

114TH CONGRESS
1ST SESSION

H. R. 1896

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

APRIL 20, 2015

Mr. POLIS (for himself, Mr. MARINO, and Mr. DEUTCH) introduced the following bill; which was referred to the Committee on the Judiciary

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 2015”.

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

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

1 **“§ 263. Disclosure of Information Related to Patent**
2 **Ownership**

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

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

15 “(2) Identification of the entity that has the
16 right to license the patent or, in the case of a patent
17 already exclusively licensed, the name of the exclu-
18 sive licensee.

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

22 “(4) Identification of each obligation to license
23 the patent on reasonable and nondiscriminatory
24 terms, including a copy of each letter of assurance
25 to each standard-setting organization with respect to
26 such obligation, and the financial terms, including

1 the rate, at which such patent has been licensed pur-
2 suant to such obligation.

3 “(5) Identification of the ultimate parent entity
4 of such entity.

5 “(6) Identification of the number of entities
6 that received a demand letter from the entity that
7 sent the letter.

8 “(7) Identification of any case that has been
9 filed by such entity relating to each such patent, in-
10 cluding the docket number and the court in which
11 the case was filed.

12 “(8) Identification of any ex parte review under
13 chapter 30 or inter partes review under chapter 31
14 of such patent.

15 “(9) Any required registration fee established
16 with regard to this section.

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

24 “(c) IDENTIFICATION.—

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

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

11 “(A) in the case of a partnership, the
12 name and address of each partner or other enti-
13 ty, holding more than a 5 percent share of that
14 partnership;

15 “(B) in the case of a corporation, the loca-
16 tion of incorporation and the name of each offi-
17 cer of the corporation;

18 “(C) in the case of an entity that is di-
19 rectly or indirectly controlled by another entity,
20 the name and address of the entity and each
21 other entity, and the name, address, location of
22 incorporation, and each officer or partner of the
23 entity and each other entity; and

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

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

4 “(d) FAILURE TO COMPLY.—

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

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

23 “(A) may not award treble damages under
24 the second undesignated paragraph of section
25 284 or attorney’s fees under section 285 to the

1 entity described in paragraph (1), unless the
2 denial of such damages or fees would be mani-
3 festly unjust; and

4 “(B) shall consider good faith mistakes in
5 a relevant demand letter when calculating attor-
6 neys fees under section 285 and damages under
7 section 284.

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

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

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

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

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

23 “(g) DEFINITIONS.—In this section:

24 “(1) DEMAND LETTER.—The term ‘demand let-
25 ter’ means any written communication directed to an

1 unaffiliated third party stating or indicating, directly
2 or indirectly, that the intended recipient or anyone
3 affiliated with that recipient is or may be infringing
4 a patent, or may bear liability or owe compensation
5 to another because of such patent.

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

11 “(3) ULTIMATE PARENT ENTITY.—

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

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

20 (b) TECHNICAL AND CONFORMING AMENDMENT.—

21 The table of sections for chapter 26 of title 35, United
22 States Code, is amended by adding at the end the fol-
23 lowing new item:

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

24 (c) REGULATIONS.—The Director may promulgate
25 such regulations as are necessary to establish a registra-

1 tion fee in an amount sufficient to recover the estimated
2 costs of administering section 263 of title 35, United
3 States Code, as added by subsection (a), to facilitate the
4 collection and maintenance of the information required by
5 such section, and to ensure the timely disclosure of such
6 information to the public.

7 (d) DEMAND LETTER DATABASE.—

8 (1) ESTABLISHMENT.—Not later than 180 days
9 after the date of the enactment of this Act, the Di-
10 rector, in consultation with the Attorney General,
11 shall establish a publicly accessible and searchable
12 database of the information obtained pursuant to
13 section 263 of title 35, United States Code, as added
14 by subsection (a), to be maintained at and updated
15 by the Office.

16 (2) PROTECTION OF INFORMATION.—The Di-
17 rector shall allow recipients of a demand letter (as
18 such term is defined under section 263(g), as added
19 by subsection (a)) to request the redaction of the
20 company name, company-specific information, or any
21 other company information from the database de-
22 scribed in paragraph (1).

1 **SEC. 3. DEMAND LETTER REQUIREMENT.**

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

5 **“§ 264. Requirements for patent infringement de-**
6 **mand letters**

7 “(a) IN GENERAL.—Any entity sending a demand
8 letter shall include in any demand letter sent to another
9 entity the following:

10 “(1) An identification of each patent that is or
11 may be allegedly infringing.

12 “(2) An identification of each claim of each pat-
13 ent identified under paragraph (1) that is allegedly
14 infringed.

15 “(3) For each claim identified under paragraph
16 (2), an identification of each accused apparatus,
17 product, feature, device, method, system, process,
18 function, act, service, or other instrumentality (re-
19 ferred to in this section as an ‘accused instrumen-
20 tality’) alleged to infringe the claim.

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

24 “(A) the name or model number of each
25 accused instrumentality; and

1 “(B) the name of each accused method,
2 system, process, function, act, or service, or the
3 name or model number of each apparatus,
4 product, feature, or device that, when used, al-
5 legedly results in the practice of the claimed in-
6 vention.

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

9 “(A) where each element of each asserted
10 claim identified under paragraph (2) is found
11 within the accused instrumentality;

12 “(B) whether each such element is in-
13 fringed literally or under the doctrine of equiva-
14 lents; and

15 “(C) with detailed specificity, how the
16 terms in each asserted claim identified under
17 paragraph (2) correspond to the functionality of
18 the accused instrumentality.

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

21 “(A) the direct infringement;

22 “(B) any person alleged to be a direct in-
23 fringer known to the party alleging infringe-
24 ment; and

1 “(C) the acts of the alleged indirect in-
2 fringer that contribute to or are inducing the
3 direct infringement.

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

6 “(A) patent identified under paragraph
7 (1); and

8 “(B) patent claim identified in paragraph
9 (2).

10 “(8) A description of the principal business of
11 the party alleging infringement.

12 “(9) A list of each complaint filed, of which the
13 party alleging infringement has knowledge, that as-
14 serts or asserted any of the patents identified under
15 paragraph (1).

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

20 “(11) Identification of any ex parte review
21 under chapter 30 or any inter partes review under
22 chapter 31 for each patent identified under para-
23 graph (1).

24 “(12) For each patent identified under para-
25 graph (1), whether such patent is subject to any li-

1 censing term or pricing commitments through any
2 agency, organization, standard-setting body, or other
3 entity or community.

4 “(13) The identity of any person other than the
5 party alleging infringement, known to the party al-
6 leging infringement, who—

7 “(A) owns or co-owns a patent identified
8 under paragraph (1);

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

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

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

19 “(15) The identity of any person with a direct
20 financial interest in the outcome of the action, in-
21 cluding a right to receive proceeds, or any fixed or
22 variable portion thereof.

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

1 “(17) A description of how the recipient of the
2 demand letter can access the demand letter database
3 of the Patent and Trademark Office.

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

7 “(b) INFORMATION NOT READILY ACCESSIBLE.—An
8 entity required to disclose the information described under
9 subsection (a) shall include with such disclosure a descrip-
10 tion of any information described under subsection (a)
11 that is not disclosed, why such undisclosed information
12 was not readily accessible, and the efforts made by such
13 entity to access such undisclosed information.

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

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

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

21 **SEC. 4. PENALTIES.**

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

1 **“§ 265. Penalties**

2 “(a) DISCLOSURE OF INFORMATION TO THE PATENT
3 AND TRADEMARK OFFICE VIOLATION.—Any entity that
4 receives a demand letter and that believes the require-
5 ments under section 263 have not been met with respect
6 to such patent may submit to the Office in writing a peti-
7 tion—

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

10 “(2) anything else the Director determines to
11 be necessary.

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

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

18 “(2) anything else the Director determines to
19 be necessary.

20 “(c) NOTICE OF INTENT TO ABANDON.—If the Of-
21 fice determines that the requirements of section 263 or
22 264 have not been met with respect to a patent, the Office
23 shall notify the patent owner that the patent will be voided
24 unless a fee is paid not later than 3 months after the date
25 on which the notification is sent. The Director may accept
26 the payment of any fee required by this subsection if the

1 delay is shown to the satisfaction of the Director to have
2 been unintentional or unavoidable. The Director shall con-
3 sider good faith mistakes in the determination of whether
4 to void a patent under this section.

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

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

“265. Penalties.”.

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

17 **SEC. 5. DEFINITIONS.**

18 In this Act:

19 (1) DIRECTOR.—The term “Director” means
20 the Under Secretary of Commerce for Intellectual
21 Property and Director of the United States Patent
22 and Trademark Office.

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

1 **SEC. 6. EFFECTIVE DATE.**

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

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