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## Interesting Times at the Federal Circuit

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## FOREWORD

### INTERESTING TIMES AT THE FEDERAL CIRCUIT

THE HONORABLE KATHLEEN M. O'MALLEY\*

#### INTRODUCTION

The decision to leave the U.S. District Court for the Northern District of Ohio and move to the U.S. Court of Appeals for the Federal Circuit was not an easy one. Yes, I had many powerful reasons to make the move: (1) I was honored to be nominated to a superior court after serving as a trial judge; (2) I had great respect for the judges on the Federal Circuit and recognized the increasing importance of the work they were doing in the intellectual property field; (3) I was aware that the other areas of law over which the Federal Circuit exercises appellate jurisdiction were interesting and challenging; (4) I, like others, believed it was time to add at least one district court judge to the ranks of the judges on the Federal Circuit; (5) after more than sixteen years on the district court bench, I was intrigued by the

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\* Kathleen M. O'Malley was appointed to the U.S. Court of Appeals for the Federal Circuit by President Barack Obama in 2010. Prior to her elevation to the Federal Circuit, Judge O'Malley was appointed to the U.S. District Court for the Northern District of Ohio by President William J. Clinton on October 12, 1994.

Judge O'Malley served as First Assistant Attorney General and Chief of Staff for Ohio Attorney General Lee Fisher from 1992 to 1994, and Chief Counsel to Attorney General Fisher from 1991 to 1992. From 1983 to 1991, Judge O'Malley was in private practice, where she focused on complex corporate and intellectual property litigation; she was with Porter, Wright, Morris & Arthur from 1985 to 1991 and with Jones Day from 1983 to 1985.

Judge O'Malley began her legal career as a law clerk to the Honorable Nathaniel R. Jones, U.S. Court of Appeals for the Sixth Circuit in 1982 to 1983. She received her J.D. degree from Case Western Reserve University School of Law, Order of the Coif, in 1982, where she served on Law Review and was a member of the National Mock Trial Team. Judge O'Malley attended Kenyon College in Gambier, Ohio where she graduated magna cum laude and Phi Beta Kappa in 1979.

possibility of a new challenge; and (6) most importantly, I knew that moving to the Federal Circuit would allow me to live in the same city as my husband, who lived and worked in Washington, D.C. I also had some trepidation about the move—not about living with my husband George, of course—but about other things.

Life on the district bench is fast-paced and ever-changing. District court judges need to be versed in approximately sixty different substantive areas of federal law—criminal and civil. They need to familiarize themselves with the state law applicable in the districts within which they sit and often must apply the law of other states, even that of states far from their districts. They deal daily with the Federal Rules of Civil Procedure, Criminal Procedure, and Evidence; with issues governing venue, personal jurisdiction, subject matter jurisdiction, standing and conflicts of law, sentencing guidelines, and forfeiture statutes; and are often called upon to respond to emergency filings or requests to authorize electronic surveillance in a criminal case. No two days are alike, and the nature of each is unpredictable.

In fulfilling their duties, district judges regularly interact with parties, counsel, and the public—the latter through oversight of petit and grand juries as well as through their ceremonial functions and obligations, such as the swearing-in of new citizens. Trial judges are not only exposed to those local counsel who appear regularly before them but are privileged to interact with parties and counsel from all over the world, who often appear in complex, consolidated, or multi-district litigation matters.

In short, life on the district bench is never dull and rarely lonely, and I loved it. This was the source of my concern. I feared that life on the Federal Circuit, or any circuit court, would be quiet, even monastic. I had visions of an isolated life filled with nothing but reading and writing. And, I feared that I might find the Federal Circuit's jurisdictional reach too limiting; I wondered whether I would ever again tangle with thorny constitutional, jurisdictional, and procedural issues. My fears were not well-founded.

In fact, I sometimes wonder whether I am living a life defined by the ancient curse, “[m]ay [you] live in interesting times.”<sup>1</sup> The last three years certainly have been an interesting time to serve on the Federal Circuit, and there seems little chance that will change soon. The reasons are varied; I will touch on just a few.

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1. See Robert F. Kennedy, Address at the University of Capetown (June 6, 1966), available at <http://www.jfklibrary.org/Research/Research-Aids/Ready-Reference/RFK-Speeches/Day-of-Affirmation-Address-as-delivered.aspx>.

## CHANGES IN THE MAKE-UP OF THE COURT

I am privileged to have stepped into the seat on the court once filled by Alvin A. Schall. When Judge Schall assumed senior status on October 5, 2009, he created the first vacancy on the court in five years. In the now four-and-a-half years since Judge Schall created that vacancy, six new judges have joined the court, including me. After over five years of *no* personnel changes on the court, six seats have turned over in less than that same amount of time.

The other judges who have left, and those who have taken their place, are Judge Haldane Robert Mayer (assumed senior status June 2010), succeeded by Judge Jimmie V. Reyna (sworn in April 2011); Judge Arthur J. Gajarsa (assumed senior status July 2011, retired June 2012), succeeded by Judge Evan J. Wallach (sworn in November 2011); Chief Judge Paul Michel (retired May 2010), succeeded by Judge Richard G. Taranto (sworn in March 2013); Judge Richard Linn (assumed senior status October 2012), succeeded by Judge Raymond T. Chen (sworn in August 2013); and Judge William C. Bryson (assumed senior status January 2013), succeeded by Judge Todd M. Hughes (sworn in September 2013). These personnel changes have dramatically altered the seniority structure on the court; once long-term junior members of the court are now regularly the senior-most members on assigned panels, thus having the privilege of acting as the presiding judge over those panels.

A restructuring of seniority is not the only change to the court brought by these vacancies and new appointments. In addition to gaining its first-ever district court judge, the court now has its first member of the trade bar, first Hispanic-American, first former judge from the U.S. Court of International Trade, first Supreme Court practitioner in over a decade, first appointee directly from a senior position at the U.S. Patent and Trademark Office (USPTO), first Asian-American judge appointed since 1982, first appointee directly from the Civil Division of the U.S. Department of Justice, and its first openly gay member. Thus, while the court is blessed with the continuity and experience of six active, long-term members of the court and six actively contributing senior judges, there are also six new judges, from varied backgrounds, who will help reshape the court going forward.

## NEW INITIATIVES AT THE COURT

In addition to the changes in its make-up, the court has been undergoing a number of other changes under the leadership of

Chief Judge Randall R. Rader, who became Chief Judge shortly before I joined the court. The court has instituted an electronic case management and case filing system—a long-overdue movement into the modern litigation era that creates increased efficiencies for both the court and counsel and improves public access to the court’s activities. We also have worked with our Advisory Committee and district court judges to explore more efficient and less costly litigation methods, have worked to make our Clerk’s Office more efficient and user-friendly, and have acknowledged the worldwide impact of the issues that come before us and the decisions we make by exploring opportunities to engage in dialogue with our foreign counterparts regarding enforcement of intellectual property rights in our respective countries. And, we have responded to budget cuts by searching for ways to operate more efficiently and economically, including reformatting our mediation program to make use of volunteer mediators—both from private practice and from other parts of the judiciary.

#### SUBSTANTIVE ACTIVITY

The active pace at the court has not all been structural or process-oriented. In the midst of this fast-paced change, we have delved into a number of substantive and complex legal questions from across all areas of our jurisdiction, taking cases en banc at a rapid and continuing rate. Since I have joined the bench, the court has handed down ten en banc decisions:

*TiVo Inc. v. EchoStar Corp.*<sup>2</sup>: Holding that (1) the district court did not abuse its discretion in holding contempt proceedings; (2) the district court should have evaluated the modified feature of a newly accused product under the “colorable differences” test; (3) EchoStar was not allowed to assert as a defense to contempt that the injunction was overly vague; and (4) EchoStar waived the argument that the injunction was unlawfully overbroad.<sup>3</sup>

*Therasense, Inc. v. Becton, Dickinson & Co.*<sup>4</sup>: Holding that (1) a “misrepresentation or omission [that] amounts to gross negligence or negligence under a ‘should have known’ standard does not satisfy the inequitable conduct intent requirement”; (2) when a weak showing of intent may be sufficient to find inequitable conduct based on a strong showing of materiality (or vice versa), the district court should

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2. 646 F.3d 869 (Fed. Cir. 2011) (en banc).

3. *Id.* at 881, 884, 889.

4. 649 F.3d 1276 (Fed. Cir. 2011) (en banc).

not use a “sliding scale”; (3) the district court may not infer intent solely from materiality; rather, it must weigh evidence of intent to deceive, independent of materiality; (4) to meet “clear and convincing evidence,” specific intent to deceive must be the one most reasonable inference that can be drawn from the evidence; (5) intent to deceive cannot be found when multiple inferences may be drawn; (6) the patentee does not have to offer a good faith explanation unless the alleged infringer first proves a threshold level of intent to deceive; and (7) the district court should use a “but-for” materiality test to establish inequitable conduct.<sup>5</sup>

*Bush v. United States*<sup>6</sup>: Holding that no deficiency notices from the Internal Revenue Service (IRS) are necessary under the Tax Equity and Fiscal Responsibility Act of 1982 for assessments of tax deficiencies that constitute computational adjustments following settlements with the IRS.<sup>7</sup>

*CLS Bank International v. Alice Corp. Pty. Ltd.*<sup>8</sup>: Affirming, by an equally divided court, the district court’s holding that asserted system, method, and computer-readable claims directed to computer-implemented software were not directed to eligible subject matter under 35 U.S.C. § 101.<sup>9</sup>

*Akamai Technologies, Inc. v. Limelight Networks, Inc.*<sup>10</sup>: Holding that a defendant may be liable for inducing patent infringement under 35 U.S.C. § 271(b), when the defendant has (1) performed some of the steps of the claimed method and induced others to complete the remaining steps; or (2) the defendant has induced others to collectively perform all of the steps of the claimed method but no single party has performed all of the steps.<sup>11</sup>

*Beer v. United States*<sup>12</sup>: Holding that legislation that prevented judges from receiving cost-of-living adjustments awarded to other federal employees constitutes a diminution of judicial compensation in term, violating the Compensation Clause.<sup>13</sup>

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5. *Id.* at 1290–91.

6. 655 F.3d 1323 (Fed. Cir. 2011) (en banc).

7. *Id.* at 1324, 1334.

8. 717 F.3d 1269 (Fed. Cir.) (en banc) (per curiam), *cert. granted*, 134 S. Ct. 734 (2013).

9. *Id.* at 1273.

10. 692 F.3d 1301 (Fed. Cir. 2012) (en banc) (per curiam), *cert. granted*, 134 S. Ct. 895 (2014).

11. *Id.* at 1309.

12. 696 F.3d 1174 (Fed. Cir. 2012) (en banc), *cert. denied*, 133 S. Ct. 1997 (2013).

13. *Id.* at 1185–86.

*Robert Bosch, LLC v. Pylon Manufacturing Corp.*<sup>14</sup>: Holding that the Federal Circuit has jurisdiction under 28 U.S.C. § 1292(c)(2) to hear appeals from patent infringement liability determinations, even if a trial on damages has not yet occurred, because a trial on damages and a determination of willfulness falls within the meaning of an “accounting” for purposes of § 1292(c)(2).<sup>15</sup>

*Kaplan v. Conyers*<sup>16</sup>: Holding that *Department of the Navy v. Egan*<sup>17</sup> prohibits the Merit Systems Protection Board from reviewing the U.S. Department of Defense’s determinations of employee eligibility for a “sensitive” position, regardless of whether the position requires access to classified information.<sup>18</sup>

*Lighting Ballast Control LLC v. Philips Electronics North America Corp.*<sup>19</sup>: Holding that, under the principles of stare decisis, the Federal Circuit shall retain plenary review of district court claim construction rulings as announced in *Cybor Corp. v. FAS Technologies, Inc.*<sup>20</sup>

In short, in just a few years, we have collectively tackled some of the most complex and highly debated questions arising under and relating to patent law. But, we have not limited ourselves to patent law questions, also tackling difficult jurisdictional, constitutional, and administrative issues.

Even outside the en banc arena, these last three-plus years have seen numerous developments in the law, especially in the law governing intellectual property disputes. For instance, we have made progress in clarifying the law governing invalidity challenges premised on the contention that the asserted claims in a patent would have been obvious to one of skill in the art at the time the patent was issued.<sup>21</sup> While it is true that there is still a need for more

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14. 719 F.3d 1305 (Fed. Cir. 2013) (en banc).

15. *Id.* at 1318–20.

16. 733 F.3d 1148 (Fed. Cir. 2013) (en banc), *cert. denied sub nom.* Northover v. Archuleta, 134 S. Ct. 1759 (2014).

17. 484 U.S. 518 (1988).

18. *Kaplan*, 733 F.3d at 1155.

19. 744 F.3d 1272 (Fed. Cir. 2014) (en banc).

20. 138 F.3d 1448 (Fed. Cir. 1998) (en banc); *see Lighting Ballast*, 744 F.3d at 1284.

21. *See, e.g.,* *Leo Pharm. Prods., Ltd. v. Rea*, 726 F.3d 1346, 1356–58 (Fed. Cir. 2013) (emphasizing that the USPTO must consider objective evidence of nonobviousness as “part of the whole obviousness analysis, not just an afterthought,” and making clear that, where the prior art gives only general guidance as to the form of the claimed invention or how to achieve it, relying on an obvious-to-try theory, without more, to support an obviousness finding is impermissible); *Apple Inc. v. Int’l Trade Comm’n*, 725 F.3d 1356, 1365 (Fed. Cir. 2013) (holding that the International Trade Commission must consider objective indicia of nonobviousness before determining whether the claimed invention would have been obvious to one of skill in the art at the time of invention); *Eli Lilly & Co. v. Teva Parenteral Meds., Inc.*, 689 F.3d 1368, 1379–80 (Fed. Cir. 2012) (stating that the focus of the obviousness-type double patenting doctrine rests on preventing a patentee from claiming an obvious



clarity in this area, we have made great strides to explain the governing principles.

On another front, we have addressed gaps in our damages jurisprudence and have made clear that damages awards must be governed by sound economic principles and theory and be tethered to the facts. Indeed, Susan Davies, former White House Deputy Counsel and now partner at Kirkland & Ellis LLP, once commented that the Federal Circuit is “rockin’ the damages issue” in patent cases.<sup>22</sup> Examples of our developing jurisprudence in this area include *Whitserve, LLC v. Computer Packages, Inc.*,<sup>23</sup> *LaserDynamics, Inc. v. Quanta Computer, Inc.*,<sup>24</sup> *Uniloc USA, Inc. v. Microsoft Corp.*,<sup>25</sup> *ResQNet.com, Inc. v. Lansa, Inc.*,<sup>26</sup> and *Lucent Technologies, Inc. v. Gateway, Inc.*<sup>27</sup> Again, while our work in this area is not complete, trial courts and parties have received substantive guidance regarding the scope of permissible damages in patent actions in recent years.

We have also addressed the implications of the U.S. Supreme Court’s decision in *eBay Inc. v. MercExchange, L.L.C.*<sup>28</sup> and the circumstances under which permanent injunctions remain appropriate in patent actions. In *Robert Bosch*, for example, while confirming that *eBay* abrogated the presumption of irreparable harm as it applied to determining the propriety of injunctive relief, we

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variant of what it has previously claimed, not what it has previously disclosed); *Mintz v. Dietz & Watson, Inc.*, 679 F.3d 1372, 1378–79 (Fed. Cir. 2012) (reaffirming that objective indicia evidence must be considered in the obviousness analysis and can sometimes be the most powerful evidence of nonobviousness); *In re Cyclobenzaprine Hydrochloride Extended-Release Capsule Patent Litig.*, 676 F.3d 1063, 1077–80 (Fed. Cir. 2012) (rejecting a burden-shifting framework where objective evidence of nonobviousness is considered only after making a prima facie obviousness determination), *cert. denied sub nom. Mylan Pharm. Inc. v. Eurand, Inc.*, 133 S. Ct. 933 (2013).

22. Susan Davies, Remarks at the ChIPs Women in IP National Summit (Oct. 10, 2012).

23. 694 F.3d 10, 33 (Fed. Cir. 2012) (rejecting royalty rate premised on expert testimony that was conclusory, speculative, and inconsistent with economic reality), *cert. denied*, 133 S. Ct. 1291 (2013).

24. 694 F.3d 51, 67 (Fed. Cir. 2012) (stating that, when a small element of a multi-component product is accused of infringement, royalties are generally based on the “smallest salable patent-practicing unit” (quoting *Cornell Univ. v. Hewlett-Packard Co.*, 609 F. Supp. 2d 279, 283 (N.D.N.Y. 2009))).

25. 632 F.3d 1292, 1315, 1318 (Fed. Cir. 2011) (rejecting a presumptive “25 percent rule” and holding that the entire market value rule allows a patentee to assess damages based on the entire value of the accused product only when the patented feature drives customer demand for the product).

26. 594 F.3d 860, 868–89 (Fed. Cir. 2010) (*per curiam*) (vacating a damages award when it was based on licenses having no relation to the claimed invention).

27. 580 F.3d 1301, 1335–40 (Fed. Cir. 2009) (vacating damages award in light of past licensing agreements that indicated that the royalty rate was unreasonable for the patented feature).

28. 547 U.S. 388 (2006).

made clear that *eBay* should not be read to prohibit or even counsel against entry of a permanent injunction where application of the equitable factors indicate an injunction is appropriate.<sup>29</sup> And, we have made clear that it is error to fail to enter a permanent injunction where the circumstances warrant one.<sup>30</sup> At the same time, we have explained—and outlined the contours of the requirement—that there must be some causal nexus between an infringed feature in a product and the consumer demand for that product before a permanent injunction barring that product can issue.<sup>31</sup> As more post-*eBay* cases make their way to this court, I expect that our need to weigh in on the circumstances in which permanent injunctive relief is warranted will continue.

In short, while few issues the court has tackled in the last three years have been easy, the court has not hesitated to meet them head-on, incrementally clarifying important areas of the law.

#### SUPREME COURT INTEREST IN THE COURT

We are not the only ones who have recognized the increasing importance of intellectual property law and the disputes arising thereunder. The Supreme Court has shown an increasing interest in the area and the cases we are deciding. While I again focus only on the Supreme Court's activity in the last three years, those years have seen an unprecedented willingness by the Supreme Court to wade into areas falling within the Federal Circuit's jurisdiction, especially issues arising under the Patent Act.<sup>32</sup> Since January 1, 2011, the Supreme Court has decided thirteen cases coming out of our court.<sup>33</sup> And we are awaiting decisions in a number of others:

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29. *Robert Bosch, LLC v. Pylon Mfg. Corp.*, 659 F.3d 1142, 1149–50 (Fed. Cir. 2011).

30. *See Douglas Dynamics, LLC v. Buyers Prods. Co.*, 717 F.3d 1336, 1345–46 (Fed. Cir. 2013).

31. *See, e.g., Apple v. Samsung Elecs., Co.*, 735 F.3d 1352, 1361–64 (Fed. Cir. 2013) (holding that the irreparable harm factor must be treated the same in both preliminary and permanent injunction contexts such that a causal nexus exists under either circumstance).

32. 35 U.S.C. §§ 101–376 (2012).

33. *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749 (2014), *rev'g* 496 F. App'x 57 (Fed. Cir. 2012); *Highmark, Inc. v. Allcare Health Mgmt. Sys., Inc.*, 134 S. Ct. 1744 (2014), *vacating* 687 F.3d 1300 (Fed. Cir. 2012); *Medtronic, Inc. v. Mirowski Family Ventures, LLC*, 134 S. Ct. 843, 846 (2014), *rev'g* 695 F.3d 1266 (Fed. Cir. 2012); *Ass'n for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107, 2120 (2013), *aff'g in part and rev'g in part* 689 F.3d 1303 (Fed. Cir. 2012); *Sebelius v. Cloer*, 133 S. Ct. 1886, 1896–97 (2013), *aff'g* 675 F.3d 1358 (Fed. Cir. 2012) (en banc); *Bowman v. Monsanto Co.*, 133 S. Ct. 1761, 1769 (2013), *aff'g* 657 F.3d 1341 (Fed. Cir. 2011); *Ark. Game & Fish Comm'n v. United States*, 133 S. Ct. 511, 523 (2012), *rev'g* 637 F.3d 1366 (Fed. Cir. 2011); *United States v. Bormes*, 133 S. Ct. 12, 20 (2012), *vacating* 626 F.3d 574 (Fed. Cir. 2010); *Kappos v. Hyatt*, 132 S. Ct.

*CLS Bank International v. Alice Corp. Pty Ltd.*: The question presented to the Supreme Court is “[w]hether claims to computer-implemented inventions—including claims to systems and machines, processes, and items of manufacture—are directed to patent-eligible subject matter within the meaning of 35 U.S.C. § 101 as interpreted by this Court.”<sup>34</sup> This case is significant both because of the implications it will have on the continuing vitality of software patents and because the Federal Circuit was so severely divided at the en banc stage.

*Akamai Technologies, Inc. v. Limelight Networks, Inc.*: The question presented to the Supreme Court is “[w]hether the Federal Circuit erred in holding that a defendant may be held liable for inducing patent infringement under 35 U.S.C. § 271(b) even though no one has committed direct infringement under § 271(a).”<sup>35</sup> This case is significant because the Federal Circuit’s en banc holding makes many financial services and technology-based patents more amenable to infringement claims.

*Nautilus, Inc. v. Biosig Instruments*<sup>36</sup>: The questions presented to the Supreme Court are whether (1) “the Federal Circuit’s acceptance of ambiguous patent claims with multiple reasonable interpretations—so long as the ambiguity is not ‘insoluble’ by a court—defeats the statutory requirement of particular and distinct patent claiming,” and (2) “the presumption of validity dilute[s] the requirement of particular and distinct patent claiming.”<sup>37</sup> This case will allow the Court to directly address a notion, in some circles, that many patents issued by the Patent Office are unduly broad, allowing inventors to extend their claims beyond reasonable bounds.

*Teva Pharmaceuticals USA v. Sandoz, Inc.*<sup>38</sup>: The question on which the Supreme Court granted certiorari is “[w]hether a district court’s

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1690, 1700–01 (2012), *aff’g* 625 F.3d 1320 (Fed. Cir. 2010) (en banc); *Caraco Pharm. Labs., Ltd. v. Novo Nordisk A/S*, 132 S. Ct. 1670, 1688 (2012), *rev’g* 601 F.3d 1359 (Fed. Cir. 2010); *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1305 (2012), *rev’g* 628 F.3d 1347 (Fed. Cir. 2010); *Beer v. United States*, 131 S. Ct. 2865, 2865–66 (2011) (mem.), *vacating* 361 F. App’x 150 (Fed. Cir. 2010); *United States v. Tohono O’odham Nation*, 131 S. Ct. 1723, 1730–31 (2011), *rev’g* 559 F.3d 1284 (Fed. Cir. 2009).

34. Petition for a Writ of Certiorari at i, *Alice Corp. Pty. v. CLS Bank Int’l*, No. 13-298 (U.S. Sept. 4, 2013), 2013 WL 4768483, at \*i; *see* *CLS Bank Int’l v. Alice Corp. Pty.*, 717 F.3d 1269 (Fed. Cir.) (en banc) (per curiam), *cert. granted*, 134 S. Ct. 734 (2013).

35. Petition for a Writ of Certiorari at i, *Limelight Networks, Inc. v. Akamai Techs., Inc.*, No. 12-786 (U.S. Dec. 28, 2012), 2012 WL 6759741, at \*1; *see* *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301 (Fed. Cir. 2012) (en banc) (per curiam), *cert. granted*, 134 S. Ct. 895 (2014).

36. 715 F.3d 891 (Fed. Cir. 2013), *cert. granted*, 134 S. Ct. 896 (2014).

37. Petition for a Writ of Certiorari at i, *Nautilus, Inc. v. Biosig Instruments, Inc.*, No. 13-369 (U.S. Sept. 21, 2013), 2013 WL 5305648, at \*i.

38. 723 F.3d 1363 (Fed. Cir. 2013), *cert. granted*, 134 S. Ct. 1761 (2014).

factual finding in support of its construction of a patent claim term may be reviewed *de novo*, as the Federal Circuit requires (and as the panel explicitly did in this case), or only for clear error, as Rule 52(a) requires.”<sup>39</sup>

In short, the Supreme Court has shown a heightened level of interest in what this court does and in whether we are doing it correctly. Changes in the legal standards the Federal Circuit employs or in the governing standard of review may impact the court’s jurisprudence across a wide spectrum of cases.

#### WHITE HOUSE AND CONGRESSIONAL ATTENTION

It is not just the Supreme Court that is scrutinizing the matters that come before us or recognizing the issues’ importance. The President of the United States has taken an interest in patent litigation, even mentioning the need for a stronger patent system to foster innovation in his 2014 State of the Union address.<sup>40</sup> These comments echoed recent White House announcements regarding the need to address abuses in the patent litigation system and streamline the costs imposed on businesses by such abuses, while at the same time being cautious not to curb the innovation that a strong patent system can encourage.<sup>41</sup>

Both because of the White House calls for reform and its own independent concerns, Congress also has shown willingness, and an apparent continuing desire, to redefine the patent laws in ways not done since passage of the Patent Act in 1952. It took seven years to pass the Leahy-Smith America Invents Act, which was signed into law on September 16, 2011,<sup>42</sup> and the sweeping changes in USPTO practice set forth therein have neither been fully implemented nor tested. Yet, we are already seeing proposals for additional reforms, this time addressing the way patent litigation is conducted by the courts. Congress is currently considering numerous legislative proposals whose avowed purpose is to curb litigation abuses. Their

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39. Petition for a Writ of Certiorari at i, *Teva Pharms. USA, Inc. v. Sandoz, Inc.*, No. 13-854 (U.S. Jan. 16, 2014), 2014 WL 230926, at i.

40. See *President Barack Obama’s State of the Union Address*, WHITE HOUSE (Jan. 28 2014), <http://whitehouse.gov/the-press-office/2014/01/28/president-barack-obamas-state-union-address> (“And let’s pass a patent reform bill that allows our businesses to stay focused on innovation, not costly, needless litigation.”).

41. See, e.g., *Fact Sheet—Executive Actions: Answering the President’s Call to Strengthen Our Patent System and Foster Innovation*, WHITE HOUSE (Feb. 20, 2014), <http://www.whitehouse.gov/the-press-office/2014/02/20/fact-sheet-executive-actions-answering-president-s-call-strengthen-our-p> (announcing executive actions, such as “[p]romoting transparency” in patent ownership information, training examiners to rigorously examine “functional claims,” and strengthening International Trade Commission exclusion order enforcement).

42. Pub. L. No. 112-29, 125 Stat. 284 (2011).

apparent primary focus is on how trial court judges manage those patent cases that come before them—dictating everything from pleading requirements, the extent and timing of discovery, stays of litigation against certain parties, and whether and when courts should award fees to a prevailing party. These proposals would even go so far as to require the Supreme Court to change certain Federal Rules of Civil Procedure and to direct the Administrative Office for the U.S. Courts to expend resources to conduct studies regarding litigation practices in patent cases.<sup>43</sup>

While the advisability or workability of these proposals are topics beyond the scope or the purpose of this discussion, they further evidence the extent to which the matters that come before the Federal Circuit have increased in importance and visibility over recent years and thus demand greater vigilance by the court regarding their stewardship.

#### CONCLUSION

Overall, life on the Federal Circuit has proven far from quiet. The issues with which the court grapples are neither limited nor uncomplicated—they are as thorny as the most complicated issues I saw while on the district bench. In my time here, the court has dealt with questions involving complex jurisdictional, constitutional, and statutory questions, which include, but are certainly not limited to, those involving patents and other areas of intellectual property. The court has been addressing these matters, moreover, in the midst of increased scrutiny regarding its activities from the Supreme Court, the other two branches of government, and the public. And, the court has been doing so while adjusting to its internal changes and in the midst of its efforts to improve the services it offers to litigants and the public. It has been an interesting and fast-paced time to join the court, providing a professional challenge I did not anticipate. It is one that I, however, like the rest of my colleagues, hope to continue to meet undaunted.

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43. See, e.g., Innovation Act, H.R. 3309, 113th Cong. § 6(c)(1) (2013) (requiring the Supreme Court to eliminate Form 18 in the Appendix to the Federal Rules of Civil Procedure relating to complaints filed for patent infringement); Patent Transparency and Improvements Act of 2013, S. 1720, 113th Cong. § 4 (2013) (describing procedures to obtain a stay against a “covered consumer,” meaning “a party accused of infringing a patent or patents in dispute based on a covered product or process”); Patent Abuse Reduction Act of 2013, S. 1013, 113th Cong. § 8 (2013) (requiring studies on patent transactions, quality, and examination).