

AMENDMENT NO. \_\_\_\_\_ Calendar No. \_\_\_\_\_

Purpose: To further improve the bill.

**IN THE SENATE OF THE UNITED STATES—111th Cong., 1st Sess.**

**S. 515**

To amend title 35, United States Code, to provide for patent reform.

Referred to the Committee on \_\_\_\_\_ and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENTS intended to be proposed by Mr. LEAHY

Viz:

1 On page 3, lines 14 and 15, strike “A patent for a  
2 claimed invention may not be obtained if” and insert “A  
3 person shall be entitled to a patent unless”.

4 On page 24, strike line 19 and all that follows  
5 through page 28, line 6, and insert the following:

6 **“§ 284. Damages**

7 “(a) IN GENERAL.—

8 “(1) COMPENSATORY DAMAGES AUTHORIZED.—

9 Upon finding for the claimant the court shall award  
10 the claimant damages adequate to compensate for

1 the infringement, but in no event less than a reason-  
2 able royalty for the use made of the invention by the  
3 infringer, together with interest and costs as fixed  
4 by the court. In determining damages, the court will  
5 direct the jury to consider any relevant factors or  
6 methodologies, under applicable law, based on the  
7 evidence presented.

8 “(2) USE OF EXPERTS PERMITTED.—The court  
9 may receive expert testimony as an aid to the deter-  
10 mination of damages or of what royalty would be  
11 reasonable under the circumstances.

12 “(b) PROCEDURE FOR DETERMINING DAMAGES.—

13 “(1) IN GENERAL.—The court shall identify the  
14 methodologies and factors that are relevant to the  
15 determination of damages, and the court or jury,  
16 shall consider only those methodologies and factors  
17 relevant to making such determination.

18 “(2) DISCLOSURE OF CLAIMS.—By no later  
19 than the entry of the final pretrial order, unless oth-  
20 erwise ordered by the court, the parties shall state,  
21 in writing and with particularity, the methodologies  
22 and factors the parties propose for instruction to the  
23 jury in determining damages under this section,  
24 specifying the relevant underlying legal and factual  
25 bases for their assertions.

1           “(3) SUFFICIENCY OF EVIDENCE.—Prior to the  
2           introduction of any evidence concerning the deter-  
3           mination of damages, upon motion of either party or  
4           sua sponte, the court shall consider whether one or  
5           more of a party’s damages contentions lacks a le-  
6           gally sufficient evidentiary basis. After providing a  
7           nonmovant the opportunity to be heard, and after  
8           any further proffer of evidence, briefing, or argu-  
9           ment that the court may deem appropriate, the  
10          court shall identify on the record those methodolo-  
11          gies and factors as to which there is a legally suffi-  
12          cient evidentiary basis, and the court or jury shall  
13          consider only those methodologies and factors in  
14          making the determination of damages under this  
15          section. The court shall only permit the introduction  
16          of evidence relating to the determination of damages  
17          that is relevant to the methodologies and factors  
18          that the court determines may be considered in mak-  
19          ing the damages determination.”.

20          On page 28, line 7, strike “(e)” and insert “(c)”.

21          On page 28, lines 17 and 18, strike “presents” and  
22          insert “proves by”.

1       On page 29, strike line 20 and all that follows  
2 through page 30, line 14, and insert the following:

3               “(A) IN GENERAL.—Notwithstanding para-  
4 graph (2), an infringer may not be found to  
5 have acted with objective recklessness where for  
6 any period of time during which the infringer  
7 had an informed good faith belief that the pat-  
8 ent was invalid or unenforceable, or would not  
9 be infringed by the conduct later shown to con-  
10 stitute infringement of the patent, and—

11               “(i) there was reasonable reliance on  
12 advice of counsel;

13               “(ii) the infringer sought to modify its  
14 conduct to avoid infringement once it had  
15 discovered the patent; or

16               “(iii) there is sufficient evidence that  
17 the infringer had a good faith belief that  
18 the patent was invalid or unenforceable, or  
19 would not be infringed by conduct later  
20 shown to constitute infringement of the  
21 patent.”.

22       On page 30, line 15, strike “(C)” and insert “(B)”.

1           On page 30, line 25, strike “The court’s” and all that  
2 follows through “jury.” on page 31, line 2.

3           On page 32, line 9, insert “the United States Trade  
4 Representative,” before “the Secretary”.

5           On page 33, strike lines 15 through 21, and insert  
6 the following:

7                   “(1) prior art consisting of patents or printed  
8 publications which that person believes to have a  
9 bearing on the patentability of any claim of a par-  
10 ticular patent; or”.

11           On page 34, line 7, insert “or written submissions  
12 (as the case may be)” after “prior art”.

13           On page 35, line 5, strike “making the citation” and  
14 insert “citing prior art or written statements”.

15           On page 35, line 25, strike “patents, publications, or  
16 other evidence” and insert “patents or publications”.

17           On page 36, line 5, “patent, printed publication, or  
18 other evidence” and insert “patent or printed publica-  
19 tion”.

1 On page 54, strike line 17 and all that follows  
2 through page 56, line 25, and insert the following:

3 (a) CHANGE OF VENUE.—Section 1400 of title 28,  
4 United States Code, is amended by adding at the end the  
5 following:

6 “(c) CHANGE OF VENUE.—For the convenience of  
7 parties and witnesses, in the interest of justice, a district  
8 court shall transfer any civil action arising under any Act  
9 of Congress relating to patents upon a showing that the  
10 transferee venue is clearly more convenient than the venue  
11 in which the civil action is pending.”.

12 On page 57, strike lines 1 through 13, and insert the  
13 following:

14 (b) INTERLOCUTORY APPEALS.—Section 1292(c) of  
15 title 28, United States Code, is amended—

16 (1) in paragraph (1), by striking “and” after  
17 the semicolon;

18 (2) in paragraph (2), by striking the period and  
19 inserting “; and”; and

20 (3) by adding at the end the following:

21 “(3) of a final order or decree of a district  
22 court determining construction of a patent claim in  
23 a civil action for patent infringement under section  
24 271 of title 35, if the district court finds that there

1 is a sufficient evidentiary record and an immediate  
2 appeal from the order (A) may materially advance  
3 the ultimate termination of the litigation, or (B) will  
4 likely control the outcome of the case, unless such  
5 certification is clearly erroneous.”.

6 At the end of the bill, add the following:

7 **SEC. 15. BEST MODE REQUIREMENT.**

8 Section 282(b), as so designated and amended by sec-  
9 tion 12(f), is further amended by striking paragraph (3)  
10 and inserting the following:

11 “(3) Invalidity of the patent or any claim in  
12 suit for failure to comply with—

13 “(A) any requirement of section 112 of  
14 this title, except that the failure to disclose the  
15 best mode shall not be a basis on which any  
16 claim of a patent may be canceled or held in-  
17 valid or otherwise unenforceable; or

18 “(B) any requirement of section 251 of  
19 this title.”.

20 **SEC. 16. PILOT PROGRAM IN CERTAIN DISTRICT COURTS.**

21 (a) ESTABLISHMENT.—

22 (1) IN GENERAL.—There is established a pro-  
23 gram, in each of the United States district courts  
24 designated under subsection (b), under which—

1 (A) those district judges of that district  
2 court who request to hear cases under which 1  
3 or more issues arising under any Act of Con-  
4 gress relating to patents or plant variety protec-  
5 tion are required to be decided, are designated  
6 by the chief judge of the court to hear those  
7 cases;

8 (B) cases described in subparagraph (A)  
9 are randomly assigned to the judges of the dis-  
10 trict court, regardless of whether the judges are  
11 designated under subparagraph (A);

12 (C) a judge not designated under subpara-  
13 graph (A) to whom a case is assigned under  
14 subparagraph (B) may decline to accept the  
15 case; and

16 (D) a case declined under subparagraph  
17 (C) is randomly reassigned to 1 of those judges  
18 of the court designated under subparagraph  
19 (A).

20 (2) SENIOR JUDGES.—Senior judges of a dis-  
21 trict court may be designated under paragraph  
22 (1)(A) if at least 1 judge of the court in regular ac-  
23 tive service is also so designated.

24 (3) RIGHT TO TRANSFER CASES PRESERVED.—  
25 This section shall not be construed to limit the abil-

1           ity of a judge to request the reassignment of or oth-  
2           erwise transfer a case to which the judge is assigned  
3           under this section, in accordance with otherwise ap-  
4           plicable rules of the court.

5           (b) DESIGNATION.—

6                 (1) IN GENERAL.—Not later than 6 months  
7           after the date of the enactment of this Act, the Di-  
8           rector of the Administrative Office of the United  
9           States Courts shall designate not less than 6 United  
10          States district courts, in at least 3 different judicial  
11          circuits, in which the program established under  
12          subsection (a) will be carried out.

13                 (2) CRITERIA FOR DESIGNATIONS.—

14                 (A) IN GENERAL.—The Director shall  
15          make designations under paragraph (1) from—

16                         (i) the 15 district courts in which the  
17                         largest number of patent and plant variety  
18                         protection cases were filed in the most re-  
19                         cent calendar year that has ended; or

20                         (ii) the district courts that have  
21                         adopted local rules for patent and plant va-  
22                         riety protection cases.

23                 (B) SELECTION OF COURTS.—From  
24          amongst the district courts that satisfy the cri-

1           teria for designation under this subsection, the  
2           Director shall select—

3                   (i) 3 district courts that each have at  
4                   least 10 district judges authorized to be  
5                   appointed by the President, whether under  
6                   section 133(a) of title 28, United States  
7                   Code, or on a temporary basis under any  
8                   other provision of law, and at least 3  
9                   judges of the court have made the request  
10                  under subsection (a)(1)(A); and

11                  (ii) 3 district courts that each have  
12                  fewer than 10 district judges authorized to  
13                  be appointed by the President, whether  
14                  under section 133(a) of title 28, United  
15                  States Code, or on a temporary basis  
16                  under any other provision of law, and at  
17                  least 2 judges of the court have made the  
18                  request under subsection (a)(1)(A).

19           (c) DURATION.—The program established under sub-  
20           section (a) shall terminate 10 years after the end of the  
21           6-month period described in subsection (b).

22           (d) APPLICABILITY.—The program established under  
23           subsection (a) shall apply in a district court designated  
24           under subsection (b) only to cases commenced on or after  
25           the date of such designation.

1 (e) REPORTS TO CONGRESS.—

2 (1) IN GENERAL.—At the times specified in  
3 paragraph (2), the Director of the Administrative  
4 Office of the United States Courts, in consultation  
5 with the chief judge of each of the district courts  
6 designated under subsection (b) and the Director of  
7 the Federal Judicial Center, shall submit to the  
8 Committee on the Judiciary of the House of Rep-  
9 resentatives and the Committee on the Judiciary of  
10 the Senate a report on the pilot program established  
11 under subsection (a). The report shall include—

12 (A) an analysis of the extent to which the  
13 program has succeeded in developing expertise  
14 in patent and plant variety protection cases  
15 among the district judges of the district courts  
16 so designated;

17 (B) an analysis of the extent to which the  
18 program has improved the efficiency of the  
19 courts involved by reason of such expertise;

20 (C) with respect to patent cases handled by  
21 the judges designated pursuant to subsection  
22 (a)(1)(A) and judges not so designated, a com-  
23 parison between the 2 groups of judges with re-  
24 spect to—

1 (i) the rate of reversal by the Court of  
2 Appeals for the Federal Circuit, of such  
3 cases on the issues of claim construction  
4 and substantive patent law; and

5 (ii) the period of time elapsed from  
6 the date on which a case is filed to the  
7 date on which trial begins or summary  
8 judgment is entered;

9 (D) a discussion of any evidence indicating  
10 that litigants select certain of the judicial dis-  
11 tricts designated under subsection (b) in an at-  
12 tempt to ensure a given outcome; and

13 (E) an analysis of whether the pilot pro-  
14 gram should be extended to other district  
15 courts, or should be made permanent and apply  
16 to all district courts.

17 (2) TIMETABLE FOR REPORTS.—The times re-  
18 ferred to in paragraph (1) are—

19 (A) not later than the date that is 5 years  
20 and 3 months after the end of the 6-month pe-  
21 riod described in subsection (b); and

22 (B) not later than 5 years after the date  
23 described in subparagraph (A).

24 (3) PERIODIC REPORTS.—The Director of the  
25 Administrative Office of the United States Courts,

1 in consultation with the chief judge of each of the  
2 district courts designated under subsection (b) and  
3 the Director of the Federal Judicial Center, shall  
4 keep the committees referred to in paragraph (1) in-  
5 formed, on a periodic basis while the pilot program  
6 is in effect, with respect to the matters referred to  
7 in subparagraphs (A) through (E) of paragraph (1).

8 (f) AUTHORIZATION FOR TRAINING AND CLERK-  
9 SHIPS.—

10 (1) IN GENERAL.—In addition to any other  
11 funds made available to carry out this section, there  
12 are authorized to be appropriated not less than  
13 \$5,000,000 in each fiscal year for—

14 (A) educational and professional develop-  
15 ment of those district judges designated under  
16 subsection (a)(1)(A) in matters relating to pat-  
17 ents and plant variety protection; and

18 (B) compensation of law clerks with exper-  
19 tise in technical matters arising in patent and  
20 plant variety protection cases, to be appointed  
21 by the courts designated under subsection (b)  
22 to assist those courts in such cases.

23 (2) AVAILABILITY OF FUNDS.—Amounts made  
24 available pursuant to this subsection shall remain  
25 available until expended.