113TH CONGRESS
2D Session

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To curb unfair and deceptive practices during assertion of patents, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mrs. McCaskill (for herself and Mr. Rockefeller) introduced the following bill; which was read twice and referred to the Committee on

A BILL

To curb unfair and deceptive practices during assertion of patents, and for other purposes.

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

SECTION 1. SHORT TITLE.

This Act may be cited as the “Transparency in Asser-
tion of Patents Act”.

SEC. 2. TRANSPARENCY IN ASSERTION OF PATENTS.

(a) DISCLOSURES.—The Federal Trade Commission (referred to in this Act as the “Commission”) shall pro-
mulgate rules to prohibit unfair or deceptive acts and practices in the sending of written communication that states that the intended recipient of the written communication, or any person affiliated with the intended recipient, is infringing or may be infringing the patent of and bears liability or owes compensation to another. Such rules shall establish the disclosures that a written communication to which this subsection applies must contain, including—

(1) a detailed description of—

(A) each patent allegedly infringed, including the patent number; and

(B) each claim of each patent that is allegedly infringed;

(2) a clear, accurate, and detailed description, such as the manufacturer and model number, of each product, device, business method, service, or technology that allegedly infringes each claim under paragraph (1)(B) or that is covered by that claim;

(3) a clear, accurate, and detailed description of how a product, device, business method, service, or technology under paragraph (2) allegedly infringes a patent or claim under paragraph (1);

(4) notice to the intended recipient that the intended recipient may have the right to have the
manufacturer under paragraph (2) defend against
the alleged infringement;

(5) a name, an address, and any other contact
information necessary for an intended recipient to
determine the identity of a person with the right to
enforce a patent described under paragraph (1) or
with a direct financial interest in a patent described
under paragraph (1), including each owner, co-
owner, assignee, exclusive licensee, and entity with
the authority to enforce the patent, and the ultimate
parent entity (as defined in section 801.1(a)(3) of
title 16, Code of Federal Regulations, or any suc-
cessor regulation) of each owner, co-owner, assignee,
exclusive licensee, and entity with the authority to
enforce the patent;

(6) a description of any licensing commitment
or obligation, such as reasonable and non-discrimi-
natory terms, that applies to a patent or claim under
paragraph (1);

(7) if compensation is proposed, the method
used to calculate that proposed amount;

(8) each current instance of reexamination or
other post-grant review of each patent described
under paragraph (1) at the Patent and Trademark
Office, any past or ongoing litigation involving the
patent, and the status of such review and any determinations as to the invalidity of the patent or any of its claims; and

(9) other disclosures that the Commission considers necessary to carry out the purpose of this Act.

(b) EXEMPTIONS.—The rules promulgated by the Commission under subsection (a) may exempt from any requirement of that subsection written communication between parties regarding existing licensing agreements, and any other written communication, that the Commission determines is not necessary for the protection of consumers or within the scope of the purposes of this Act.

(e) UNFAIR OR DECEPTIVE ASSERTIONS.—The Commission shall promulgate rules to prohibit unfair or deceptive assertions in written communication to which subsection (a) applies. Such rules shall specify the actions that constitute an unfair or deceptive assertion, including—

(1) an assertion that falsely threatens administrative or judicial relief will be sought if compensation is not paid or the infringement is not otherwise resolved;

(2) an assertion that lacks a reasonable basis in fact or law; and
(3) an assertion that is likely to materially mislead a reasonable intended recipient.

(d) CONSUMER EDUCATION.—The Commission shall provide education and awareness to the public regarding unfair or deceptive patent assertions.

(e) RULEMAKING.—The Commission shall promulgate the rules under this Act in accordance with section 553 of title 5, United States Code.

(f) ENFORCEMENT BY THE COMMISSION.—A violation of a rule promulgated under this Act shall be treated as a violation of a rule defining an unfair or deceptive act or practice under section 18(a)(1)(B) of the Federal Trade Commission Act (15 U.S.C. 57a(a)(1)(B)). The Commission shall enforce this Act in the same manner, by the same means, and with the same jurisdiction, powers, and duties as though all applicable terms and provisions of the Federal Trade Commission Act (15 U.S.C. 41 et seq.) were incorporated into and made a part of this Act. Any person who violates this Act shall be subject to the penalties and entitled to the privileges and immunities provided in the Federal Trade Commission Act (15 U.S.C. 41 et seq.).

(g) ENFORCEMENT BY STATE ATTORNEYS GENERAL.—
(1) CIVIL ACTION.—In any case in which the
attorney general of a State, or an official or agency
of a State, has reason to believe that an interest of
the residents of that State has been or is threatened
or adversely affected by engagement of any person
subject to a rule promulgated under this Act in a
practice that violates the rule, the attorney general,
official, or agency of the State, as parens patriae,
may bring a civil action on behalf of the residents
of the State in an appropriate district court of the
United States—

(A) to enjoin further violation of the rule
by the defendant;

(B) to compel compliance with the rule;

(C) to obtain damages, restitution, or other
compensation on behalf of such residents;

(D) to obtain such further and other relief
as the court considers appropriate; or

(E) to obtain civil penalties in the amount
determined under paragraph (2).

(2) CIVIL PENALTIES.—

(A) CALCULATION.—For purposes of im-
posing a civil penalty under paragraph (1)(E),
the amount determined under this paragraph is
the amount calculated by multiplying the num-
ber of separate violations of a rule by an amount not greater than $16,000.

(B) ADJUSTMENT FOR INFLATION.—Beginning on the date that the Consumer Price Index is first published by the Bureau of Labor Statistics that is after 1 year after the date of enactment of this Act, and each year thereafter, the amount specified in subparagraph (A) shall be increased by the percentage increase in the Consumer Price Index published on that date from the Consumer Price Index published the previous year.

(3) INTERVENTION BY THE COMMISSION.—

(A) NOTICE AND INTERVENTION.—The State shall provide prior written notice of any civil action under paragraph (1) to the Commission and provide the Commission with a copy of its complaint, except in any case in which such prior notice is not feasible, in which case the State shall serve such notice immediately upon commencing such action. The Commission shall have the right—

(i) to intervene in the civil action;
(ii) upon so intervening, to be heard
on all matters arising in the civil action;
and
(iii) to file petitions for appeal of a
decision in the civil action.

(B) LIMITATION ON STATE ACTION WHILE
FEDERAL ACTION IS PENDING.—If the Commis-
sion has instituted a civil action for violation of
this Act, no State attorney general, or official
or agency of a State, may bring an action under
this subsection during the pendency of that ac-
tion against any defendant named in the com-
plaint of the Commission for any violation of
this Act alleged in the complaint.

(4) CONSTRUCTION.—For purposes of bringing
any civil action under paragraph (1), nothing in this
Act shall be construed to prevent an attorney gen-
eral of a State from exercising the powers conferred
on the attorney general by the laws of that State to
conduct investigations, to administer oaths or affir-
mations, or to compel the attendance of witnesses or
the production of documentary and other evidence.

(h) RULE OF CONSTRUCTION.—Nothing in this Act
shall be construed as limiting or otherwise affecting in any
way—
(1) any other authority of the Commission; or
(2) the application of title 35, United States Code, or any other provision of law relating to patents.