



# *The* **INNOVATION** *Act*

**HOUSE JUDICIARY COMMITTEE** | *Chairman Bob Goodlatte*

## *Key Provisions:*

- **Defining the Lawsuit** – Requires the plaintiff to provide basic information to the defendant about why they're being sued and by whom.
- **Bad Actors Pay** – Provides that if someone files a lawsuit or claim that has no reasonable basis in law or fact, a judge may require that person to pay the costs of the frivolous action. This applies to both plaintiffs and defendants in the lawsuit.
- **Holding Bad Actors Accountable** – While protecting inventors, this ensures that patent trolls cannot hide behind a web of shell companies to avoid accountability for bringing frivolous litigation.
- **Limiting Up-Front Costs** – Tailors discovery to prevent patent trolls from imposing unreasonable and unnecessary costs on defendants.
- **The Right to Know Why You are Being Sued (Demand Letters)** – Requires demand letters to contain sufficient information to put small businesses and others on notice about how the patent owner believes they are infringing.
- **Transparency** – Requires a patent plaintiff to disclose who is controlling or profiting from the lawsuit.
- **Protecting the End User** – Ensures that patent plaintiffs must litigate against the manufacturer who actually designed or developed the product rather than suing customers who simply bought it off-the-shelf.
- **Preventing Forum Shopping** – Restores Congress's intent that patent infringement suits only be brought in judicial districts that have some reasonable connection to the dispute.
- **Prohibiting the Implementation of Foreign Law** – It ensures that U.S. law is followed in our courts and not foreign law. This prevents a foreign court from terminating a U.S. manufacturer's right to use technology that it has licensed on U.S. soil. Allowing these licenses to be eliminated in bankruptcy would create economic chaos and would encourage manufacturers to move their facilities and jobs overseas.
- **Helping Small Business** – Requires PTO to provide educational resources for those facing abusive patent litigation claims.
- **Preventing Extortion and Market Manipulation at the Patent and Trademark Office** – Enacts reforms to ensure due process and that bad actors do not engage in nefarious practices in connection the with PTO's current Inter Partes Review (IPR) proceeding.