

# Getting with the (Patent) Program: How Congress Can Make H.R. 34 More Effective in Four Easy Steps

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## I. INTRODUCTION

U.S. patent adjudication is about to change. H.R. 34, if enacted, will implement a pilot program for select district court judges to opt in (or out) of patent cases brought in their jurisdictions. The bill has already passed in the House of Representatives and should come up for a vote in the Senate sometime in late 2007. Few patent reform bills ever make it this far, and even fewer enjoy such bipartisan endorsement. Because the likelihood of the creation of specialized patent courts is strong, practitioners in the field should take notice and get up to speed on the proposed changes.

H.R. 34, however, is not without significant flaws. This Comment has three primary functions. The first is to provide a road map of H.R. 34's statutory language, along with an explanation of why each "road" is there. Second, the Comment is intended to provide in-depth legal data studies, as well as case studies, to test the efficacy of the bill. Third, the Comment will proffer four fact-supported and straightforward changes to H.R. 34 that will enhance the bill's ability to achieve its goals.

## II. THE BILL

This Part examines the history and driving forces behind H.R. 34. These forces will then be mapped to the relevant provisions of the bill to examine how the objectives will actually be implemented.

### A. *History*

H.R. 34's roots lie in the 109th session of Congress. Representatives Darrell Issa (R-CA) and Adam Schiff (D-CA) introduced the proposal to the House of Representatives on May 18, 2006, as H.R. 5418.<sup>1</sup> Although the House passed the bill on September 28, 2006, the 109th Congress closed before H.R. 34's predecessor could be debated and voted on in the Senate.<sup>2</sup> Reintroduced in the House as

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1. See H.R. 5418, 109th Cong. (2006), available at <http://www.govtrack.us/congress/bill.xpd?bill=h109-5418>.

2. See *id.* A nearly identical companion bill, S. 3923, was also introduced to the Senate. *Id.*

H.R. 34 in the 110th Congress, the bill passed on February 12, 2007.<sup>3</sup> This version of the bill is almost identical to its former incarnation, with the addition of Representative Steve Cohen (D-TN) as a cosponsor.<sup>4</sup> Currently, the bill is before the Senate Judiciary Committee, with no voting date scheduled.<sup>5</sup> However, the prevailing opinion among several observers seems to be that the bill will pass the Senate with little opposition.<sup>6</sup>

### B. *Impetus*

The central driving force behind the proposal is the astronomical reversal rate of district court patent law decisions.<sup>7</sup> Estimates for the reversal rate of claim constructions in the United States Court of Appeals for the Federal Circuit range from 30% to as high as 71%.<sup>8</sup> High reversal rates impose costs upon both the court and litigants; patent suits frequently cost each litigant more than \$2 million.<sup>9</sup> The high probability of Federal Circuit reversal encourages litigants to appeal, inflating this figure almost fivefold along the way.<sup>10</sup>

In addition to the impressive costs, the *de novo* nature of claim interpretation in patent infringement appeals has the effect of making the trial level a near formality. As Judge Rader noted:

Because patent trial practitioners understand the distinct prospect of overturning trial court results on appeal, the trial arena loses some of its luster as the center stage of the dispute resolution drama. Instead the trial court becomes a ticket to the real center stage, the Court of Appeals for the Federal Circuit.<sup>11</sup>

Indeed, a district court patent trial can seem like a mere “weigh-in” where the two sides size each other up before the real boxing match

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3. House Approves Schiff/Issa Patent Pilot Bill, <http://schiff.house.gov/HoR/CA29/Newsroom/Press+Releases/2007/House+Approves+Issa+Schiff+Patent+Pilot+Bill.htm> (last visited Aug. 30, 2007).

4. THOMAS (Library of Congress), <http://thomas.loc.gov/cgi-bin/bdquery/z?d110:HR00034:@@@P> (last visited Aug. 30, 2007).

5. Posting of Nan Joesten to IP Blawg, [http://iplaw.blogs.com/content/2007/02/district\\_court\\_.html](http://iplaw.blogs.com/content/2007/02/district_court_.html) (Feb. 14, 2007).

6. *See id.*; Posting of Ria Schalnaf to Patent Baristas, <http://www.patentbaristas.com/archives/2007/02/15/house-creates-specialized-patent-trial-judges/> (Feb. 15, 2007, 18:09 EST).

7. 153 CONG. REC. H1431 (daily ed. Feb. 12, 2007) (statement of Rep. Berman).

8. *Id.*; Paul M. Shoenhard, *Reversing the Reversal Rate: Using Real Property Principles To Guide Federal Circuit Patent Jurisprudence*, 17 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 299, 303 (2007).

9. 153 CONG. REC. H1432 (statement of Rep. Issa).

10. *See id.*

11. *Cybor Corp. v. FAS Techs.*, 138 F.3d 1448, 1477 (Fed. Cir. 1998) (Rader, J., dissenting).

begins. The diminished role of the trial-level outcome is a variable in the settlement equation as well as an additional factor to consider before sending the first cease and desist letter.

H.R. 34 is designed to alleviate some of the negative aspects of the de novo game. First, reducing the likelihood of reversal by the Federal Circuit will raise the value of the trial-level outcome. Thus, parties would be likely to put more stock into the trial court decision and not utilize it as a stalling tactic to draw out the costs of litigation. Second, increasing the accuracy of the trial outcome will provide a more viable decision earlier in the proceeding, thereby allowing any overturned preliminary injunctions to take effect and permitting the aggrieved party to resume use or sale of the product in question.

### C. *The Guts*

This Part outlines the mechanics of the bill, including the data to be collected by the participating courts.

#### 1. Applicable Districts

The ten-year pilot program will be implemented in at least five of the fifteen most popular patent suit venues nationwide, with the requirement that each district court have at least ten total judges, and with at least three judges choosing to participate in the program.<sup>12</sup> However, the Director of the Administrative Office of the United States Courts will make the final designation among the field of courts designated by the bill's language.

Judges in the selected districts would become part of the program simply by opting in.<sup>13</sup> Patent cases would then be randomly assigned among the district court judges, regardless of whether they opted into the program or not.<sup>14</sup> If the case is assigned to a nonparticipating judge, he or she may decline the case.<sup>15</sup> At that point, the case would be randomly assigned to a participating judge.<sup>16</sup>

#### 2. Reporting and Metrics

The participating district courts would be responsible for reporting to congressional judiciary committees on the overall efficacy of the

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12. H.R. 34, 110th Cong. § 1(b)(1)-(2) (2007).

13. *Id.* § 1(a)(1)(A).

14. *Id.* § 1(a)(1)(B).

15. *Id.* § 1(a)(1)(C).

16. *Id.* § 1(a)(1)(D).

program.<sup>17</sup> Reporting would cover several metrics, including various comparison factors between participating and nonparticipating judges.<sup>18</sup>

a. Reversal Rate

The Federal Circuit's reversal rate of district court patent infringement decisions is arguably the most important factor.<sup>19</sup> As mentioned, the high reversal rate of claim constructions by the Federal Circuit is the primary motivation for the bill.<sup>20</sup> Expectedly, the program aims to lower this rate. Lower reversal rates will hopefully result in a more efficient court system, and greater overall public confidence in patent litigation decisions.

b. Trial Commencement Lead Time

This factor measures the passage of time between filing a case and either the commencement of the trial or a summary judgment ruling.<sup>21</sup> Ideally, shorter time periods indicate greater judicial proficiency with adjudicating claim construction and in determining and properly applying the substantive patent law of the case.

c. Subjective Factors

Reporting will also include several subjective metrics. The bill requires the participating district courts to provide an analysis of three areas: the extent to which the program has developed judges' expertise in patent protection cases, the extent to which courts' efficiency has improved, and whether the program should be extended or made permanent.<sup>22</sup> These reports are to be officially submitted to Congress at the five- and ten-year anniversaries of the program.<sup>23</sup> The proposal also stipulates periodic reporting to the Congressional committees with respect to the aforementioned matters.<sup>24</sup>

d. Forum Shopping Alerts

One of the most common arguments against any judicial reform is the dreaded possibility of increased forum shopping, and this proposal is

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17. *Id.* § 1(e)(1).

18. *Id.* § 1(e)(1)(C).

19. *Id.* § 1(e)(1)(C)(i).

20. 153 CONG. REC. H1431 (daily ed. Feb. 12, 2007) (statement of Rep. Berman).

21. H.R. 34, § 1(e)(1)(C)(i).

22. *Id.* § 1(e)(1)(A)-(B), (E).

23. *Id.* § 1(e)(2).

24. *Id.* § 1(e)(3).

not free from such criticism. A bill that creates patent-specialized courts could potentially exacerbate forum shopping, a perennial and contentious issue in patent litigation.<sup>25</sup>

The bill contains two provisions to combat forum shopping.<sup>26</sup> The first is a required report from each district discussing “any evidence indicating that litigants select certain of the judicial districts designated . . . in an attempt to ensure a given outcome.”<sup>27</sup> The second is the previously mentioned random assignment provision: patent cases are to be randomly assigned among participating and nonparticipating judges.<sup>28</sup>

The bill’s supporters recognize the possibility that this proposal may inadvertently function as a safe haven for nonparticipating judges.<sup>29</sup> However, California Representative Howard Berman, a primary supporter of the proposal, firmly stated, “[T]his bill does not serve as a cushion for judges who shy away from patent law. Instead, H.R. 34 will assess the benefits of the channeling of patent cases towards [sic] judges with greater interest and expertise in patent law.”<sup>30</sup>

### 3. Training and Clerkships

The bill provides for a blanket of at least \$5 million for training and development of participating judges, as well as compensation for law clerks with expertise in technical matters.<sup>31</sup> The bill does not specify the requisite technical background for clerks.

## III. BUT WILL IT WORK? A SIMULATION

The bill broadly purports to better manage the judicial system’s resources in order to more efficiently handle patent cases. As outlined previously, the sought-after effects of the bill are to reduce the Federal Circuit reversal rate of district court patent decisions, decrease trial commencement lead-time, and lessen the instances of forum shopping among districts. The following Part examines the chances of success of the bill in each of the aforementioned areas.

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25. Patent forum shopping occurs for a variety of reasons. A plaintiff may favor the speed at which a particular court adjudicates patent suits and/or the court’s tendency to award large jury verdicts. See Patently-O Patent Law Blog, [http://www.patentlyo.com/patent/2006/07/forum\\_shopping\\_.html](http://www.patentlyo.com/patent/2006/07/forum_shopping_.html) (July 06, 2006) (discussing the history of forum shopping in American patent jurisprudence).

26. House Approves Schiff/Issa Patent Pilot Bill, *supra* note 3.

27. H.R. 34, § 1(e)(1)(D).

28. *Id.* § 1(a)(1)(B).

29. 153 CONG. REC. H1431 (daily ed. Feb. 12, 2007) (statement of Rep. Berman).

30. *Id.*

31. H.R. 34, § 1(f)(1)-(2).

A. *Who Is In, Who Is Out?*

The first step in analyzing the bill is to find out which courts form the field of fifteen to be selected. The bill's language explicitly states three criteria for a selected court: (1) the court must be one of the "15 district courts in which the largest number of patent and plant variety protection cases were *filed* in the most recent calendar year that has ended"; (2) the court must have at least ten judges, of which at least three have made the request for designation; and (3) the courts must be from at least three different circuits.<sup>32</sup>

If the bill were enacted, the number of patent cases filed in 2007 would be used to determine the eligible courts. Table 1 shows the top twenty district courts, ranked in order of patent-related suits filed thus far in 2007.

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32. *Id.* § 1(b)(1)-(2) (emphasis added).

Table 1: Top 20 U.S. District Courts by Patent Suits  
Filed to Date in 2007<sup>33</sup>

RANK	U.S. DISTRICT COURT	CASES FILED (2007) <sup>34</sup>	# OF JUDGES <sup>35</sup>	JUDICIAL CIRCUIT
1	Eastern District of Texas	271	7	Fifth
2	Central District of California	240	27	Ninth
3	District of New Jersey	134	17	Third
4	Northern District of California	127	14	Ninth
5	District of Delaware	104	4	Third
6	Northern District of Illinois	101	22	Seventh
7	Southern District of New York	81	28	Second
8	Southern District of Florida	60	17	Eleventh
9	Northern District of Georgia	42	11	Eleventh
10	District of Minnesota	39	7	Eighth
11	Eastern District of Michigan	39	15	Sixth
12	Southern District of California	38	13	Ninth
13	Middle District of Florida	38	15	Eleventh
14	District of Massachusetts	37	13	First
15	Eastern District of Pennsylvania	34	22	Third
16	Western District of Washington	33	7	Ninth
17	District of Utah	30	5	Tenth
18	Eastern District of Virginia	29	11	Fourth
19	Northern District of Texas	28	12	Fifth
20	Northern District of Ohio	26	11	Sixth

Applying the rigid criteria of the bill, the courts ranked 16-20 would be eliminated first.<sup>36</sup> Courts in the remaining fifteen with less than the

33. Based on the number of cases registered on LexisNexis CourtLink as of September 25, 2007.

34. LexisNexis CourtLink, <http://www.lexisnexis.com/courtlink/online/> (follow "Strategic Profiles" tab; then follow "Court" subtab; select appropriate U.S. district court under "Court" drop-down menu and select "Property Rights-Patent (830)" under the "Nature of Suit" drop-down menu) (last visited Aug. 30, 2007) [hereinafter LexisNexis]. Year 2007 results were based on search from dates January 1, 2007, to September 25, 2007.

35. 28 U.S.C. § 133(a) (2000).

36. H.R. 34, § 1(b).

requisite number of judges under 28 U.S.C. § 133(a) would then be eliminated.<sup>37</sup> This step would eliminate the District Courts of Minnesota, Delaware, and, most notably, the Eastern District of Texas.<sup>38</sup> The final criterion, that three or more judicial circuits be represented in the selection, does not appear to eliminate any courts. Below, the twelve remaining courts are listed, along with historically ranked data.

Table 2: District Courts Eligible  
Under H.R. 34 If Enacted in 2008

U.S. District Court	2007 Cases Filed To Date	Rank <sup>39</sup>				
		2006	2005	2004	2003	Avg.
Central District of California	240	1	2	1	1	1.25
District of New Jersey	134	4	7	6	5	5.5
Northern District of California	127	3	1	2	2	2.0
Northern District of Illinois	101	6	4	3	3	4.0
Southern District of New York	81	7	5	4	6	5.5
Southern District of Florida	60	11	10	20	7	12.0
Northern District of Georgia	42	8	11	13	21	13.25
Eastern District of Michigan	39	12	16	11	11	12.5
Southern District of California	38	13	13	15	14	13.75
Middle District of Florida	38	14	14	12	15	13.75
District of Massachusetts	37	9	9	10	10	9.5
Eastern District of Pennsylvania	34	18	19	8	9	13.5

Table 2 seems to indicate the bill's criteria would provide a viable field from which the Director of the U.S. Courts will "designate not less than 5 . . . district courts . . . in which the program . . . will be carried

37. *Id.* § 1(b)(1).

38. *Id.* § 1(b)(2).

39. LexisNexis, *supra* note 34.

out.”<sup>40</sup> Of course, the bill would still require three (or more) judges from each eligible court to opt in to the program.

*B. Reversal Rate: Practice Makes Perfect?*

Now that the stage has been set and the players have been cast, the bill’s potential effects begin to take shape. Again, the legislation’s primary aim is to cut down the reversal rate at the Federal Circuit level. But will increasing patent case experience among judges achieve this effect? A recent study done by LegalMetric suggests otherwise: district court judges who have presided over 100 patent cases have approximately the same affirmance rate (60%) as those who lack significant experience.<sup>41</sup> One of the few statistically significant factors that seemed to positively influence affirmance rates was whether a judge held a science degree; those with B.S. or M.S. degrees had a significantly higher affirmance rate of nearly 67% on appeal.<sup>42</sup> These data seem to cast doubt on the hypothesis that merely channeling patent cases toward willing judges will meet the goals of the program.

While the LegalMetric study may suggest experience with patent cases is largely irrelevant, a judge’s “willingness” is not factored into the analysis. Quite possibly, many judges with patent experience simply do not like to hear patent cases.<sup>43</sup> A key feature of the legislation is that the law would allow judges to decide for themselves whether to take patent cases. Judge Clark of the Eastern District of Texas observed, “The [program] is attractive because it allows for a mechanism to be in place for judges who want to take these types of cases to have them assigned rather than having them be given at random.”<sup>44</sup>

In addition, the LegalMetric study strongly indicates that a judge’s technical expertise may have a significant impact on the reversal rate.<sup>45</sup> This data underscores the importance of the bill’s provision for funding the hiring of technical law clerks. Despite the partisan nature of claim construction in patent litigation, the court retains the ultimate decision on

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40. H.R. 34, § 1(b).

41. EWorldwire.com, LegalMetric Find Judges’ Experience Does Not Help in Patent Cases (2006), <http://www.eworldwire.com/pdf/15326.pdf> (citing research from LegalMetric).

42. *Id.* The only factor having a greater effect was the provenance of the judge’s degree: Ivy League judges have an affirmance rate of 71%. *Id.*

43. Shahnaz Mahmud, More Specialist Patent Judges Could Be on the Way (Jan. 28, 2007), <http://www.managingip.com/?Page=9&PUBID=198&ISS=23218&SID=673418>.

44. *Id.* Bob Perry, a partner at the law firm King & Spalding, agreed with Judge Clark: “There are some judges who find patent cases too complicated and don’t want them and there are others who really like them.” *Id.*

45. EWorldwire.com, *supra* note 41.

the meaning of a disputed term.<sup>46</sup> Presiding judges can choose to adopt one of the two proffered claim constructions or may ignore the proposed constructions to delve into the available evidence to arrive at an alternative interpretation.<sup>47</sup> Patent-wary judges who lack extensive technical expertise or experience might be more prone to choose between the two proffered definitions rather than delve into the intimidating forest of independent claim construction.<sup>48</sup> Thus, technical expertise and a willingness to take on patent cases could contribute to the accuracy of patent infringement decisions.

*C. Efficiency of Rulings: Learning from the Germans*

With estimates of Federal Circuit patent suit reversal rates varying from 34.5% to more than 71% of cases, it is unsurprising that patent reform proposals generate controversy.<sup>49</sup> What is even more difficult to measure is the amount of time between case filing and commencement or summary judgment, due in part to extrinsic factors such as docket length and judge availability. Thus, this Part will investigate the German patent adjudication system, which requires technical expertise and patent case experience for all presiding judges. Although a direct statistical comparison is not feasible, this Part will investigate the German patent adjudication system in search of insight into further refining H.R. 34.

1. Two Roads Diverged: The Duality of German Patent Adjudication

Any follower of international patent law might think H.R. 34 sounds familiar. Incorporating technical experts at the judicial level is a hallmark of German patent adjudication. Unlike the United States, Germany has separate courts for patent infringement and patent invalidity proceedings. District level trial courts of general jurisdiction

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46. See *Exxon Chem. Patent, Inc. v. Lubrizol Corp.*, 64 F.3d 1553, 1556 (Fed. Cir. 1995) (“[T]he judge’s task is not to decide which of the adversaries is correct. Instead the judge must independently assess the claims, the specification, and if necessary the prosecution history, and relevant extrinsic evidence, and declare the meaning of the claims.”).

47. *Id.* (“It may well be that in some cases one side or the other will offer the correct claim interpretation to the judge. More often, however, it is likely that the adversaries will offer claim interpretations arguably consistent with the [intrinsic evidence] that produce victory for their side.”).

48. See Adam D. Swain, Note, *Kim v. ConAgra: The Federal Circuit Upholds a Crumb-y Claim Construction*, 9 TUL. J. TECH. & INTELL. PROP. 407, 411 (2007) (discussing the history of the two-headed nature of claim construction and the tendency for judges to ignore third-party claim interpretations).

49. Shoenhard, *supra* note 8.

hear infringement actions with no jury.<sup>50</sup> However, unlike U.S. district courts that hear all varieties of civil cases, a significant number of German district courts have special patent-competent chambers to hear infringement actions.<sup>51</sup> An overseeing board handpicks the judges sitting in these courts and places the judges where their talents best fit existing needs.<sup>52</sup> While nearly all new judges in the patent-competent district courts lack technical backgrounds, the newest judges gain expertise quickly as they sit en banc with their experienced bench mates.<sup>53</sup> Similar to the U.S. Federal Circuit, these district courts have panels of three to four judges who hear the case en banc.<sup>54</sup>

On the other hand, the *Bundespatentgericht* [Federal Patent Court] handles all patent invalidity cases.<sup>55</sup> Panels comprised of three technical experts, including the presiding judge and one law-trained judge, hear the majority of patent invalidity cases.<sup>56</sup> The technical judges are usually former examiners from the *Patentamt*, the German equivalent of the United States Patent and Trademark Office (USPTO).<sup>57</sup> The judges are very active in fact-finding matters because they are empowered when necessary to investigate evidence separately.<sup>58</sup> German judicial technical expertise and fact-finding diligence together contribute to the international patent law community's high regard for the Federal Patent Court's opinions on patent validity.<sup>59</sup>

At the appeals level, German patent adjudication closely resembles the U.S. system. Losing parties appeal infringement rulings from the state district court to the state appeals court.<sup>60</sup> Panels of three judges who are often former members of a lower state court hear appeals en banc.<sup>61</sup> The panel reviews the case on a limited basis on questions of law and on

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50. Thomas Lendvai, *Patent Litigation in Germany: The Preferred Jurisdiction for Patent Litigation in Europe*, INTELL. PROP. TODAY, Sept. 2004, at 26.

51. *Id.*

52. Jim Patterson, *Übung Macht den Meister: How US District Courts Can Better Adjudicate Patents by Learning from Germany's Specialized Courts*, CENTER FOR ADVANCED STUD. & RES. ON INTELL. PROP. NEWSL., Winter 2000, at 29, available at <http://www.law.washington.edu/CASRIP/newsletter/Vol7/newsv7i1Patterson.pdf>.

53. *Id.*

54. *Id.*

55. *Id.* at 27.

56. Ernst K. Pakuscher, *The Symbiosis of Lawyers and Natural Scientists as Judges of the Federal Patent Court in the Federal Republic of Germany*, 9 TUL. EUR. & CIV. L.F. 215, 218 (1994).

57. *Id.* at 215, 225.

58. Lendvai, *supra* note 50.

59. *Id.*

60. See Patterson, *supra* note 52, at 27.

61. *Id.*

examination of facts.<sup>62</sup> The Patent Senate of the Federal Supreme Court reviews decisions of the state appeals court.<sup>63</sup> Here, a panel of five judges sits en banc and reviews only questions of law and the law's application.<sup>64</sup> On rare occasions an unsuccessful party can appeal a decision at the Federal Supreme Court level to the Federal Constitutional Court, which reviews any constitutional issues present in the decision.<sup>65</sup>

Federal Patent Court invalidity appeals, on the other hand, go directly to the Patent Senate of the Federal Supreme Court.<sup>66</sup> There, similar to infringement appeals, five judges review the case en banc.<sup>67</sup> Unlike infringement appeals, the judges review both the legal and the factual aspects of the decision, including any technical questions that have arisen.<sup>68</sup>

Dual patent adjudication systems do have some drawbacks. The existence of separate court systems to handle two distinct patent issues is certainly something the U.S. adjudication system would rather avoid.<sup>69</sup> From the perspective of an individual litigant, a two-court system may appear more burdensome and may not seem as efficient as a single trial. However, German patent infringement cases tend to progress faster than invalidation proceedings.<sup>70</sup>

## 2. Third-Party Experts

Judges in both the German district courts and Federal Patent Courts have the authority to call appointed experts.<sup>71</sup> The court selects these "judges' aides" to provide third-party impartial input.<sup>72</sup> Parties to the proceeding play a limited role in expert selection and can only submit nominations to the court.<sup>73</sup>

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62. Lendvai, *supra* note 50.

63. *Id.* at 27.

64. *Id.*

65. Patterson, *supra* note 52, at 28 fig. 1. An appeal to the Federal Constitutional Court can occur at any stage of the appeals adjudication on a constitutional question. *Id.*

66. Lendvai, *supra* note 50, at 27.

67. *Id.*

68. *Id.*

69. In the United States, a patent invalidity claim is most often a compulsory counterclaim that must be pled in the infringement suit or lost. FED. R. CIV. P. 13(a).

70. Lendvai, *supra* note 50, at 27. This is in part because, unlike in U.S. district courts, all factual elements in an infringement proceeding must be submitted at the very beginning. *Id.* at 28-29.

71. Patterson, *supra* note 52, at 30.

72. *Id.*

73. *Id.* The court does continue to garner input from the parties during the selection process; removing an expert from a trial requires nearly the same evidentiary weight needed to remove a judge. *Id.*

The third-party expert system offers three strong benefits. First, the court-appointed third-party experts promote impartiality. This practice eliminates the influence of the “perverse incentives” of partisan experts.<sup>74</sup> In the United States, partisan experts play an important role in patent litigation because they provide support for their respective party’s factual and legal positions. However, even the most judicious partisan expert opinion is potentially biased.

Non-partisan expert testimony produces a second notable benefit—a de facto third-party claim construction. As discussed earlier, U.S. courts often do not seek out independent claim interpretations and instead will choose one proffered by a party. Impartial expertise will likely encourage a judge to formulate independent patent claim interpretations.

The third benefit of a third-party expert system arises during patent invalidation proceedings. Alleged infringers in patent infringement suits frequently counterclaim that the patent in question is invalid.<sup>75</sup> The complexity of patent cases in judicial systems that do not separate infringement claims from invalidity proceedings increases dramatically. The patent invalidation process involves an in-depth investigation into the underlying scientific subject matter, delving into the intimidating sea of prior art, and conducting a variety of legal tests for patent obviousness.<sup>76</sup> In addition, a full investigation into the patent’s prosecution history engenders several evidentiary issues and testimonial requirements that necessitate, at the very least, a rudimentary knowledge of the relevant scientific field. Unsurprisingly, both parties will eagerly provide expert testimony to bolster their side. Again, the “perverse incentives” of partisan experts could lead an unwitting judge down a trail of slanted science. Judges must decide between two potentially biased, imperfect claim interpretations and move on to the jury stage, or make an independent scientific hypothesis. Even the most scientifically inclined judge chooses the latter option reluctantly.

The benefits of third-party experts are clear. Judges choose well-regarded members of the scientific community to parse through the scientific jargon. The expert presents the judge with a third-party

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74. John Langbein, *The German Advantage in Civil Procedure*, 52 U. CHI. L. REV. 823, 835-36 (1985).

75. Michael A. Molano & Mark R. Galis, *A Boot Camp for Claim Drafting and Amendment Writing*, in PRACTICING LAW INSTITUTE: PATENTS, COPYRIGHTS, TRADEMARKS, AND LITERARY PROPERTY COURSE HANDBOOK SERIES 275, 275 (2002).

76. Prior art can undermine both the novelty and the nonobvious quality of a patent. See 35 U.S.C. §§ 102-103 (2000).

opinion of the appropriate scientific issues and then, at least theoretically, the judge is able to view the prior art through an unbiased lens.

### 3. Lessons

The German system produces several useful lessons. First, the German experience shows that a patent-specialized court system can integrate with a larger general court system. Second, non-patent-specialized judges can be trained from scratch to become more effective patent law specialists by working with seasoned veterans. Third, and most importantly, the German system underscores the importance of making impartial technical expertise available to the presiding judge. The technical training of German patent judges and judicial authority to call in impartial expert witnesses augment the German patent adjudication system. Parts of H.R. 34 seem to take general lessons from the German system, which may bode well for the bill's success.

#### *D. No Court Left Behind? Making the Proper Court Selection*

The bill clearly leaves three district courts—Delaware, Minnesota, and Eastern Texas—out of the pilot program because of the ten-judge requirement of H.R. 34.<sup>77</sup> Some critics feel this criterion is unfair to patent holders and to patent practitioners in the districts left out of the program.

Erik Hawes and James Beebe, both patent practitioners in Texas, believe the bill is unfair.<sup>78</sup> While the ten-judge provision eliminates Eastern Texas from the equation, the top-fifteen courts proviso kicks out the other three Texas districts as well, leaving the entire state of Texas out of the pilot program established by the bill.<sup>79</sup>

[I]t would not make sense for the pilot program of “patent courts” to go forward while completely excluding the state that is second only to California in terms of (1) total population; (2) large corporate headquarters; (3) technological innovation, as measured by the number of patents granted; and (4) volume of patent litigation. Such a result would be unfair to Texas businesses, Texas residents, and litigants in Texas federal courts.<sup>80</sup>

Hawes and Beebe point out that Texas businesses and residents would “be faced with the choice of (1) litigating patent cases in a

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77. H.R. 34, 110th Cong. § 1(b)(1) (2007).

78. C. Erik Hawes & James Beebe, *Is Texas at Risk of Being Excluded from Latest Congressional Patent Reform Effort?*, STATE BAR OF TEX. INTELL. PROP. LAW SEC. NEWSL., Winter 2007, at 8, available at [www.texasbariplaw.org/newsletters/winter\\_2007.pdf](http://www.texasbariplaw.org/newsletters/winter_2007.pdf).

79. H.R. 34, § 1(b).

80. Hawes & Beebe, *supra* note 78, at 5, 7 (internal quotations omitted).

different state altogether . . . or (2) litigating in a district that has not benefited from the enhanced expertise, increased efficiency, and other salutary effects intended by the proposed pilot program.”<sup>81</sup> Thus, the attorneys suggest eliminating the ten-judge provision and instead, selecting districts from among “the five states with the most patent litigation activity.”<sup>82</sup> Alternatively, they propose a selection system for the program that chooses district courts from states with the most technological innovation.<sup>83</sup> Both changes would keep at least one Texas district in the pilot program. However, the pilot program is designed to evaluate the potential effectiveness of a permanent program. While concerns of prejudicing certain courts are valid, they must be tempered and balanced with the need to maintain the efficacy of the program. After all, exclusion from the pilot program does not in any way preclude any particular court from continuing to hear patent cases. If the program bases its court selection on minimizing residual effects, it runs the risk of contradicting several tenets of the bill including simulating an actual patent court and maintaining random case assignments.

#### IV. FINE TUNING H.R. 34

The bill’s provisions appear to promote the stated goals of increased accuracy and efficiency at the district court level while minimizing forum shopping. However, some of the bill’s goals will likely be compromised by the bill’s constrictive criteria and some adjustment will be necessary.

One last concern involves the bill’s funding provision. Any court excluded from the program would lose out on a large amount of funding for training and development of clerks, as well as technical clerk assistance. This potentially leaves the excluded courts at a functional disadvantage as compared to the participating courts.

##### A. *Eliminate the Ten-Judge Rule*

The ten-judge limitation of section 1(b)(1) is arbitrary and probably not necessary to achieve the goal of random case assignments. Testimony in the Congressional Record for H.R. 34 implies that the minimum judge limitation is intended to preserve random case assignment to the extent possible within each test district.<sup>84</sup> Why ten or

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81. *Id.* at 7.

82. *Id.*

83. *Id.* at 8.

84. 153 CONG. REC. H1431 (daily ed. Feb. 12, 2007) (statement of Rep. Berman).

more judges are needed to preserve random case assignment is unclear. Rather than making an “educated guess” of the minimum judges per district required to preserve randomness, Congress should leave this determination to the Director of the U.S. Courts when he or she makes test court selections. The Director’s experience will better inform the selection process than an arbitrarily chosen number, while preserving conceptual random assignment. There is no need to handcuff the selection process because the minimum three electing judges provision of section 1(b)(2), along with the fifteen-most-filed criteria of section 1(b), are sufficient to ensure the selected districts produce a valid universe of data results. The Director should be allowed the flexibility to make interest-balancing decisions regarding generating useful data and meeting the goals of the pilot program.

*B. Expand the Fifteen-Most-Filed Period from One Year to an Average of Several Years*

As seen in the case filing data analysis in Table 2, the composition of the top fifteen most-filed district courts varies every year. For example, the Eastern District of Pennsylvania, which would not have qualified for the program in 2005 and 2006, would be considered for the program simply because it is having an “up” year in 2007.<sup>85</sup> If the Eastern District of Pennsylvania were selected, the integrity of the data generated by the pilot program would suffer if the number of patent cases filed in that district returned to more typical levels.

On the other side of the coin, the Eastern District of New York, which was in the top fifteen from 2003 to 2005, would be eliminated from consideration by virtue of having slightly “down” years in 2006 and 2007.<sup>86</sup> This court will likely have enough electing judges to qualify, as well as a steady diet of patent infringement suits. Eliminating a court like the Eastern District of New York in favor of a court that might generate an inadequate data set would do an injustice to the stated goal of the bill, and make it more difficult to test the bill’s effects on improving patent decision accuracy.

*C. Add More Teeth to the Training and Clerkships Provision*

This suggestion is less about changing the bill than about emphasizing what seems to be a secondary concern in the bill, the technical clerks provision. As the German-U.S. adjudication comparison

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85. See *supra* Tbl.2.

86. *Id.*; see LexisNexis, *supra* note 34.

revealed, technical expertise is vital to efficient, accurate patent litigation. This point was further demonstrated by the LegalMetric study, which showed that judges with a technical degree had a significantly higher affirmation rate at the Federal Circuit level. While U.S. judges can currently call third-party expert testimony through several channels, the practice is unlikely to catch on in the United States as it has in Germany.<sup>87</sup> Thus, the importance of the bill's apportionment for technical law clerks grows. Judges can utilize technical law clerks to help guide claim interpretation and invalidity proceedings, albeit outside the courtroom. With an eager and nonpartisan law clerk at the disposal of a participating judge, claim interpretation accuracy will almost certainly rise, thereby increasing affirmance rates at the Federal Circuit. In addition, participating judges, with the aid of the clerk, will be more likely to pursue independent claim interpretations and avoid the "perverse incentives" of the partisan system. Thus, funding for the technical clerk and training portions of the bill should be increased and should be strongly asserted in the bill's implementation. Finally, additional funding and expertise would potentially be provided to courts that do not experience a sufficiently high volume of patent litigation to merit this assistance.

*D. Reduce the Length of the Program: Ten Years Is Too Long*

H.R. 34's predecessor bill, H.R. 5418, originally called for only one year of study, but was later amended to ten years because a one-year study period was viewed as too short to generate meaningful data.<sup>88</sup> However, the bill should be amended to allow for the creation of a permanent operation beginning much earlier, should the periodic reporting mechanism indicate success at reducing patent case reversal rates in the pilot districts. At the very least, a provision should be added that would allow the Director and the appropriate chief judges to expand the program in various ways to gain more data. For instance, if the pilot program generates overwhelmingly positive results, the Director should have the option to expand the program to additional courts to not only improve the data set, but to also give other courts the benefit of improved patent adjudication ability.

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87. See Patterson, *supra* note 52, at 31-32 (discussing three methods by which U.S. district judges can appoint an expert: Inherent Powers, FED. R. EVID. 706, and FED. R. CIV. P. 53).

88. 153 CONG. REC. H1431 (statement of Rep. Berman).

## V. CONCLUSION

The H.R. 34 patent pilot program seems to have the best aim and strongest momentum of any patent reform bill in the last decade. Congress needs to be aware of the risks of placing too many constraints on participation in the program. Meanwhile, the judicial system needs to remain aware that the creation of quasi-specialized courts will help lessen America's patent adjudication costs, improve jurisprudential accuracy, and increase case handling efficiency—even if the result is that some judges will have to dust off their protractors and get their hands dirty tackling hard science, a discipline they thought they abandoned back in high school.