AIPLA

American Intellectual Property Law Association

THE AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION

RECOMMENDATIONS REGARDING

NOMINATION OF JUDGES

to the

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Revised and approved, September, 2018

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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 backgrounds, including extensive experience in the specialized subject matter handled by this Court.

While the jurisdiction of the Federal Circuit is diverse, *see* 28 U.S.C. § 1295, the docket of the Federal Circuit is heavily patent-oriented and has grown more so since the enactment of the America Invents Act.[1] In FY2017, over 60% of appeals filed in the Federal Circuit were patent cases with the majority of those cases being appeals from the United States Patent & Trademark Office (USPTO).[2]

AIPLA believes that the Federal Circuit would benefit from the nomination of attorneys steeped in patent law and litigation, preferably a registered patent attorney with at least 15 years of experience in patent practice, having experience with litigation before district courts, the International Trade Commission, the Patent Trial & Appeal Board and/or the Federal Circuit or having served as a leader responsible for the procurement, licensing, and enforcement of patents for a research-based company that relies upon the incentives and protections provided by the United States patent system.

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[1] *See* http://www.cafc.uscourts.gov/sites/default/files/the-court/statistics/Hist_Caseld_by_Major_Origin_10-year.pdf

[2] *See* http://www.cafc.uscourts.gov/sites/default/files/the-court/statistics/FY_17_Filings_by_Category.pdf

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

AIPLA is a national bar association of approximately 13,500 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, defending against a charge of patent infringement, or challenging or defending the validity of a patent, in any given case. In most patent cases in United States federal courts, one or more AIPLA members are attorneys of record.

The Federal Circuit continually interprets and shapes US patent law, AIPLA thus has a continuing interest in seeing that the United States Court of Appeals for the Federal Circuit is sufficiently populated with judges who are highly experienced in handling and adjudicating patent cases of the kind litigated before federal district courts, the International Trade Commission, and the Patent Trial & Appeal Board, and who have a real-world understanding of the procurement, enforcement and defense of US 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. 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's jurisdiction over decisions of the federal district courts is extensive and includes appeals from decisions in several kinds of patent cases. The Federal Circuit has exclusive jurisdiction over appeals from federal district court patent litigation,[3] as well as patent

[3] 28 U.S.C. § 1295.

decisions of the United States Patent and Trademark Office's Director and Patent Trial and Appeal Board, the International Trade Commission, and the Court of Federal Claims.

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 then-inconsistent interpretations and applications of the patent law by the regional circuit courts.[4]

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 generally "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 appeals in federal district court patent cases, the Federal Circuit resolves almost all appeals in federal district court patent cases.

Since the implementation of administrative trial proceedings under the America Invents Act, the number of patent-related appeals to the Federal Circuit has increased and now over half the patent cases appealed to the Court are appeals from the USPTO's Patent Trial and Appeal Board. The Federal Circuit has exclusive jurisdiction over appeals of these administrative trial proceedings.

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

B. Federal Circuit Patent Decisions Impact the Value of Patents and the United States 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 on which Congress relied when it created 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."[5]

At the urging of businesses and the patent bar alike, Congress created the Federal Circuit and its jurisdiction 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.[6] Patents encourage investments in innovation, in development of technology, and in the creation of skilled job opportunities in the United States.[7] 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.

[5] 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).

[6] *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).

[7] *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

Historically, the Federal Circuit has handled more than 1,000 appeals per year, of which just under half were patent cases (mostly patent appeals from federal district courts). Since the promulgation of AIA trial proceedings, the number of appeals has increased and over 60% of appeals to the Federal Circuit are patent cases and the plurality of appeals to the Federal Circuit now originate from the USPTO. But these statistics do not tell the entire story. In a typical month, over 70% of cases pending before the court are appeals from district courts and the USPTO.[8] It is commonly understood that Federal Circuit Judges devote well over half 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. Attorneys Steeped in Patent Law and Litigation Should Be Added to the Federal Circuit

Given the unique jurisdiction of the Federal Circuit, attorneys well versed in patent law and litigation are ideal candidates for nomination to the Federal Circuit. Exemplary qualified candidates are those with at least 15 years of experience as (a) chief or ranking deputy patent counsel of a major, patent-dependent company, (b) counsel in patent litigation before district courts, the International Trade Commission, the Patent Trial and Appeal Board and/or the Federal Circuit, and/or (c) equivalent experience. Such individuals should preferably be registered patent attorneys with a strong technical background/acumen, having superior

[8] *See, e.g.*, http://www.cafc.uscourts.gov/sites/default/files/the-court/statistics/YTD-Activity-July-2018.pdf.

communication and writing skills, a deep understanding of the US patent system and patent laws and their importance in providing incentives and protections for innovation in the United States. Pertinent skills and attributes for such judicial nominees include:

- Extensive experience in patent litigation, including before district courts, the International Trade Commission, the Patent Trial and Appeal Board and/or the Federal Circuit
- Knowledge of the relevant laws and procedures before district courts and the Patent Trial and Appeal Board
- Demonstrated professional competence and qualities that reflect an appropriate judicial temperament
- Distinguished accomplishments and excellence in the field of intellectual property law
- Strong analytical, writing and communication skills
- Experience, stature, reputation and integrity that would enhance the ability of the Federal Circuit to carry out its critical functions

Patent attorneys experienced in patent law and litigation are ideal candidates for nomination to the Federal Circuit. These attorneys may include litigators with extensive experience with federal district court litigation over patent validity, enforceability, and infringement issues as well as the attendant 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 also may include intricate legal and technical issues and equitable issues such as preliminary injunctions, laches, and estoppel. They also may 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, issues such as inequitable conduct, willful infringement,

and damages). These procedures can have a substantial impact upon the efficient resolution of a federal district court patent case.

In addition, ideal candidates for the Federal Circuit include patent litigators experienced with administrative trial proceedings before the Patent Trial & Appeal and those experienced with appeals of patent cases to the Federal Circuit. With the Federal Circuit's growing docket of appeals of AIA trial proceedings, it has become more important to have nominees with experience and understanding of AIA trial proceedings, including how they interact with co-pending district court litigation. These candidates also may include in-house counsel who are steeped in managing such cases, managing a company's activities before the USPTO and counseling businesses on innovation and the patent system.

Patent attorneys 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 in effectively judging 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.[9]

Federal Circuit Judges must have the intellectual capability to gain sufficient understanding of the technology from the record presented on appeal to be able to relate it to the pivotal legal issues in patent cases. Patent attorneys 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.

[9] 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.").

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.[10] The law can be complex, unfamiliar, and seemingly arcane to nonpatent lawyers.[11] Lead patent litigators can be expected to have a demonstrated ability in this complex area of the law.

Registered patent attorneys normally have both training and substantial experience in the administrative practices and procedures involving the patent examination process and practice before the Patent Trial and Appeal Board. And because those practices and procedures which resulted in an issued patent are often at the heart of a patent case, these practitioners are uniquely suited to handle issues that routinely arise in Federal Circuit appeals.

AIPLA believes that the expertise of highly experienced patent counsel would be quite helpful to the effective functioning of the Federal Circuit.

V. AIPLA's Recommendations

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

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[10] 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 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 (2d Cir. 1950). The Federal Circuit has repeated this assessment. *Stevenson v. Sears, Roebuck & Co*., 713 F.2d 705, 711 (1983).

[11] *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).

Reliable precedent on patent validity, enforceability, and infringement—and its predictable application to future cases—increases the objective value of patent rights, allowing those rights to provide an economic return on development of technology. It thereby incentivizes technological innovation, which could hardly be more important to this country's economy. Decisions crafted with an understanding of their likely impact on the businesses involved 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.

AIPLA emphasizes the importance of continued presence on the Federal Circuit of registered patent attorneys who have at least about 15 years of experience as practicing patent attorneys, having experience with litigation before district courts, the International Trade Commission, the Patent Trial and Appeal Board and/or the Federal Circuit or having served as a leader responsible for the procurement, licensing, and enforcement of patents for a research-based company that relies upon the incentives and protections provided by the United States patent system.

Given the important and growing role that intellectual property and related rights play in the United States economy, AIPLA urges that individuals selected for the Court of Appeals for the Federal Circuit possess most of the qualifications outlined above.