S. 1013

To amend title 35, United States Code, to add procedural requirements for patent infringement suits.

IN THE SENATE OF THE UNITED STATES

MAY 22, 2013

Mr. CORNYN introduced the following bill; which was read twice and referred to the Committee on the Judiciary

A BILL

To amend title 35, United States Code, to add procedural requirements for patent infringement suits.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SEC. 1. SHORT TITLE.

This Act may be cited as the “Patent Abuse Reduction Act of 2013”.

SEC. 2. PLEADING REQUIREMENTS.

(a) In General.—Chapter 29 of title 35, United States Code, is amended by inserting after section 281 the following:
§ 281A. Pleading requirements for patent infringement actions

“In a civil action arising under any Act of Congress relating to patents, a party alleging infringement shall include in the initial complaint, counterclaim, or cross-claim for patent infringement—

“(1) an identification of each patent allegedly infringed;

“(2) an identification of each claim of each patent identified under paragraph (1) that is allegedly infringed;

“(3) for each claim identified under paragraph (2), an identification of each accused apparatus, product, feature, device, method, system, process, function, act, service, or other instrumentality (referred to in this section as an ‘accused instrumentality’) alleged to infringe the claim;

“(4) for each accused instrumentality identified under paragraph (3), an identification with particularity, if known, of—

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

“(B) the name of each accused method, system, process, function, act, or service, or the name or model number of each apparatus, product, feature, or device that, when used, al-
(5) for each accused instrumentality identified under paragraph (3), an explanation of—

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

(B) whether each such element is infringed literally or under the doctrine of equivalents; and

(C) with detailed specificity, how the terms in each asserted claim identified under paragraph (2) correspond to the functionality of the accused instrumentality;

(6) for each claim that is alleged to have been infringed indirectly, a description of—

(A) the direct infringement;

(B) any person alleged to be a direct infringer known to the party alleging infringement; and

(C) the acts of the alleged indirect infringer that contribute to or are inducing the direct infringement;

(7) a description of the right of the party alleging infringement to assert each—
“(A) patent identified under paragraph (1); and

“(B) patent claim identified in paragraph (2);

“(8) a description of the principal business of the party alleging infringement;

“(9) a list of each complaint filed, of which the party alleging infringement has knowledge, that asserts or asserted any of the patents identified under paragraph (1);

“(10) for each patent identified under paragraph (1), whether such patent is subject to any licensing term or pricing commitments through any agency, organization, standard-setting body, or other entity or community;

“(11) the identity of any person other than the party alleging infringement, known to the party alleging infringement, who—

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

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

“(C) is an exclusive licensee to a patent identified under paragraph (1);
“(12) the identity of any person other than the party alleging infringement, known to the party alleging infringement, who has a legal right to enforce a patent identified under paragraph (1) through a civil action under any Act of Congress relating to patents or is licensed under such patent;

“(13) the identity of any person with a direct financial interest in the outcome of the action, including a right to receive proceeds, or any fixed or variable portion thereof; and

“(14) a description of any agreement or other legal basis for a financial interest described in paragraph (13).”.

(b) TECHNICAL AND CONFORMING AMENDMENT.—
The table of sections for chapter 29 of title 35, United States Code, is amended by inserting after the item relating to section 281 the following:

“281A. Pleading requirements for patent infringement actions.”.

(c) REVIEW OF FORM 18.—Not later than 12 months after the date of enactment of this Act, the Supreme Court shall review and amend Form 18 of the Federal Rules of Civil Procedure to ensure that Form 18 is consistent with the requirements under section 281A of title 35, United States Code, as added by subsection (a).
(d) Rule of Construction.—Nothing in this section or the amendments made by this section shall be construed to alter existing law or rules relating to joinder.

Sec. 3. Joinder of Interested Parties.

Section 299 of title 35, United States Code, is amended by adding at the end the following:

“(d) Joinder of Interested Parties.—

“(1) Definition.—In this subsection, the term ‘interested party’, with respect to a civil action arising under any Act of Congress relating to patents—

“(A) means a person described in paragraph (11) or (13) of section 281A; and

“(B) does not include an attorney or law firm providing legal representation in the action if the sole basis for the financial interest of the attorney or law firm in the outcome of the action arises from an agreement to provide that legal representation.

“(2) Joinder of Interested Parties.—In a civil action arising under any Act of Congress relating to patents, the court shall grant a motion by a party defending an infringement claim to join an interested party if the defending party shows that the interest of the plaintiff in any patent identified in the complaint, including a claim asserted in the com-
plaint, is limited primarily to asserting any such patent claim in litigation.

“(3) LIMITATION ON JOINDER.—The court may deny a motion to join an interested party under paragraph (2) if—

“(A) the interested party is not subject to service of process; or

“(B) joinder under paragraph (2) would deprive the court of subject matter jurisdiction or make venue improper.”.

SEC. 4. DISCOVERY LIMITS.

(a) IN GENERAL.—Chapter 29 of title 35, United States Code, is amended by adding at the end the following:

“§ 300. Discovery in patent infringement suits

“(a) DISCOVERY LIMITATION PRIOR TO CLAIM CONSTRUCTION.—

“(1) IN GENERAL.—Except as provided in paragraph (2), in a civil action arising under any Act of Congress relating to patents, if the court determines that a ruling relating to the construction of terms used in a patent claim asserted in the complaint is required, discovery shall be limited, until such ruling, to information necessary for the court to determine the meaning of the terms used in the patent
claim, including any interpretation of those terms
used to support the claim of infringement.

“(2) Discretion to expand scope of discovery.—

“(A) Timely resolution of actions.—
If, under any provision of Federal law (including
the Drug Price Competition and Patent
Term Restoration Act (Public Law 98–417)),
resolution within a specified period of time of a
civil action arising under any Act of Congress
relating to patents will have an automatic im-
pact upon the rights of a party with respect to
the patent, the court may permit discovery in
addition to the discovery authorized under para-
graph (1) before the ruling described in para-
graph (1) as necessary to ensure timely resolu-
tion of the action.

“(B) Resolution of motions.—When
necessary to resolve a motion properly raised by
a party before a ruling relating to the construc-
tion of terms (as described in paragraph (1)),
the court may allow limited discovery in addi-
tion to the discovery authorized under para-
graph (1) as necessary to resolve the motion.

“(b) Sequence and scope; cost-shifting.—
“(1) DEFINITIONS.—In this subsection—

“(A) the term ‘additional discovery’ means discovery of evidence other than core documentary evidence; and

“(B) the term ‘core documentary evidence’, with respect to a civil action arising under any Act of Congress relating to patents—

“(i) subject to clause (ii), includes only documents that—

“(I) relate to the conception, reduction to practice, and application for the asserted patent;

“(II) are sufficient to show the technical operation of the instrumentality identified in the complaint as infringing the asserted patent;

“(III) relate to potentially invalidating prior art;

“(IV) relate to previous licensing or conveyances of the asserted patent;

“(V) are sufficient to show revenue attributable to any claimed invention;

“(VI) are sufficient to show the organizational ownership and struc-
ture of each party, including identification of any person that has a financial interest in the asserted patent;

“(VII) relate to awareness of the asserted patent or claim, or the infringement, before the action was filed; and

“(VIII) sufficient to show any marking, lack of marking, or notice of the asserted patent provided to the accused infringer; and

“(ii) does not include computer code or electronic communication, such as e-mail, text messages, instant messaging, and other forms of electronic communication, unless the court finds good cause for including such computer code or electronic communication as core documentary evidence of a particular party under clause (i).

“(2) DISCOVERY SEQUENCE AND SCOPE.—In a civil action arising under any Act of Congress relating to patents, the parties shall discuss and address in the written report filed under rule 26(f)(2) of the
Federal Rules of Civil Procedure the views and proposals of the parties on—

“(A) when the discovery of core documentary evidence should be completed;

“(B) whether the parties will seek additional discovery under paragraph (3); and

“(C) any issues relating to infringement, invalidity, or damages that, if resolved before the additional discovery described in paragraph (3) commences, will simplify or streamline the case, including the identification of any key patent claim terms or phrases to be construed by the court and whether the early construction of any of those terms or phrases would be helpful.

“(3) DISCOVERY COST-SHIFTING.—

“(A) IN GENERAL.—In a civil action arising under any Act of Congress relating to patents, each party shall be responsible for the costs of producing core documentary evidence within the possession, custody, or control of that party.

“(B) ADDITIONAL DISCOVERY.—

“(i) IN GENERAL.—A party to a civil action arising under any Act of Congress relating to patents may seek additional dis-
covery if the party bears the costs of the additional discovery, including reasonable attorney’s fees.

“(ii) REQUIREMENTS.—A party shall not be allowed additional discovery unless the party—

“(I) at the time that such party seeks additional discovery, provides to the party from whom the additional discovery is sought payment of the anticipated costs of the discovery; or

“(II) posts a bond in an amount sufficient to cover the anticipated costs of the discovery.

“(C) RULES OF CONSTRUCTION.—Nothing in subparagraph (A) or (B) shall be construed to—

“(i) entitle a party to information not otherwise discoverable under the Federal Rules of Civil Procedure or any other applicable rule or order;

“(ii) require a party to produce privileged matter or other discovery otherwise limited under the Federal Rules of Civil Procedure; or
“(iii) prohibit a court from—

“(I) determining that a request for discovery is excessive, irrelevant, or otherwise abusive; or

“(II) setting other limits on discovery.”.

SEC. 5. COSTS AND EXPENSES.

(a) In General.—Section 285 of title 35, United States Code, is amended to read as follows:

“§ 285. Costs and expenses

“(a) In General.—The court shall award to the prevailing party reasonable costs and expenses, including attorney’s fees, unless—

“(1) the position and conduct of the non-prevailing party were objectively reasonable and substantially justified; or

“(2) exceptional circumstances make such an award unjust.

“(b) Prohibition on Consideration of Certain Settlements.—In determining whether an exception under paragraph (1) or (2) of subsection (a) applies, the court shall not consider as evidence any license taken in settlement of an asserted claim.

“(c) Recovery.—If the non-prevailing party is unable to pay reasonable costs and expenses awarded by the
court under subsection (a), the court may make the rea-
sonable costs and expenses recoverable against any inter-
ested party, as defined in section 299(d).”.

(b) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) TABLE OF SECTIONS.—The table of sections
for chapter 29 of title 35, United States Code, is
amended by striking the item relating to section 285
and inserting the following:

“285. Costs and expenses.”.

(2) CONFORMING AMENDMENTS.—Chapter 29
of title 35, United States Code, is amended—

(A) in section 271(e)(4), in the flush text
following subparagraph (D), by striking “attor-
ney fees” and inserting “reasonable costs and
expenses, including attorney’s fees,”;

(B) in section 273(f), by striking “attorney
fees” and inserting “reasonable costs and ex-
penses, including attorney’s fees,”; and

(C) in section 296(b), by striking “attor-
ney fees” and inserting “reasonable costs and
expenses (including attorney’s fees)”.

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