AIPLA

AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION

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RECOMMENDATIONS REGARDING

NOMINATION OF JUDGES

to the

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

MARCH 1, 2011

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AIPLA RECOMMENDATIONS REGARDING NOMINATION OF JUDGES TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

The American Intellectual Property Law Association ("AIPLA") recommends that all persons nominated to serve as Circuit Judges of the United States Court of Appeals for the Federal Circuit should have the highest qualifications: high intellect, legal skills, professional and personal integrity, sound judgment, and extensive experience in relevant fields of law and practice. In addition, AIPLA believes it is desirable for the Federal Circuit to have judges with diverse legal backgrounds, including extensive experience in the specialized subject matter handled by this Court.

AIPLA appreciates the recent nomination of a federal district court judge with substantial experience in trying patent cases and a demonstrated ability to effectively manage those cases. AIPLA also notes the recent nominations of appellate and international trade practitioners.

AIPLA believes that the Federal Circuit would benefit from the addition of a registered patent attorney with at least 20 years of experience, on the order of a decade of which has been as a first chair patent trial attorney trying both bench and jury trials.

AIPLA also believes that the Federal Circuit would benefit from the nomination of a registered patent attorney with at least 20 years of experience in patent practice, on the order of a decade of which has been as a leader of the patent function within a major U.S. research-based company that relies upon the incentives and protections provided by the U.S. patent system. Such a nominee should have extensive experience in advising the company's top management on material patent issues, including the patent implications of new technology investments, and ideally would have served as Chief Patent Counsel of the company, or its equivalent.

I. AIPLA's Members Have an Interest in Judges with Real-World Experience in Patents

AIPLA is a national bar association of approximately 16,000 members engaged in private and corporate practice, government service, and the academic community. AIPLA members represent a diverse spectrum of individuals, companies, and institutions involved directly and indirectly in the practice of patent, trademark, copyright, and unfair competition law, as well as other fields of law affecting intellectual property. AIPLA members represent both owners and users of intellectual property who may be asserting a patent or defending against a charge of patent infringement in any given case. One or more AIPLA members are attorneys of record in most patent cases in U.S. federal courts.

AIPLA thus has a continuing interest in seeing that U.S. federal courts, and especially the federal district courts and the United States Court of Appeals for the Federal Circuit, are sufficiently populated with judges highly experienced in handling and adjudicating patent cases of the kind litigated before federal district courts, and who have a real-world understanding of business decision making relating to patents.

II. The Federal Circuit's Jurisdiction over Patent Cases Is Unique and Important

The Federal Circuit, located in Washington, D.C., is one of the 13 federal United States Courts of Appeals, along with the First through Eleventh and the D.C. Circuits. The Federal Circuit is unique among these appellate courts because its jurisdiction is rooted in subject matter rather than regional geography.

A. The Federal Circuit's Jurisdiction Includes Almost All Appeals in Patent Cases

The Federal Circuit has exclusive jurisdiction over appeals from federal district courts across the country,[1] as well as patent decisions of the U.S. Patent and Trademark Office's Director and Board of Patent Appeals and Interferences, the International Trade Commission, and the Court of

[1] 28 U.S.C. § 1295.

Federal Claims. The Federal Circuit's jurisdiction over decisions of the federal district courts is extensive and includes appeals from decisions in several kinds of patent cases.[2]

The Federal Circuit's jurisdiction over federal district court patent cases provided a unique rationale for the Court's creation. In 1982, Congress created the Federal Circuit in substantial part to establish national uniformity in the patent law and to eliminate the regional circuit courts' then-inconsistent interpretation and application of the patent law.[3]

The Federal Circuit's exclusive jurisdiction extends to appeals "from a final decision of a district court of the United States … if the jurisdiction of that court was based, in whole or in part," on 28 U.S.C. § 1338. Section 1338(a) provides, in part, that district courts shall have original jurisdiction over "any civil action arising under any Act of Congress relating to patents…." Cases "arise under" the patent law where (1) at least one claim for relief is based on a patent law cause of action, or (2) resolution of such a claim necessarily depends on resolving a substantial question of patent law.

Thus, the Federal Circuit has exclusive jurisdiction over appeals from final judgments of federal district courts in cases in which a plaintiff patent owner has alleged in its complaint that the defendant is infringing its patent, or a plaintiff has filed a declaratory judgment complaint against a defendant patent owner seeking a judgment that it does not infringe or that the patent is invalid or unenforceable. Because these appeals account for almost all the appeals in federal district court patent cases, the Federal Circuit enjoys the unique position of being able to resolve almost all appeals in federal district court patent cases.

[2] *Id.*

[3] *See* S. Rep. No. 275, 97th Cong., 1st Sess. 2 (1982).

B. Federal Circuit Patent Decisions Impact the Value of Patents and the U.S. Economy as a Whole

A patent provides its owner the right to exclude others from importing, making, using, selling, and offering for sale the patented subject matter for a limited period of years. During that limited period of exclusivity, the patent owner may enjoy an economic return on its investment in making and developing the invention, which provides a strong incentive for technological innovation and industrial growth. Studies which were instrumental in convincing Congress to create the Federal Circuit had shown that technological innovation was being impeded by the lack of uniformity in interpretation and application of the patent laws. "If an inventor could not be sure that his patent rights would be respected in the marketplace, or enforced in the courts, he was deprived of important incentives to research and development."[4]

At the urging of businesses and the patent bar alike, Congress created the Federal Circuit with exclusive jurisdiction over appeals in the majority of patent cases for the purpose of bringing consistency to the patent law, and for the purpose of restoring incentives for technological innovation. The Federal Circuit's stabilizing influence on the United States patent system makes the Court vitally important to the United States economy. This country's patent system continues to provide, as it has for more than two centuries, an important driving force for the economy.[5] Patents encourage investments in innovation, in development of technology, and in the creation of skilled job opportunities in the United States.[6] In today's environment of intense international competition, the patent system also provides an important means for protecting technology and its fruits against unfair foreign trade.

[4] Bennett, Marion T. (ed.), The United States Judicial Conference Committee of the Bicentennial of the Constitution of the United States, THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT: A HISTORY, 1982-1990, 10 (1991).

[5] *E.g.*, Report of the Advisory Commission on Patent Law Reform, 3 (1992); Report of the President's Commission on the Patent System, 2-3 (1966); *Mazer v. Stein*, 347 U.S. 201, 219 (1953).

[6] *E.g.*, Report of the Advisory Commission on Patent Law Reform, 5 (1992) ("Because technology is becoming increasingly important in the competitive global economy, the United States must ensure that its patent system continues to maximize the incentives for innovation and development."); *see also*, S. Rep. No. 1298, 93rd Cong., 2nd Sess., reprinted in 1974 U.S. Code Cong. & Admin. News 7186, 7211-12.

The economic importance of the patent system is reflected in the amount of money invested in research and development in reliance upon the protections the patent system offers and is why the patent system is an integral part of business models, especially for research-based industries. Individuals working in this environment uniquely experience the impact of the patent system at its targeted nexus of law, technology, and business investment and can appreciate how research projects, prospective licenses, acquisitions, and the like stand or fall on assessments of the patentability and enforceability of the patents involved.

C. Patent Appeals Make Up the Bulk of the Federal Circuit's Workload

During Fiscal Year 2009, the Federal Circuit handled more than 1,500 appeals (excluding writs) of which just under half were patent cases (mostly patent appeals from federal district courts). But these statistics do not tell the entire story. It is commonly believed that Federal Circuit Judges devote more than 50 percent of their total work time to handling patent appeals. In short, appeals in patent cases are the most time consuming and complex segment of the Federal Circuit's jurisdiction.

III. Patent Trial Attorneys with Extensive Experience Trying Bench and Jury Trials Have a Unique Experience Base Which Is Important To a Well-Balanced Federal Circuit

A patent trial lawyer with extensive first chair experience would bring much-needed experience to the Federal Circuit. Federal district court litigation over patent validity, enforceability, and infringement often includes the full panoply of legal, equitable, and procedural issues that may become the subject of discovery, motion practice, and trial. Patent cases regularly deal with validity, enforceability, and infringement claims or defenses that may include intricate legal and technical issues and equitable issues such as preliminary injunctions, laches, and estoppel. They may also include complex damages determinations requiring consideration of business, accounting, and legal principles, discovery disputes involving voluminous technical and financial documents, and expert evidence for proving or disproving liability and damages claims.

Regardless of whether patent trials last for a few days or many weeks, they usually entail procedural complexities, such as the necessity to implement special local rules or standing orders; "Markman" hearings to construe the scope and meaning of patent claims (a necessary prelude in proving patent invalidity, unenforceability, and infringement); and bifurcation or phasing of trials (parsing from liability such issues as inequitable conduct, willful infringement, and damages). These procedures can have a substantial impact upon the final resolution of a federal district court patent case.

Patent trial lawyers are uniquely suited to deal with the critical patent issues that reach the Federal Circuit. Because patent cases usually involve technology, effective advocacy, and decision making, these cases require a facility for understanding the underlying technology and relating that technology to the relevant legal issues. This added level of complexity to effective judging in patent litigation is most acute where the involved technology is at the cutting edge, such as in areas of biotechnology, medical devices, nanotechnology, and microelectronics.[7]

Federal Circuit Judges must have the intellectual capability to gain sufficient understanding of the technology from the trial record presented on appeal to be able to relate it to the pivotal legal issues in patent cases. Patent trial lawyers often have technical degrees and typically develop in-depth knowledge of such cutting-edge technologies during the preparation for patent cases, facilitating their ability to absorb new, complex technologies from a largely paper record.

Technology aside, patent law is one of the most difficult areas of the law. For many decades, experienced jurists have ranked patent law concepts as among the most challenging faced by the federal bench.[8] The law can be complex, unfamiliar, and seemingly arcane to nonpatent

[7] For example, Justice Frankfurter explained, "It is an old observation that the training of Anglo-American judges ill fits them to discharge the duties cast upon them by patent legislation." *Marconi Wireless Co. v. United States*, 320 U.S. 1, 60-61 (1943) (dissent). *See also*, *Nyyssonen v. Bendix Corp.*, 342 F.2d 531, 533-34 (1st Cir. 1965) ("[T]he plaintiffs patents are … couched in technical vocabulary with which we are wholly unfamiliar. We frankly admit that we cannot read them intelligently.… Moreover, we have great difficulty in understanding, even in a general way, the technical testimony of the experts and the discussion of that testimony by counsel orally and in their briefs.").

[8] For example, Judge Learned Hand observed, "That issue [of patent validity] is as fugitive, impalpable, wayward, and vague a phantom as exists in the whole paraphernalia of legal concepts.… If there be an issue more

lawyers.[9] Patent trial lawyers, especially those who have risen in the profession to the status of lead trial counsel, can be expected to have a demonstrated ability in this complex area of the law.

Because many patent litigators are also registered patent attorneys, they normally have both training and substantial experience in the administrative practices and procedures involving the patent examination process. Since the propriety of the practices and procedures followed as to a given patent are often at the heart of a patent case, these practitioners are uniquely suited to handle issues such as best mode, written description, enablement, inequitable conduct, prosecution laches, double patenting, and others that routinely arise in Federal Circuit appeals.

Lead patent trial lawyers also have a unique and important capability—an understanding of the reasons behind strategic elections made in the trial of a patent case. The development and trial of a patent case, whether for the plaintiff or defendant, involve hundreds of strategic decisions that are typically made by the "first chair" or "lead" trial counsel. These decisions start before the case is filed, continue through discovery and trial, and conclude only when the case is finally complete.

Without extensive first chair experience trying cases, it is difficult for observers (including judges) to appreciate why certain decisions were made in the presentation of the evidence or in the argument of a given case. Witnesses may not be offered for fear of their crosses; evidence may not be offered for fear of their rebuttals; and expert opinions may be expanded or restricted for strategic advantage. Especially, if effective, observers often have no understanding of the upsides and downsides of such strategic decisions.

Yet, judges at the Federal Circuit are routinely asked, after the fact, to judge issues such as waiver, evidentiary exclusion, the nature and sufficiency of expert testimony, and jury

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troublesome, or more apt for litigation than this, we are not aware of it." *Harries v. Air King Prods. Co.*, 183 F.2d 158, 162 (2nd Cir. 1950). The Federal Circuit has repeated this assessment. *Stevenson v. Sears, Roebuck & Co*., 713 F.2d 705, 711 (1983).

[9] *See Arachnid, Inc. v. Merit Indus., Inc*., 201 F. Supp.2d 883, 897 n.15 (N.D. Ill. 2002) (referring to "the arcane mysteries of patent law"); *Stimsonite Corp. v. NightLine Markers, Inc*., 33 F. Supp.2d 703, 712 n.18 (N.D. Ill. 1999) (same); *Transco Prods., Inc. v. Performance Contracting, Inc*., 813 F. Supp. 613 (N.D. Ill. 1993) (same).

instructions—all of which turn to some degree on the fairness of holding a party to the strategic decisions it made in trying the case. In short, while observers to a trial see how the trial is being conducted, the lead trial counsel knows *why* the trial is being conducted as it is.

AIPLA believes that such a candidate should have at least 20 years of patent litigation experience, on the order of a decade of which has been as a lead or first chair patent trial lawyer. For the reasons discussed above, this minimum amount of experience is needed for a preferred nominee not only to have accumulated a sufficient base of experience, but also to have developed the wisdom that comes from the strategic management of many different patent cases over an extended period of time.

In AIPLA's opinion, the expertise of a highly experienced lead patent trial counsel would be extremely helpful to the effective functioning of the Federal Circuit, and this should be a primary consideration in selecting the next Federal Circuit nominee.

IV. A Registered Patent Attorney Who Leads the Patent Function of a Major U.S. Research-Based Company Should Also Be Added to the Federal Circuit

For most of its existence, the Federal Circuit has enjoyed the benefits of having two judges who were Chief Patent Counsels at major U.S. research-based companies prior to their appointment. These benefits should be continued by the nomination to the Federal Circuit of a registered patent attorney with at least 20 years of experience in patent practice, on the order of a decade of which has been as a leader of the patent function within a major U.S. research-based company that relies upon the incentives and protections provided by the U.S. patent system.

Such a nominee should have extensive experience in advising top management on material patent issues, including the patent implications of new technology investments. Ideally this nominee will have served as Chief Patent Counsel of the company, or its equivalent, and will have a stature and reputation that would enhance the ability of the Federal Circuit to carry out its critical functions.

A principal aim of the U.S. patent system is to increase investment in research and development by rewarding new inventions with limited periods of market exclusivity. In today's economy, U.S. research-based businesses represent a large proportion of the sources of that investment. In such businesses, decisions to proceed with such investments are typically made by top management, normally in close consultation with the senior in-house patent counsel. The same is generally true for important decisions relating to whether to settle litigation, to in-license or out-license important patents, or to make patent-based acquisitions or divestitures.

As a result, after a number of years in the job, senior leaders of the patent functions of major U.S. research-based companies develop a unique understanding of the effect of Federal Circuit decisions on the business activity the patent system is intended to stimulate. Senior patent counsel understand the importance of having settled patent law expectations upon which their corporate clients may rely in making investment or other business decisions that may take years to bear fruit. They also understand the need for patent law to evolve to respond to changing technologies and emerging business models. They spend their careers at the intersection of law, technology, and business, and uniquely understand the implications that changes in one may have on the others.

It was no accident that two of the earliest appointees to the Federal Circuit, Judges Alan Lourie and Pauline Newman, were both chief patent counsels of research-based businesses, with deep experience in their positions. Appointment of these leaders, who were widely respected inside and outside their companies for their business-world patent experience, provided strong assurances to the research-based corporate community that the Federal Circuit would not, as cynics had argued, become a "political dumping ground" for judges with no particular interest or ability in patent law. The real-world experience of these two judges in the application of the patent system to the research-based manufacturing community clearly allowed them to understand the practical impact of the Court's decisions on the incentives of the patent system to promote technological innovation.

Because these jurists were appointed more than 20 years ago, it is not unreasonable to anticipate that one of these outstanding judges may take senior status, so it is timely to begin a search now to identify nominees with the requisite business experience. The potential uncertainty posed by this situation in an otherwise fragile and uncertain economy heightens the importance of appointing judges whose real-world, patent law knowledge and business experience will assure the research-based community that the incentives offered by the patent system are stable and reliable.

V. AIPLA's Recommendations

Nominating Federal Circuit Judges who can understand not only the technology at issue but also the relevance and effect of the trial proceedings and record would improve the reliability of and adherence to the body of established patent law that the Federal Circuit is charged with applying consistently and uniformly. Equally as important is ensuring that the Federal Circuit will continue to have judges who understand the patent system's targeted nexus of law, technology, and business, and the business impacts of the decisions routinely made by the Federal Circuit.

Reliable precedent on patent validity, enforceability, and infringement, and its predictable application would increase the objective value of patent rights, allowing those rights to provide an economic return on development of technology. It would thereby incentivize technological innovation, which could hardly be more important to this country's economy. Decisions crafted with an understanding of their likely impacts on the businesses involved should improve the efficiency and effectiveness of the patent system, while reducing the likelihood of decisions having unintended, economically adverse consequences.

While the United States Supreme Court from time to time grants *certiorari* to review Federal Circuit decisions in patent cases, the Federal Circuit remains the final voice in the majority of cases and on most patent law issues in the cases coming before it. An experienced patent trial lawyer would bring to the Federal Circuit a background that would greatly benefit the Court and the parties that appear before it in patent cases.

In addition, such a lawyer would also bring a formal technical education and training in practice before the U.S. Patent and Trademark Office. Ideally, such a candidate would have at least 20 years of patent law experience, on the order of a decade of which has been as a first chair lawyer who tried cases to judgment both to the bench and to juries.

Equally important is the continued presence on the Federal Circuit of registered patent attorneys who have at least 20 years of experience as practicing patent attorneys, on the order of a decade of which has been as the leader of the patent function of a major U.S. company that depends upon the efficient and effective functioning of the U.S. patent system. Such individuals should have been principal advisors to their company's top management and have routinely experienced the day-to-day practical impacts of the Federal Circuit's decisions on the investment decisions made relating to the funding of new technologies. Ideally, such attorneys would have served as Chief Patent Counsel or equivalent in that business, and would have a sufficient national reputation as to reassure the business community that sound, business-related experience will continue to have a place on this Court. The nomination of such individuals would ensure that the balanced composition of this Court will be maintained.

For all these reasons, AIPLA urges the nomination of a registered patent attorney having at least 20 years of litigation experience, on the order of a decade of which has been as a first chair trial counsel who tried both bench and jury trials to final judgment, to the United States Court of Appeals for the Federal Circuit.

In addition, to ensure that a business experience perspective is continued on the Federal Circuit, AIPLA urges the nomination of a registered patent attorney with at least 20 years of experience in patent practice, on the order of a decade of which has been as a leader of the patent function at a major, research-based U.S. corporation whose business model relies upon the incentives offered under the U.S. patent system.