

113TH CONGRESS  
2D SESSION

# S. 2049

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

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## IN THE SENATE OF THE UNITED STATES

FEBRUARY 26, 2014

Mrs. McCASKILL (for herself and Mr. ROCKEFELLER) introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

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## A BILL

To curb unfair and deceptive practices during assertion of  
patents, 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 “Transparency in Asser-  
5 tion of Patents Act”.

6 **SEC. 2. TRANSPARENCY IN ASSERTION OF PATENTS.**

7 (a) DISCLOSURES.—The Federal Trade Commission  
8 (referred to in this Act as the “Commission”) shall pro-  
9 mulgate rules to prohibit unfair or deceptive acts and  
10 practices in the sending of written communication that

1 states that the intended recipient of the written commu-  
2 nication, or any person affiliated with the intended recipi-  
3 ent, is infringing or may be infringing the patent of and  
4 bears liability or owes compensation to another. Such rules  
5 shall establish the disclosures that a written communica-  
6 tion to which this subsection applies must contain, includ-  
7 ing—

8 (1) a detailed description of—

9 (A) each patent allegedly infringed, includ-  
10 ing the patent number; and

11 (B) each claim of each patent that is alleg-  
12 edly infringed;

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

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

22 (4) notice to the intended recipient that the in-  
23 tended recipient may have the right to have the  
24 manufacturer under paragraph (2) defend against  
25 the alleged infringement;

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

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

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

20          (8) each current instance of reexamination or  
21          other post-grant review of each patent described  
22          under paragraph (1) at the Patent and Trademark  
23          Office, any past or ongoing litigation involving the  
24          patent, and the status of such review and any deter-

1 minations as to the invalidity of the patent or any  
2 of its claims; and

3 (9) other disclosures that the Commission con-  
4 sider necessary to carry out the purpose of this Act.

5 (b) EXEMPTIONS.—The rules promulgated by the  
6 Commission under subsection (a) may exempt from any  
7 requirement of that subsection written communication be-  
8 tween parties regarding existing licensing agreements, and  
9 any other written communication, that the Commission  
10 determines is not necessary for the protection of con-  
11 sumers or within the scope of the purposes of this Act.

12 (c) UNFAIR OR DECEPTIVE ASSERTIONS.—The Com-  
13 mission shall promulgate rules to prohibit unfair or decep-  
14 tive assertions in written communication to which sub-  
15 section (a) applies. Such rules shall specify the actions  
16 that constitute an unfair or deceptive assertion, includ-  
17 ing—

18 (1) an assertion that falsely threatens adminis-  
19 trative or judicial relief will be sought if compensa-  
20 tion is not paid or the infringement is not otherwise  
21 resolved;

22 (2) an assertion that lacks a reasonable basis in  
23 fact or law; and

24 (3) an assertion that is likely to materially mis-  
25 lead a reasonable intended recipient.

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

4 (e) RULEMAKING.—The Commission shall promul-  
5 gate the rules under this Act in accordance with section  
6 553 of title 5, United States Code.

7 (f) ENFORCEMENT BY THE COMMISSION.—A viola-  
8 tion of a rule promulgated under this Act shall be treated  
9 as a violation of a rule defining an unfair or deceptive  
10 act or practice under section 18(a)(1)(B) of the Federal  
11 Trade Commission Act (15 U.S.C. 57a(a)(1)(B)). The  
12 Commission shall enforce this Act in the same manner,  
13 by the same means, and with the same jurisdiction, pow-  
14 ers, and duties as though all applicable terms and provi-  
15 sions of the Federal Trade Commission Act (15 U.S.C.  
16 41 et seq.) were incorporated into and made a part of this  
17 Act. Any person who violates this Act shall be subject to  
18 the penalties and entitled to the privileges and immunities  
19 provided in the Federal Trade Commission Act (15 U.S.C.  
20 41 et seq.).

21 (g) ENFORCEMENT BY STATE ATTORNEYS GEN-  
22 ERAL.—

23 (1) CIVIL ACTION.—In any case in which the  
24 attorney general of a State, or an official or agency  
25 of a State, has reason to believe that an interest of

1 the residents of that State has been or is threatened  
2 or adversely affected by engagement of any person  
3 subject to a rule promulgated under this Act in a  
4 practice that violates the rule, the attorney general,  
5 official, or agency of the State, as *parens patriae*,  
6 may bring a civil action on behalf of the residents  
7 of the State in an appropriate district court of the  
8 United States—

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

11 (B) to compel compliance with the rule;

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

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

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

18 (2) CIVIL PENALTIES.—

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

1 (B) ADJUSTMENT FOR INFLATION.—Be-  
 2 ginning on the date that the Consumer Price  
 3 Index is first published by the Bureau of Labor  
 4 Statistics that is after 1 year after the date of  
 5 enactment of this Act, and each year thereafter,  
 6 the amount specified in subparagraph (A) shall  
 7 be increased by the percentage increase in the  
 8 Consumer Price Index published on that date  
 9 from the Consumer Price Index published the  
 10 previous year.

11 (3) INTERVENTION BY THE COMMISSION.—

12 (A) NOTICE AND INTERVENTION.—The  
 13 State shall provide prior written notice of any  
 14 civil action under paragraph (1) to the Commis-  
 15 sion and provide the Commission with a copy of  
 16 its complaint, except in any case in which such  
 17 prior notice is not feasible, in which case the  
 18 State shall serve such notice immediately upon  
 19 commencing such action. The Commission shall  
 20 have the right—

- 21 (i) to intervene in the civil action;
- 22 (ii) upon so intervening, to be heard
- 23 on all matters arising in the civil action;
- 24 and

1 (iii) to file petitions for appeal of a  
 2 decision in the civil action.

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

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

20 (h) RULE OF CONSTRUCTION.—Nothing in this Act  
 21 shall be construed as limiting or otherwise affecting in any  
 22 way—

23 (1) any other authority of the Commission; or



1           (2) the application of title 35, United States  
2       Code, or any other provision of law relating to pat-  
3       ents.

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