
Patent Reform Begins Again in Congress

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On March 3, 2009, a new round of patent reform bills, S. 515 and H.R. 1260, both titled "The Patent Reform Act of 2009," were introduced in the Senate and the House of Representatives, respectively. The Senate Judiciary Committee held its first hearing on S. 515 on March 10, 2009.

The Senate bill was introduced by Senate Judiciary Committee Chairman Patrick Leahy (D-Vt.) and Sen. Orrin Hatch (R-Utah), senior member and former chairman of the committee; the House bill was introduced by House Judiciary Committee Chairman John Conyers (D-Mich.) and Ranking Member Lamar Smith (R-Texas). The two bills are very similar, although they differ in some respects. The sponsors characterized these bills as "bipartisan, bicameral patent reform legislation."

The economic crisis was stressed as a reason patent reform is critical. Remarks made in introducing the bill stressed the importance of intellectual property in generating economic growth and jobs. Sen. Leahy noted that a "patent system developed for a 1952 economy, needs to be reconsidered in light of 21st century realities." He also said the new bill addresses impediments to growth, such as low quality patents, the costs and uncertainties of patent litigation and a lack of harmonization with global patent systems. At the Senate Judiciary Hearing, Sen. Leahy again stressed

the importance of patent reform for the economy: "Our legislation makes needed updates to the system that will improve patent quality and increase certainty among parties in litigation. Patent reform is ultimately about economic development. It is about jobs, it is about innovation, and it is about consumers."

The new bills are largely based on, and share many similarities with, bills from the 110th Congress: (1) S. 1145 as reported by the Senate Judiciary Committee on January 24, 2008, and (2) H.R. 1908 as passed by the House of Representatives on September 7, 2007. As did the predecessor bills, both S. 515 and H.R. 1260 would: (1) convert the US to a first-to-file system; (2) revise the determination of damages, in particular, how a "reasonable royalty" is calculated; (3) codify the Federal Circuit's *In re Seagate* decision regarding the standard to determine willful infringement; (4) provide for an improved inter partes reexamination system and an administrative post-grant review to challenge patents within 12 months of the patent's issue or reissue, *i.e.*, a "first window" post-grant review; (5) provide for interlocutory appeals of *Markman* decisions; (6) amend the venue statute to reduce forum shopping; (7) provide the director of the Patent Office with expanded rulemaking authority to set or adjust fees; and (8) repeal the residency requirement for Federal Circuit judges.

Missing from both S. 515 and H.R. 1260 are several controversial provisions, including revisions to the inequitable conduct defense and the requirement for applicant quality submissions. Amendments to inequitable conduct may find their way back into the bill. Sen. Leahy indicated that he intends to work with Sen. Hatch to address changes to the inequitable conduct provision.

Speakers at the Senate Judiciary Committee hearing included Steven R.

Appleton (Micron Technology, Inc.), Phillip Johnson (Johnson & Johnson), David Kappos (International Business Machines Corporation), Taraneh Maghamé (Tessera, Inc.), Herbert Wamsley (Intellectual Property Owners Association) and Mark Lemley (Stanford Law School). The testimony of the speakers addressed various provisions of the bill, with the damages provisions being the most widely addressed.

Several aspects of the proposed legislation remain controversial, and the fate of the Patent Reform Act of 2009 remains to be seen. Copies of the bills may be found [here](#).

Authors

James B. Lampert

RETIRED PARTNER

✉ james.lampert@comcast.net

☎ +1 617 526 6000