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February 20, 2015

Chairman Bob Goodlatte
Committee on the Judiciary
United States House of Representatives
2138 Rayburn House Office Building
Washington, DC 20515

Ranking Member John Conyers, Jr.
Committee on the Judiciary
United States House of Representatives
B-351 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Goodlatte and Ranking Member Conyers:

We write on behalf of the Federal Circuit Bar Association on H.R. 9, the Innovation Act. H.R. 9, and its predecessor, H.R. 3309, brought important attention to abusive behavior. We compliment all involved for that. Although well-intentioned, H.R. 9 has now become both unnecessary and, as noted in our December 3, 2013 letter on H.R. 3309, problematic. Recent Supreme Court rulings clarifying fees recovery standards, vigorous district court implementation of those rulings, and proposed Judicial Conference Federal Rules amendments address Judiciary case management points implicated by H.R. 9. The Judiciary's efforts avoid piecemeal fragmentation of case management which focuses only on patents. They also avoid this litigation complexity at a time of already significant system change, including a substantial increase in the use of PTAB proceedings.

This Association has worked closely with intellectual property issues since 1985 and has focused on effective litigation techniques, including those in the United States Court of Appeals for the Federal Circuit, the district courts, and other tribunals reviewed by the Circuit. Our membership, both national and international, includes litigators and business representatives and draws from the most sophisticated and experienced intellectual property sectors in the world. When addressing legislative matters we do not speak on behalf of government members. They were not involved in this topic.

As stated in our December 3, 2013 letter, abusive behavior, whether by so-called "patent trolls" or anyone else, is unacceptable. It unfairly challenges America's most successful economic engine—innovation and the patent system which supports innovation. Our dedicated judicial officers best understand nuances, motives, tactics, and merits of the cases which come before them every day. The tool available to them – the justice of the given case – is not available with a legislative vehicle. The latter necessarily sets broad rules at a general policy level. Respect for the coordinate Branch, as envisioned by the Constitution and codified in the Rules Enabling Act, 28 USC {{2071-2077, compels deference to the role of that Branch and to the expertise it reflects.

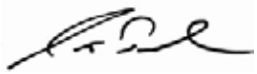
In contrast, H.R. 9 creates a subset of judicial case management techniques for only one specie of complex litigation -- patent cases. There, it proposes heightened pleading requirements – but not even across the board. In further fragmentation, the bill exempts pharmaceutical companies filing under Section 271(e)(2). Section 3. Absent H.R. 9, a district court judge focuses on the totality of the given case and how best to achieve justice efficiently and economically. Next, H.R. 9 proposes a patent rule awarding fees and other expenses to the prevailing party unless the court finds "that the position and conduct of the nonprevailing party or parties were reasonably justified in law and fact or that special circumstances (such as severe economic hardship to a named inventor) make an award unjust." Section 3.

No need now exists. Just last Term, the Supreme Court addressed Section 285 fees in Octane Fitness v. ICON Health & Fitness and Highmark Inc v. Allcare Health Management Systems. Since then, district courts have granted post-Octane fees relief in at least 20 cases (as of January 15, 2015). This body of precedent is building. Moreover, pleading detail, discovery scope and timing, and case management techniques (such as the sequencing of claim construction) are within the scope of pending amendments to the Federal Rules of Civil Procedure. These Judicial Conference proposals will likely arrive at the Congress (pursuant to the Rules Enabling Act itself) this Spring. We support the Judiciary's increased emphasis on early case management. Finally, new case filings have dropped, by one count, from 6238 in 2013 to 5036 in 2014. At the same time, the post-AIA PTAB administrative docket increased (1677 in 2014). This shows a significant process shift making H.R. 9's proposed terms premature.

Section 9(b) of H.R. 9 calls for the PTO to use district court claim construction principles. As we mentioned in December, this language would alter the current and long-standing practice, Manual of Patent Examining Procedure, Ch. 2111, requiring that the PTO give pending claims "their broadest reasonable interpretation consistent with the specification" (BRI). Because the courts ultimately review the patents that emerge from the PTO, usage of the courts' standard fosters predictability.

If we can help further, please feel welcome to contact me at brookshire1@fedcirbar.org. We would be pleased to assist you and your staff in this important effort.

Sincerely,



James E. Brookshire
Executive Director