Finjan: Detailed Analysis of the Innovation Act

"Patent: a property right granted by the Government of the United States of America to an inventor "to exclude others from making, using, offering for sale, or selling the invention throughout the United States or importing the invention into the United States" for a limited time in exchange for public disclosure of the invention when the patent is granted", unless you are a "Qualified Party" as set forth in Chapter 29, Title 35 USC §§ 281, 284, 285, and 299 (as amended), in which case you are precluded from enforcing your patents unless, among other things, you first certify to the court that you or other interested parties can pay the alleged infringer's attorneys fees – BEFORE an adjudication of non-infringement or invalidity of your otherwise presumed valid patent.

[Note: *Text in black is from* http://www.uspto.gov/main/glossary/patent; *text in red is proposed language from current Schumer Cornyn Compromise.]*

Compromise:	**Language of Interest:**	**Issue:**	**Problem:**	**Solution:**
Heightened Pleading	Ch 29, 35 USC § 281A(b)(5): "a concise statement of how the rights of the party or parties-in-suit are sufficient to confer standing on such parties to assert each patent identified under paragraph (1)"	This does not address the problem of lack of transparency, by failing to require the identification of all real owner(s), interested parties, and stake holders of the asserted patents.	Patent asserters create shell companies or consortiums and hide the true identities of the patent owners and/or stakeholders. Obfuscation of patent ownership or other forms of transferring patent-related rights (e.g., between a patent aggregator and its membership) still exists.	To ensure transparency, and fairness, Reform should require all parties who have a stake in the assertion be identified in the pleadings. This requirement must be applied to all patent holders, not just NPEs. For example, if rights to a patent otherwise owned by a patent aggregator are transferred to a subscriber or member of the aggregated pool, then the aggregator should be identified in the pleadings. All members of a consortium, e.g., Rockstar must also be identified in the pleadings.
	Ch 29, 35 USC § 281A(b)(6): "a list of each complaint, counterclaim, or cross-claim filed by the party alleging infringement or an affiliate thereof within three years preceding the date of the filing of the instant action, and other complaint…"	Unclear as to the purpose of this requirement as the information sought seems tangentially relevant at best.	See issue.	Omit

Finjan: Detailed Analysis of the Innovation Act

"Patent: a property right granted by the Government of the United States of America to an inventor "to exclude others from making, using, offering for sale, or selling the invention throughout the United States or importing the invention into the United States" for a limited time in exchange for public disclosure of the invention when the patent is granted", unless you are a "Qualified Party" as set forth in Chapter 29, Title 35 USC §§ 281, 284, 285, and 299 (as amended), in which case you are precluded from enforcing your patents unless, among other things, you first certify to the court that you or other interested parties can pay the alleged infringer's attorneys fees – BEFORE an adjudication of non-infringement or invalidity of your otherwise presumed valid patent.

[Note: *Text in black is from* http://www.uspto.gov/main/glossary/patent; *text in red is proposed language from current Schumer Cornyn Compromise.]*

Compromise:	**Language of Interest:**	**Issue:**	**Problem:**	**Solution:**
Discovery Reforms	Ch. 29, 35 USC §299C(c)(1)-(2): Exclusion from Discovery Limitation	These exceptions give unfair /unequal court access to companies with product or services and specifically deprives legitimate non-product or service patent holders from pertinent discovery.	The demarcation between those plaintiffs who have product/services and those who don't is arbitrary and does not address bad behavior.	Create standardized Federal Patent Discovery categories and Disclosure Schedules that govern all patent cases and litigants, e.g., Phase 1: Parties' Contentions; Phase 2: financials, damages; Phase 3: liability and validity; Phase 4: willful misconduct (of losing party determined in Phase 3).
Fee Shifting: non-prevailing parties whose litigation posture is objectively unreasonable should pay reasonable attorneys' fees.	35 USC §285(b): Covenant Not to Sue:	Fee shifting and attorneys fees and costs to the prevailing party already exists and have been awarded by courts.	Not enough to disincentivize objectively bad faith asserters.	Reform by making similar relief offered to prevailing plaintiffs upon a finding of willful infringement, i.e., once patent is found invalid or not infringed, move to willful misconduct phase of trial. If found, court has discretion to enhance damages (or not, depending on plaintiffs' conduct).

Finjan: Detailed Analysis of the Innovation Act

"Patent: a property right granted by the Government of the United States of America to an inventor "to exclude others from making, using, offering for sale, or selling the invention throughout the United States or importing the invention into the United States" for a limited time in exchange for public disclosure of the invention when the patent is granted", unless you are a "Qualified Party" as set forth in Chapter 29, Title 35 USC §§ 281, 284, 285, and 299 (as amended), in which case you are precluded from enforcing your patents unless, among other things, you first certify to the court that you or other interested parties can pay the alleged infringer's attorneys fees – BEFORE an adjudication of non-infringement or invalidity of your otherwise presumed valid patent.
[Note: *Text in black is from* http://www.uspto.gov/main/glossary/patent; *text in red is proposed language from current Schumer Cornyn Compromise.]*

Compromise:	**Language of Interest:**	**Issue:**	**Problem:**	**Solution:**
Recovery of Award from Qualified Parties	35 USC §285(c)(1)-(7)	Creates a second class of patent holders on the basis that their primary business is neither: (1) research, (2) development, where development means technical or experimental work to create, modify or validate technologies or processes for commercialization of goods or services, (3) manufacturing, or (4) the provision of goods or commercial services.	In addition to unfairly creating a second class patent holders, this ignores the fact that operating companies, R&D entities, universities – all of whom would become first class patent holders – are asserting patents that are entirely unrelated to their purported primary business. This distinction and creation of a second-class patent owner deprives such owners of their fundamental right to exercise rights granted to them under the US Constitution. So long as the government imposes the same scrutiny, duty of candor, and payment of PTO fees for issued patents on all patent owners, they should be held to the same requirements and enjoy the same remedies as the other patent holders.	Strike the distinction relating to business model and instead modify language to focus on eradicating the bad behavior of abusive patent asserters (APAs).

"Patent: a property right granted by the Government of the United States of America to an inventor "to exclude others from making, using, offering for sale, or selling the invention throughout the United States or importing the invention into the United States" for a limited time in exchange for public disclosure of the invention when the patent is granted", unless you are a "Qualified Party" as set forth in Chapter 29, Title 35 USC §§ 281, 284, 285, and 299 (as amended), in which case you are precluded from enforcing your patents unless, among other things, you first certify to the court that you or other interested parties can pay the alleged infringer's attorneys fees – BEFORE an adjudication of non-infringement or invalidity of your otherwise presumed valid patent.

[Note: *Text in black is from* http://www.uspto.gov/main/glossary/patent; *text in red is proposed language from current Schumer Cornyn Compromise.]*

Compromise:	**Language of Interest:**	**Issue:**	**Problem:**	**Solution:**
Recovery of Award from Qualified Parties (cont.)	35 USC §285(c)(1) – (7): Motion for Certification – allows an alleged patent infringer to move the court as early as 30 days after the date of a FRCP 16(b) scheduling order to require a plaintiff to certify that it can satisfy attorneys' fees if awarded to defendant.	Requires a "qualified party" to certify to the court that it would be able to satisfy an award of reasonably attorneys' fees BEFORE there's a determination that it lost the case and BEFORE a determination of willful misconduct or frivolous suit.	Not mutual (between plaintiff and defendant), not fair (among all patent holders seeking to enforce their patents). A patent holder has the fundamental right to enforce its patent – which is presumed valid upon issuance by the USPTO – on the other hand, an alleged infringer has the burden of proving the patent is invalid. If anything, a patent holder should also have the right to move the court to require the defendant to certify that it can pay for damages should liability be found, otherwise require a bond for an injunction.	Strike this entire portion of the amendment and find a way to punish bad behavior by the APAs, not those who have a business model that has been unfairly carved out.

"Patent: a property right granted by the Government of the United States of America to an inventor "to exclude others from making, using, offering for sale, or selling the invention throughout the United States or importing the invention into the United States" for a limited time in exchange for public disclosure of the invention when the patent is granted", unless you are a "Qualified Party" as set forth in Chapter 29, Title 35 USC §§ 281, 284, 285, and 299 (as amended), in which case you are precluded from enforcing your patents unless, among other things, you first certify to the court that you or other interested parties can pay the alleged infringer's attorneys fees – BEFORE an adjudication of non-infringement or invalidity of your otherwise presumed valid patent.
[Note: *Text in black is from* http://www.uspto.gov/main/glossary/patent; *text in red is proposed language from current Schumer Cornyn Compromise.]*

Compromise:	**Language of Interest:**	**Issue:**	**Problem:**	**Solution:**
Security Interest	35 USC §285(c)(5): "…***the court shall stay the case until such security interest can be provided or dismiss the case without prejudice, unless the interests of justice require otherwise."***	Notwithstanding the "unless the interests of justice require otherwise" language, the burden on the "Qualified Party" places an unfair burden on the otherwise entitled patent holder.	**This particular section is unconstitutional and deprives an otherwise entitled patent holder of its due process rights simply by virtue of the fact that its primary business is not in the excluded categories. This turns the patent rights of affected legitimate patent holders on its head. (**Also, supra, this ignores the fact that operating companies, R&D entities, universities – all of whom would become first class patent holders – are asserting patents that are entirely unrelated to their purported primary business.)	Regardless of a patent holders' chosen business model, to secure patent protection of its inventions, their applications for patents are filed with the same agency (PTO), scrutinized under the same set of laws, rules, and regulations (Title 35 of USC; PTO's MPEP (Manual of Patent Examining Procedure), etc.); held to the same duty of candor before the PTO during prosecution of the patent application; and pays the same fees as the "disqualified" parties. **UNCONSITUTIONAL AND MUST BE STRICKEN**!

Finjan: Detailed Analysis of the Innovation Act

"Patent: a property right granted by the Government of the United States of America to an inventor "to exclude others from making, using, offering for sale, or selling the invention throughout the United States or importing the invention into the United States" for a limited time in exchange for public disclosure of the invention when the patent is granted", unless you are a "Qualified Party" as set forth in Chapter 29, Title 35 USC §§ 281, 284, 285, and 299 (as amended), in which case you are precluded from enforcing your patents unless, among other things, you first certify to the court that you or other interested parties can pay the alleged infringer's attorneys fees – BEFORE an adjudication of non-infringement or invalidity of your otherwise presumed valid patent.

[Note: *Text in black is from* http://www.uspto.gov/main/glossary/patent; *text in red is proposed language from current Schumer Cornyn Compromise.]*

Compromise:	**Language of Interest:**	**Issue:**	**Problem:**	**Solution:**
Interested Party, Exceptions	35 USC §285(c)(7)(A): "A person shal be deemed an interested party for purposes of this subsection if such person has a substantial financial interest related to the proceeds from any settlement, license or damages award resulting from the enforcement of the patent in this action by the party alleging infringement. EXCEPTIONS. A party shall not be deemed an interested party if – (ii) such person has assigned all right …, except for passive receipt of income…."	This language seems to suggest an arbitrary carve out of, for example, patent aggregators (e.g, RPX), or backers of consortiums such as Rockstar (e.g., Apple), who clearly should not be entitled to such carve outs. This ignores potential bad behavior from such types of entities, giving them unjustified impunity.	Does not address the problem of bad behavior and in fact encourages, if not ratifies, hypocrisy amongst the otherwise "disqualified parties."	Strike language.