

# Patent Public Advisory Committee Quarterly Meeting

## Legislative Update



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## Congressional Hearings (Copyright Issues)

### Copyrights

- ↗ "The Satellite Television Law: Repeal, Reauthorize, or Revise?" June 12, 2013, **House Energy and Commerce**, Subcommittee on Communications and Technology
  
- In front of **House Judiciary**, Subcommittee on Courts, Intellectual Property and the Internet:
  - ↗ "A Case Study for Consensus Building: The Copyright Principles Project" – May 16, 2013
  - ↗ "Unlocking Consumer Choice and Wireless Competition Act" – June 6, 2013
  - ↗ "Innovation in America: The Role of Copyrights" - July 25, 2013
  - ↗ "Innovation in America: The Role of Technology" - August 1, 2013
  - ↗ "The Rise of the Innovative Business Model: Content Delivery Methods in the Digital Age" – November 19, 2013
  - ↗ "The Scope of Copyright Protection" – January 14, 2014
  - ↗ "The Scope of Fair Use" – January 28, 2014

**Next Up?** Notice and takedown provisions (Section 512)



## Various proposals/approaches to address abusive patent litigation:

### White House Announcement (June 4, 2013):

#### **5 Executive Actions (4 of which USPTO is implementing):**

1. Making “Real Party-in-Interest” the New Default
2. Tightening Functional Claiming
3. Empowering Downstream Users
4. Expanding Dedicated Outreach and Study
5. Strengthen Enforcement Process of Exclusion Orders

#### **7 legislative recommendations:**

- ✓1. Require applicants to disclose the “Real Party-in-Interest”
- ✓2. Permit more discretion to the court to award fees to prevailing parties
3. Expand the PTO’s Transitional Program for Covered Business Methods
- ✓4. Protect off-the-shelf use by consumers and businesses
5. Change the ITC standard for obtaining an injunction
- ✓6. Use demand letter transparency to help curb abusive suits
7. Ensure the ITC has adequate flexibility in hiring qualified Administrative Law Judges

Included in  
House or  
Senate Bills?

***4 out of 7  
recommendations  
addressed in current bills.***



## Congressional Hearings (Patent Issues)

### U.S. House of Representatives

- “Abusive Patent Litigation: The Impact on American Innovation & Jobs, and Potential Solutions” - March 14, 2013, *House Judiciary Committee, Subcommittee on Courts, Intellectual Property and the Internet*
- “Abusive Patent Litigation: The Issues Impacting American Competitiveness and Job Creation at the International Trade Commission and Beyond” – April 16, 2013, *House Judiciary Committee, Subcommittee on Courts, Intellectual Property and the Internet*
- “Patent Reform implementation and New challenges for Small Businesses” – May 15, 2013, *House Committee on Small Business*
- “The Impact of Patent Assertion Entities on Innovation and the Economy” – Nov. 14, 2013, *House Energy and Commerce Committee, Subcommittee on Oversight and Investigations*

### U.S. Senate

- “Standard Essential Patent Disputes and Antitrust Law” – July 30, 2013, *Senate Judiciary Subcommittee on Antitrust, Competition Policy and Consumer Rights*
- “Demand Letters and Consumer Protection: Examining Deceptive Practices by Patent Assertion Entities” – Nov. 7, 2013, *Senate Commerce, Subcommittee on Consumer Protection, Product Safety, and Insurance*
- “Protecting Small Businesses and Promoting Innovation by Limiting Patent Troll Abuse.” – Dec. 17, 2013, *Senate Judiciary Committee*



## *Bills introduced to address abusive patent litigation 113<sup>th</sup> Congress*

<p><b>H.R. 845</b>, “Saving High-Tech Innovators from Egregious Legal Disputes” (SHIELD) Act of 2013 (Rep. Defazio, D-OR-4) – introduced: 2/27/2013</p>	<p><b>Fee shifting</b></p>
<p><b>H.R. 2024</b>, “End Anonymous Patents Act” (Rep. Deutch, D-FL-21) – introduced: 5/16/2013</p>	<p><b>Patent Owner Disclosure / Real Party in Interest</b></p>
<p><b>H.R. 2236</b>, “Promoting Start-up Innovation Act” (Rep. Chabot, R-OH-1) – introduced: 6/4/2013</p>	<p><b>Raising the limits for Micro-entities</b></p>
<p><b>H.R. 2639</b>, “Patent Litigation and Innovation Act” (Rep. Jefferies, D-NY-1) – introduced: 6/4/2013</p>	<p><b>Heighten Pleading Standards, Joinder, Stays, Discovery, Rule 11 sanctions</b></p>
<p><b>H.R. 3309</b>, “Innovation Act” (Rep. Goodlatte, R-VA-6) – introduced: 10/23/2013</p>	<p><b>Various Litigation-Related and Other Provisions</b></p>
<p><b>H.R. 3349</b>, “Innovation Protection Act” (Rep. Conyers, D-MI-13) – introduced 10/28/2013</p>	<p><b>USPTO Funding</b></p>
<p><b>S.866</b>, “Patent Quality Improvement Act of 2013” (Sen. Schumer, D-NY) – introduced: 5/6/2013</p>	<p><b>Expanding PTO’s Transitional Proceeding for CBM</b></p>
<p><b>S. 1013</b>, “Patent Abuse Reduction Act of 2013” (Sen. Cornyn, R-TX) – introduced: 5/21/2013</p>	<p><b>Litigation-Related Provisions <i>inc.</i> Discovery, Joinder</b></p>
<p><b>S. 1612</b>, “Patent Litigation Integrity Act” (Sen. Hatch, R-UT) – introduced: 10/30/2013</p>	<p><b>Fee Shifting</b></p>
<p><b>S.1720</b>, “Patent Transparency and Improvements Act of 2013” (Sen. Leahy, D-VT) – introduced 11/18/2013</p>	<p><b>Various Litigation-Related Provisions and “Bad Faith” Demand Letters</b></p>



## *H.R.3309, "The Innovation Act" - as passed by the House*

### **Procedural Highlights:**

- ***Introduced*** 10/23/2013 (Goodlatte, R-VA)
- ***Amended and Reported out of Committee*** by a 33-5 vote.
- ***Passed*** by the House on 12/5/2013 by a 325-91 vote (D: 130-64, R: 195-27)

### **Substantive Highlights:**

- Provides heightened pleading requirements (Sec. 3)
- Requires patent owner litigant to disclosure of the "Real Party in Interest" (Sec 4)
- Shifts presumption and enhances fee-shifting under 35 USC 285.
- Creates a Manufacturer's Stay Provision
- Limits discovery before Markman claim construction hearing
- Directs the Judicial Conference to consider/issue rules related to discovery
- Clarifies law as it relates to treatment of IP in bankruptcy cases
- Extends term of patent cases pilot from 10 to 20 years
- Requires various studies
- Directs USPTO to develop educational resources for small business (within existing resources)
- Makes technical changes and clarifications
  - ✓ Revises language under "Inventor's Oath or Declaration"
  - ✓ Codifies patent term adjustment calculations (*In Re Exelsis*)
  - ✓ Codifies language on double patenting
  - ✓ Changes Post Grant estoppel provision when appealing to the Federal Circuit (strikes "or could have raised")



## STATEMENT OF ADMINISTRATION POLICY

### H.R. 3309 – Innovation Act

(Rep. Goodlatte, R-VA, and 16 cosponsors) - *December 3, 2013*

*“The Administration supports House passage of H.R. 3309, as reported with a strong, bipartisan vote by the House Judiciary Committee. The bill builds on the important patent reforms contained in the America Invents Act (P.L. 112-29) and successfully implemented by the U.S. Patent and Trademark Office. The bill would improve incentives for future innovation while protecting the overall integrity of the patent system.”*

The SAP also expressed some concerns with the bill to be addressed as the process moves forward including maintaining judicial discretion and limiting use of BRI in PTAB Post-Issuance proceedings.



## President's Statement in the State of the Union – January 28, 2014

*“There are entire industries to be built based on vaccines that stay ahead of drug-resistant bacteria or paper-thin material that's stronger than steel. And let's pass a patent reform bill that allows our businesses to stay focused on innovation, not costly and needless litigation.”*



*S.1720, as introduced*

**S. 1720, the “Patent Transparency and Improvements Act of 2013”**

*(Leahy, D-VT) - Introduced Nov. 18, 2013*

*Committee Hearing held Dec. 17, 2013*

**Summary of Provisions:**

- Real-Party-in-Interest disclosure in pleadings
- Customer stay based on consent of manufacturer or supplier
- “Bad-faith” demand letters subject to FTC Act as unfair or deceptive acts or practices
- PTO outreach/education on abusive litigation and web site on litigation information
- Switch from BRI to district court claim construction
- Protection of IP licenses in Bankruptcy proceedings
- Codification of double-patenting doctrine for FITF patents
- Studies and reports on secondary market oversight, government patents, examination quality and patent small claims court

**Note:** *Introduced bill did not include provisions on expanding CBM, enhancing fee-shifting, or limiting discovery; these issues were discussed in the Dec. 17 committee hearing and in subsequent staff briefings.*



## Senate Judiciary Committee Staff Briefings 2014

*Four Briefings held with Senate Judiciary counsel and staff:*

Tues., Jan 21 --	<b>Topic:</b> Fee Shifting/Litigation Reforms
** Fri., Jan 24 --	<b>Topic:</b> Demand Letters/Transparency in Patent Ownership
** Fri., Jan 31--	<b>Topic:</b> Post-Grant issuance/CBM Expansion/Efforts to address software patents
Fri., Feb 7 --	<b>Topic:</b> Customer Stay

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**\*\* USPTO participated**



## Other Considerations for the 113<sup>th</sup> Congress

- **Increased USPTO & DOC Engagement on Patent Litigation Legislation**
- **Implementation of the June 4, '13 White House Executive Actions**
- **Opening USPTO Satellite Offices**
  - ✦ Continued interest from Capitol Hill
  - ✦ Conducted briefings with the CO and CA delegations in Early February; Additional briefings planned for March timeframe for Dallas and Denver.
  - ✦ Local support for outreach and education (in Detroit and in Silicon Valley, Denver, Dallas)
  - ✦ Start-up listening tours in Silicon Valley and Denver area
- **Green Paper on, “*Copyright Policy, Creativity, and Innovation in the Digital Economy*”**
  - ✦ DOC Conference held Dec. 12, 2013 @ USPTO
  - ✦ Additional roundtable discussion planned for 2014 throughout the country
- **International Treaties – implementation**
  - ✦ Beijing Treaty on Audiovisual Performances
  - ✦ Marrakesh Treaty for the Visually Impaired
  - ✦ The Geneva Act of the Hague Treaty on Industrial Designs
- **Capitol Hill Awareness and Outreach:**
  - ✦ Meetings with Judiciary Committee Members/Staff, and New Members, Congressional Caucuses
  - ✦ “Day in the Life” Visits for Congressional Staff
  - ✦ “Everything You Ever Wanted to Know About IP in China (and More)” at USPTO’s Global IP Academy



*Thank you.*

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