days after
15 the 20th demand letter is sent or 15 days before the
16 earliest date of compliance described in the 20th de-
17 mand letter.

18 “(3) ULTIMATE PARENT ENTITY.—

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

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

4 (b) TECHNICAL AND CONFORMING AMENDMENT.—
5 The table of sections for chapter 26 of title 35, United
6 States Code, is amended by adding at the end the fol-
7 lowing new item:

 “263. Disclosure of Information Related to Patent Ownership.”.

8 (c) REGULATIONS.—The Director may promulgate
9 such regulations as are necessary to establish a registra-
10 tion fee in an amount sufficient to recover the estimated
11 costs of administering section 263 of title 35, United
12 States Code, as added by subsection (a), to facilitate the
13 collection and maintenance of the information required by
14 such section, and to ensure the timely disclosure of such
15 information to the public.

16 (d) DEMAND LETTER DATABASE.—

17 (1) ESTABLISHMENT.—Not later than 180 days
18 after the date of the enactment of this Act, the Di-
19 rector, in consultation with the Attorney General
20 and the Federal Trade Commission, shall establish
21 a publicly accessible and searchable database of the
22 information obtained pursuant to section 263 of title
23 35, United States Code, as added by subsection (a),
24 to be maintained at and updated by the Office.

1 ferred to in this section as an ‘accused instrumen-
2 tality’) alleged to infringe the claim.

3 “(4) For each accused instrumentality identi-
4 fied under paragraph (3), an identification with par-
5 ticularity, if known, of—

6 “(A) the name or model number of each
7 accused instrumentality; and

8 “(B) the name of each accused method,
9 system, process, function, act, or service, or the
10 name or model number of each apparatus,
11 product, feature, or device that, when used, al-
12 legedly results in the practice of the claimed in-
13 vention.

14 “(5) For each accused instrumentality identi-
15 fied under paragraph (3), an explanation of—

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

19 “(B) whether each such element is in-
20 fringed literally or under the doctrine of equiva-
21 lents; and

22 “(C) with detailed specificity, how the
23 terms in each asserted claim identified under
24 paragraph (2) correspond to the functionality of
25 the accused instrumentality.

1 “(6) For each claim that is alleged to have been
2 infringed indirectly, a description of—

3 “(A) the direct infringement;

4 “(B) any person alleged to be a direct in-
5 fringer known to the party alleging infringe-
6 ment; and

7 “(C) the acts of the alleged indirect in-
8 fringer that contribute to or are inducing the
9 direct infringement.

10 “(7) A description of the right of the party al-
11 leging infringement to assert each—

12 “(A) patent identified under paragraph
13 (1); and

14 “(B) patent claim identified in paragraph
15 (2).

16 “(8) A description of the principal business of
17 the party alleging infringement.

18 “(9) A list of each complaint filed, of which the
19 party alleging infringement has knowledge, that as-
20 serts or asserted any of the patents identified under
21 paragraph (1).

22 “(10) Identification of any case that has been
23 filed by such entity relating to each patent identified
24 under paragraph (1), including the docket number
25 and the court in which the case was filed.

1 “(11) Identification of any ex parte review
2 under chapter 30 or any inter partes review under
3 chapter 31 for each patent identified under para-
4 graph (1).

5 “(12) For each patent identified under para-
6 graph (1), whether such patent is subject to any li-
7 censing term or pricing commitments through any
8 agency, organization, standard-setting body, or other
9 entity or community.

10 “(13) The identity of any person other than the
11 party alleging infringement, known to the party al-
12 leging infringement, who—

13 “(A) owns or co-owns a patent identified
14 under paragraph (1);

15 “(B) is the assignee of a patent identified
16 under paragraph (1); or

17 “(C) is an exclusive licensee to a patent
18 identified under paragraph (1).

19 “(14) The identity of any person other than the
20 party alleging infringement, known to the party al-
21 leging infringement, who has a legal right to enforce
22 a patent identified under paragraph (1) through a
23 civil action under any Act of Congress relating to
24 patents or is licensed under such patent.

1 “(15) The identity of any person with a direct
2 financial interest in the outcome of the action, in-
3 cluding a right to receive proceeds, or any fixed or
4 variable portion thereof.

5 “(16) A description of any agreement or other
6 legal basis for a financial interest described in para-
7 graph (13).

8 “(17) A description of how the recipient of the
9 demand letter can access the demand letter database
10 of the Patent and Trademark Office.

11 “(18) At the bottom of such letter, a clear
12 statement of the following: ‘You are not required to
13 respond to this letter by law.’.

14 “(b) INFORMATION NOT READILY ACCESSIBLE.—An
15 entity required to disclose the information described under
16 subsection (a) shall include with such disclosure a descrip-
17 tion of any information described under subsection (a)
18 that is not disclosed, why such undisclosed information
19 was not readily accessible, and the efforts made by such
20 entity to access such undisclosed information.

21 “(c) DEMAND LETTER DEFINED.—In this section,
22 the term ‘demand letter’ shall have the meaning given that
23 term under section 263(g).”.

24 (b) TECHNICAL AND CONFORMING AMENDMENT.—
25 The table of sections for chapter 26 of title 35, United

1 States Code, as amended by section 2(b), is amended by
2 adding at the end the following new item:

“264. Requirements for patent infringement demand letters.”.

3 **SEC. 4. PENALTIES.**

4 (a) AMENDMENT.—Chapter 26 of title 35, United
5 States Code, as amended by sections 2(a) and 3(a), is
6 amended by adding at the end the following new section:

7 **“§ 265. Penalties**

8 “(a) DISCLOSURE OF INFORMATION TO THE PATENT
9 AND TRADEMARK OFFICE VIOLATION.—Any entity that
10 receives a demand letter and that believes the require-
11 ments under section 263 have not been met with respect
12 to such patent may submit to the Office in writing a peti-
13 tion—

14 “(1) describing the requirements that have not
15 been met under section 263; and

16 “(2) anything else the Director determines to
17 be necessary.

18 “(b) DEMAND LETTER REQUIREMENT VIOLATION.—
19 Any entity that receives a demand letter that does not
20 meet the requirements described under section 264 may
21 submit to the Office in writing a petition—

22 “(1) describing the requirements that have not
23 been included in such letter; and

24 “(2) anything else the Director determines to
25 be necessary.

1 “(c) NOTICE OF INTENT TO ABANDON.—If the Of-
2 fice determines that the requirements of section 263 or
3 264 have not been met with respect to a patent, the Office
4 shall notify the patent owner that the patent will be voided
5 unless a fee is paid not later than 3 months after the date
6 on which the notification is sent. The Director may accept
7 the payment of any fee required by this subsection if the
8 delay is shown to the satisfaction of the Director to have
9 been unintentional or unavoidable. The Director shall con-
10 sider good faith mistakes in the determination of whether
11 to void a patent under this section.

12 “(d) DEMAND LETTER DEFINED.—In this section,
13 the term ‘demand letter’ shall have the meaning given that
14 term under section 263(g).”.

15 (b) TECHNICAL AND CONFORMING AMENDMENT.—
16 The table of sections for chapter 26 of title 35, United
17 States Code, as amended by sections 2(b) and 3(b), is
18 amended by adding at the end the following new item:

“265. Penalties.”.

19 (c) REGULATIONS.—Not later than 180 days after
20 the date of the enactment of this Act, the Director shall
21 establish, by regulation, a fee for filing a petition under
22 section 265 in such amounts as the Director determines
23 to be reasonable.

1 **SEC. 5. FEDERAL TRADE COMMISSION ENFORCEMENT.**

2 (a) ENFORCEMENT.—A violation of section 263 or
3 264 of title 35, United States Code, as added by sections
4 2 and 3, respectively, shall be treated as a violation of
5 a rule defining an unfair or deceptive act or practice under
6 section 18(a)(1)(B) of the Federal Trade Commission Act
7 (15 U.S.C. 57a(a)(1)(B)). The Commission shall enforce
8 such rules in the same manner, by the same means, and
9 with the same jurisdiction, powers, and duties as though
10 all applicable terms and provisions of the Federal Trade
11 Commission Act were incorporated into and made a part
12 of this section. Any entity who violates this section shall
13 be subject to the penalties and entitled to the privileges
14 and immunities provided in the Federal Trade Commis-
15 sion Act (15 U.S.C. 41 et seq.).

16 (b) RULE OF CONSTRUCTION.—Nothing in this sec-
17 tion shall be construed—

18 (1) to limit the authority of the Federal Trade
19 Commission under any other provision of law; or

20 (2) except as specifically provided in this sec-
21 tion to provide the Federal Trade Commission with
22 any additional authority.

23 **SEC. 6. DEFINITIONS.**

24 In this Act:

25 (1) DIRECTOR.—The term “Director” means
26 the Under Secretary of Commerce for Intellectual

1 Property and Director of the United States Patent
2 and Trademark Office.

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

5 **SEC. 7. EFFECTIVE DATE.**

6 The amendments made by this Act shall take effect
7 upon the expiration of the 6-month period beginning on
8 the date of the enactment of this Act and shall apply to
9 an entity that sends a demand letter (as such term is de-
10 fined under section 263(g) of title 35, United States Code,
11 as added by section 2(a)) on or after that date.

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