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Plenary Session I:
Current Developments in Patent Law

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PROF. HANSEN: Don, I'll ask you what I was going to ask Judge Newman: To what extent is today's problem with the Federal Circuit? In other words, could the Federal Circuit do a better job of correcting what is going on, or do you think they are doing the best anyone could do?

MR. DUNNER: I think the Federal Circuit has done a terrific job over the years. Patent law was in the backwaters when the court first opened its doors in

1982, and the court issued tutorials on patent law to get the district courts in sync with it on how the law should be applied, how the law should be construed.

The Federal Circuit led to significant rulings in patent cases, large damage awards, frequent injunctions, some of which were pulled back by the Supreme Court in *eBay*.[1] Nevertheless, the Federal Circuit put patent law on the map. Patent law used to be the province of specialty law firms, and it wasn't long before all of the major law firms felt that they had to form patent departments or merge with small boutiques and create a patent department.

Research and development flourished. The research and development departments could look to a predictable body of patent law. The Federal Circuit came up with bright-line rules.

PROF. HANSEN: Don, that's the history. I'm talking about the Federal Circuit today. First of all, is there predictability? Are they doing the job they should be doing? Are they paying too much attention to the Supreme Court, which is not paying attention to the Federal Circuit? How would you rate the Federal Circuit's job today?

MR. DUNNER: I would say pretty good but not 100 percent. The Federal Circuit has recently started to push back.

The big problem in my mind has been the Supreme Court's aversion to bright-line rules, the Supreme Court's aversion to having the Federal Circuit develop a body of law that is not consonant with the general law, and for a good while the Federal Circuit did not push back.

The Federal Circuit has started to push back. In the *Ariosa* case[2] a couple of years ago, Judge Linn and Judge Lourie wrote great opinions in which they pointed out that the Supreme Court case law has created enormous problems of predictability.

More recently, the Federal Circuit has come back with cases like *Berkheimer*,[3] where they found loopholes or openings in the Supreme Court's jurisprudence. *Berkheimer* found that the question of abstract ideas had factual components that could not be dismissed under Rule 12. It had to go to the jury, eliminating the flurry of motions to dismiss.

In *Vanda*[4] the Federal Circuit basically said that a claim for the application of a natural phenomenon was not subject to the problems outlined in the Supreme Court's case law.

So the Federal Circuit is pushing back slowly and surely. More and more Federal Circuit judges are joining in. Judge Plager spelled it out in a wonderful concurrence in *Interval Licensing*.[5] I think the Federal Circuit is doing what it can, but the Federal Circuit feels its hands are tied and it can only go so far.

I would say that within the constraints imposed by the Supreme Court's case law the Federal Circuit gets great marks, but within the constraints of what

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[1] eBay Inc. v. MercExchange, L.L.C., 126 S.Ct. 1837 (2006).

[2] Ariosa Diagnostics, Inc. v. Sequenom, Inc., 788 F.3d 1371 (Fed. Cir. 2015).

[3] Berkheimer v. HP Inc., 881 F.3d 1360 (Fed. Cir. 2018), *request for en banc hearing denied*.

[4] Vanda Pharms. Inc. v. West-Ward Pharms. Int'l Ltd., 887 F.3d 1117 (Fed. Cir. 2018).

[5] Interval Licensing, LLC v. AOL, Inc., 896 F.3d 1335 (Fed. Cir. 2018).

could be done without shackles on the Federal Circuit obviously it's doing less than would be desirable.

PROF. HANSEN: The Supreme Court for years did not grant cert. in any Federal Circuit case. All of a sudden, they started to do it, I think probably because for some reason they lost faith in the Federal Circuit, there were a lot of bad patents that couldn't be corrected, and they thought they had to intervene.

Is the Supreme Court done? Was this a spurt — a bad spurt in most people's views — or will they continue to closely oversee what the Federal Circuit is doing?

MR. DUNNER: Chief Justice Gorsuch has actually practiced before the Federal Circuit, so the Justice at the head of the Supreme Court knows about the Federal Circuit.

There is a Supreme Court bar, mostly in Washington, that practices before the Federal Circuit and the Supreme Court, and they are writing effective petitions for certiorari. I think the Supreme Court has become alerted to the fact that the Federal Circuit likes bright-line rules, which are essential to predictability and uniformity, although the Supreme Court doesn't like them.

It is a whole confluence of things. It is not, as some people have suggested, that the Supreme Court doesn't know what it's doing. I think the Supreme Court does know what it's doing. It may not realize what the impact is of what it's doing, but there are Justices there who have been made quite aware by effective briefing and by effective oral advocacy of what is happening.

I expect the Supreme Court to be around for a while, but I don't think the Supreme Court is on its own going to fix the problem. I think the problem is going to have to be fixed through Congress, which is not an easy task.

PROF. HANSEN: One final question. A lot of clients go to the Supreme Court. There used to be a Supreme Court bar that just did IP cases and no one else from around the country did them, but now the people in the Supreme Court bar are not IP people. My perspective on this is it's much better to have an IP person argue in the Supreme Court than one of these veterans. Do you have any view of that?

MR. DUNNER: That's a great view from my standpoint. I argued my first case a couple of years ago at the Supreme Court, and I do think patent lawyers effectively argue.

But I will say the Supreme Court bar has become very knowledgeable about patent law. They practice regularly before the Federal Circuit, they are there all the time, and they handle patent cases very effectively. They've got support from patent lawyers in their law firms. So I would say that it's not a negative that the Supreme Court bar is involved, although obviously, selfishly, I would love to have the patent bar have an exclusive lock on Supreme Court cases.

PROF. HANSEN: Any comments from the panel?

JUDGE GAJARSA: One of the reasons that I think the Supreme Court has refused to accept patent cases is that the enabling act establishing the Federal Circuit was specifically aimed at trying to rationalize the predictability of patent law, and the Federal Circuit did take the first step toward doing that by establishing bright-line rules.

The Supreme Court is a generalist court. So you have a generalist court trying the case at the district level, going to a specialized court on appeal, and then going to another generalized court. I don't believe that the nine Justices of the Supreme Court have fully accepted the principle that the patent law needs to be rationalized and nationalized from that perspective. You can't always do it with a mushy type of rule that takes all of the elements into account. I think that is the major problem that we have with the Supreme Court.

PROF. HANSEN: In London there is a patent court of first instance where three patent-trained judges hear most if not all of the patent cases. When you go to the Court of Appeal, a patent-trained judge is normally on the panel when there is a patent case. Do you think we should have a specialized district court that decides these cases?

JUDGE GAJARSA: Hugh, I think that has been tried by selecting areas of the country that do specialize in some of the patent cases, such as the Northern District of California, the Eastern District of Texas, and Delaware. We are seeing more cases in Delaware than in the past, and most of those judges I would consider specialized patent trial judges. From that perspective, I think we're developing a concentrated effort to try to do that, and I think that's a step forward for the patent law.

PROF. HANSEN: Are there any quick comments from the audience on this?

AUDIENCE [Detlef von Ahsen, Kuhnen & Wacker]: If you wish, I can introduce briefly the German system. I will not advertise the German system but just explain it. In Germany we have a system where one district court for a larger circuit of other district courts has a centralized responsibility for IP matters and has specialized judges. They are legally trained judges that deal only with IP.

PROF. HANSEN: And that works well?

AUDIENCE [Mr. von Ahsen]: That works very well. Now 60–70 percent of all patent litigation in Europe is done in Germany.

PROF. HANSEN: Thank you.

MR. DUNNER: Hugh, I'd like to comment on this last point, if I may.

The concept of specialization as such was met with enormous hostility from the general bar. That is why the Federal Circuit or some court like it was not formed for a hundred years, notwithstanding efforts to do so. It was only because the Federal Circuit was given additional jurisdiction, nonpatent jurisdiction, that it saw the light of day. The concept of a specialized appellate court as such won't fly. The closest you get is Delaware, and maybe the Northern District of California and the Eastern District of Texas, where they get lots of patent cases, but they still have a lot of other cases.

PROF. HANSEN: The United States is sort of *sui generis*. We have juries, which most people around the world think is crazy, that decide patent and other cases. And, as you say, there is opposition to specialization. That is an idea that is a broader issue than just patents. You have to think of all aspects of public policy and not as just being this patent box. What about that? If that's true, then a nonpatent person is actually a better person to hear the case and to be educated than a patent person.

MR. DUNNER: There are a lot of patent lawyers who are terrific trial lawyers and terrific jury trial lawyers. Jury trials have been around for a good while in patent cases, so I think patent lawyers are quite capable of dealing with patent cases even as they delve into general areas. As I said, in fact, in terms of trying cases, I think patent lawyers are much better equipped than any other kind of lawyer to deal with patent cases. They know how to deal with juries, and they know how to deal with them very effectively.

PROF. HANSEN: Okay. Let's move on.

Lisa, what do you do for a living?

MS. JORGENSON: That's a good question. I'm the Executive Director of the American Intellectual Property Law Association (AIPLA). We are focused on IP policy, everything from Congress, to the courts, to the patent offices here and abroad. We research IP issues and write comment letters on behalf of our members to Congress or to the U.S. Patent and Trademark Office (USPTO) and patent offices in other countries as well as foreign governments. We do prepare and file a number of amicus briefs. We participate in the Industry IP5 Consultation Group that works with the IP5 (USPTO, European Patent Office, Japan Patent Office, Korean Patent Office, State Intellectual Property Office of China), and the Industry Trilateral (USPTO, European Patent Office, Japan Patent Office) in international activity, which works on promoting primarily harmonization of substantive and procedural patent laws around the world.

We do not typically get involved in district court cases, but now and again we have filed an amicus brief in a case that is central to or focused on an important IP issue.

PROF. HANSEN: Do you find that people in government are listening to you when you say something?

MS. JORGENSON: Yes, they listen. But they don't always have time for IP issues. It depends on what is also on their plate at the time. Typically, IP issues, or more particularly patent issues, this year have taken a lower priority in Congress, which is focusing on a lot of other things. In general, I think IP issues are very nonpartisan.

If you look at the last five or six weeks, President Trump signed into law the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled, which will help the visually impaired; the Small Business Innovation Protection Act of 2017, which expands intellectual property training for small businesses; and the Orrin G. Hatch-Bob Goodlatte Music Modernization Act. So on the Hill there is some IP activity in non-patent areas going on.

On October 31, the president signed into law the Study of Underrepresented Classes Chasing Engineering and Science Act (SUCCESS Act), which extends the USPTO's fee-setting authority for another eight years. While AIPLA may not fully agree with the implementation of the new fee increases, which I testified about at the USPTO in September, we do agree that the USPTO needs to be fully funded, and giving the Office the authority to set fees helps to provide for this.

What we've also been trying to do as an association, and working with many other associations, is to focus on what our members tell us is the number-one issue for them, which is Section 101. That is a complicated and complex issue. As such, it will be difficult to get attention on this issue on the Hill in the short term, due to everything else going on this year.

PROF. HANSEN: In terms of solving the Section 101 problem, you can have a legislative solution or have the Federal Circuit take control. Between those two, what do you think is better, or maybe both? What do you think about having a legislative solution?

MS. JORGENSON: That is going to be very difficult. We have come out with a legislative proposal.[6] But we know that any legislation will take time and may not look like our proposal in the end. We know that it won't be the end-all or be-all. What we're trying to do is start the conversation.

There are some on the Hill who are very interested in it, but they know that it is complicated and will take some time; thus, this issue is a lower priority than other more pressing issues. Some have told us that they would like to restart the conversation with us in the new Congress.

I guess the question will be, after next Tuesday's election, what will happen. If you look at the House and the Senate now, there is not just flux potentially happening next Tuesday, but there has been flux all year long. For example, Bob Goodlatte, the Chair of the House Judiciary Committee, has already said he is going to resign. In the Senate a number of people are leaving. In the House, nine Republican members of the Judiciary Committee have already said that they are either leaving or have already left, two on the Democratic side.

But come next Tuesday, who takes control of the House will dictate who will be the new Chairman of the Judiciary Committee and the IP Subcommittee. If it is the Republicans, we think that the Chairman may be either Doug Collins from Georgia or Steve Chabot from Ohio. Both have shown an interest in that role. If it switches to the Democrats, we think that the Chairman will then be Jerry Nadler from New York. He has shown an interest in IP issues in the copyright area, the Music Modernization Act and other things, and he and his staff have also shown an interest in wanting to learn about patent issues.

If you look to the Senate, there are two people on the Republican side who have already said that they are going to leave, Senator Flake and, unfortunately, Senator Hatch, who has been a big proponent of IP and, in particular, patent issues.

So a significant amount of change has already occurred this year, but more changes will be coming after the election next Tuesday. We think that right now it's not timely for us to go to the Hill and say, "We really need you to take time to focus on this." So we're waiting to see what happens after the elections next week, and then we will meet with staffers and others in Congress who have an interest in patent law to share the views in our legislative proposal.

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[6] Joint IPO-AIPLA Proposal Concerning Legislative Amendment of 35 U.S.C. § 101 (May 3, 2018).

On the flip side, we are talking to a number of associations. AIPLA and the Intellectual Property Owners Association (IPO) worked together on our joint proposal for a legislative fix to Section 101.[7] Again, it's not the only way to go, there are alternatives, but we need to get the conversation started.

At the same time, we started working with the American Bar Association Intellectual Property Law Section (ABA-IPL). Although we couldn't come up with the same language for a finite proposal, we were able to reach a resolution on a set of high-level principles, and it says we can agree that there is a problem, we can agree on what we think the problem is, and we can agree that we think there needs to be a legislative fix.[8]

Interestingly, even though we couldn't agree on the specific language, it shows that there could be alternatives to fixing the 101 problem. So we are now, all of us, working on trying to get more steam behind the proposals and working with other associations. For example, the New York IPLA, the New Jersey IPLA, the Boston IPLA have all gotten behind the AIPLA-IPO proposal, so we're gaining momentum. The Intellectual Property Law Association of Chicago (IPLAC) also came out with a proposal that is very similar to our original proposal,[9] and we're very excited about that.

PROF. HANSEN: What can the people in the audience do, or is there nothing they can do, to have some sort of effect on change?

MS. JORGENSON: There's a lot that all of you could do. Through your own associations start the conversation of what you think should be the fix. If you are a member of an association that hasn't yet looked at the issue, see if you can get them to look at the issue and start the conversation and get involved. I think that is the one best thing.

The second thing you can do is if you know of corporations that could be a great poster child for 101 issues — they've lost business because they couldn't get patents, or they lost their investor money coming in, if they've lost venture capital — and are willing to share the story with us, that will help us build the story of what is happening under the current 101 judicially created exceptions and will help us explain the issues when we go to the Hill. The problem is we know a lot of corporations don't want their story to get out there because it might not be good for their business if people found out why something happened at their corporation. But if you know people, please ask them to get involved if they're willing to.

PROF. HANSEN: IP used to be thought of as bipartisan and it didn't matter too much whether it was Democrats or Republicans talking about it, they had a shared interest. Is that still the case?

MS. JORGENSON: With respect to 101, I think it's somewhat partisan based in part on who is in their district. If you are in Silicon Valley, you may not

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[7] Joint IPO-AIPLA Proposal Concerning Legislative Amendment of 35 U.S.C. § 101 (May 3, 2018).

[8] See ABA IP Law Section, Press Release, ABA's IP Law section releases comments to USPTO to clarify patent subject matter eligibility (July 25, 2018).

[9] Intellectual Property Law Association of Chicago, IPLAC Comments on Patent Subject Matter Eligibility (Apr. 19, 2018).

be in favor of certain changes to 101. There are others outside of Silicon Valley and elsewhere who think it would be good to consider changes to 101.

PROF. HANSEN: It sounds pretty grim.

MS. JORGENSON: I don't think it's grim. I think it can be very lengthy for us to get something before the House and the Senate that is in addition to all of the other things that they have to work on right now. We're pushing very carefully, but we're steady in keeping the conversation going.

PROF. HANSEN: Okay. Thanks a lot.

Drew?

MR. HIRSHFELD: I would love to chime in on a whole bunch of things, Hugh.

PROF. HANSEN: First of all, tell us what you do.

MR. HIRSHFELD: I'm Commissioner for Patents.

PROF. HANSEN: What does that mean?

MR. HIRSHFELD: It means I'm the chief operating officer for the patents portion of the Patent and Trademark Office, so I oversee all the patents.

PROF. HANSEN: Are you in charge of policy decisions?

MR. HIRSHFELD: I'm in charge of policy decisions as they relate to patent examination. I am not in charge of the Patent Trial and Appeal Board (PTAB) or their policy decisions.

PROF. HANSEN: Now, you are also doing stuff with subject matter eligibility, right?

MR. HIRSHFELD: Yes.

PROF. HANSEN: Why don't you tell us about that?

MR. HIRSHFELD: All right. See, I knew I would get to chime in on that because I have the mic, even though you're sitting in the middle.

I would like to address what can people do, and I'm going to say that in the frame of subject matter eligibility because I think this is important.

First, I know there's a lot of discussion about things like *the* problem or bad patents. I think that we, as a group supporting the patent system, need to be very specific about that and what that means. I think we need to keep our eyes on the big picture, that this system has been extremely successful, that it has been a pillar, a foundation of the U.S. economy. We need to keep that in mind as we move forward but be specific about problems.

Subject matter eligibility, in my opinion, is certainly one of those problems. I know we've discussed potential legislative fixes, what the courts can do, etc., but I think the USPTO also plays a very big role here.

We are — and hopefully not a surprise to anybody here — working on new guidance for subject matter eligibility that will become public soon that addresses the *Berkheimer* case[10] and the *Vanda* case,[11] and we have tried to do so by adding certainty and reliability so that these decisions are repeatable.

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[10] U.S. Patent and Trademark Office, Memorandum, Changes in Examination Procedure Pertaining to Subject Matter Eligibility, Recent Subject Matter Eligibility Decision (*Berkheimer v. HP, Inc.*) (Apr. 19, 2018). *See also* Patent Quality Chat Webinar: Subject Matter Eligibility: Revised Guidance in view of *Berkheimer v. HP, Inc.* (May 8, 2018).

In my opinion, one of the problems that we have with subject matter eligibility now is that nobody knows what the decision is going to be and how that decision is made. With the guidance that we all currently have — and I'm not pointing fingers at anybody, but all of us in the big system, myself included — people get a case and two people can't agree on what the result is going to be. In other words, two people have different opinions about how those cases will come out, whether they're eligible or not. We at the PTO are trying to address this issue. We are working on guidance. Hopefully, it will be out in the coming months.

I can tell you our guidance for subject matter eligibility is intended to move the ball forward in the vein of being repeatable, of making sure that when we issue a patent it's got the best chance to withstand challenges.

We will attempt in this guidance to better define an "abstract idea." You've heard some discussion about bright-line rules, and we know that the Supreme Court does not like bright-line rules, but we will try to define as much as we can within the four corners of the law what an abstract idea is so that everyone can better follow that.

We are going to address what it means to have a "practical application." Don earlier mentioned the *Vanda* case, in which the Federal Circuit addressed an application. I believe we can put better definitions around what it is to have a practical application, even if you do have a judicial exception, such as an abstract idea.

These are all issues that we can certainly address.

One last point that I think is critical is one of the problems that I believe we have — and I know this view is shared by many at PTO, including Director Iancu — is that we sometimes lose sight of the swim lanes. What I mean by that is we're addressing some of the other statutes in subject matter eligibility, and I know there is a lot of confusion about what "well-known, routine, and conventional" means. Is that really a Section 103 standard, although that's Section 101 subject matter eligibility language? I read cases and I see decisions on 101 all the time, and I can tell you they are often couched as: "Well, this one is known, it is well-known, so therefore it is not eligible"; "This one is not well-known, so it is eligible." I see that all the time.

I was at the very large AIPLA conference last week and attended the 101 session. The speakers there spoke extensively on subject matter eligibility, about "if it's known in the art, it's not going to be eligible" and "if it's not known, it's going to be eligible." I don't fault the speakers for that because that is the state of affairs, that we've gone down this path. I would have expected people in the audience to be upset with that, up in arms, but no, everyone was accepting, because that's the state that we are in.

I think we need to be very cognizant of this when we are talking about Sections 103, 112, and 101 and make sure we address these cases in the right swim lane.

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[11] U.S. Patent and Trademark Office, Memorandum, Recent Subject Matter Eligibility Decision: *Vanda Pharmaceuticals Inc. v. West-Ward Pharmaceuticals* (June 7, 2018).

PROF. HANSEN: As you go along day to day, what's more important to you, what the Federal Circuit is saying or what the Supreme Court is saying?

JUDGE GAJARSA: Be careful.

MR. HIRSHFELD: They're both critically important to us.

PROF. HANSEN: Were you ever a politician?

MR. HIRSHFELD: No, but I'm a career person of the USPTO, and I'd like to stay that way.

PROF. HANSEN: You have been working in the PTO for a while. How many directors have you seen?

MR. HIRSHFELD: I've been at PTO twenty-four years. I haven't done the math of how many directors. I can tell you I was Dave Kappos's chief of staff for two years and worked closely with him. I was Commissioner under Michelle Lee and now under Andre Iancu, so I worked very closely with at least two of them.

PROF. HANSEN: A lot of people think if Dave Kappos had still been in the PTO after these Supreme Court decisions the PTO might have gone a different way. Is there any truth to that?

MR. HIRSHFELD: That is a hard question to speculate on. I can tell you that all the directors that I've worked closely with have one common trait: they have invited the public to come in and have listened to their views so that they can be guided by what the public says.

I can't say if Dave Kappos were still at PTO what direction we would be in now as opposed to any other direction. But I know Director Iancu — and, again, when I was Dave Kappos's chief of staff he did the same thing — has held at least sixty public meetings with members of the public to hear their views.

I attend most of those meetings. One of the interesting facts is you get people coming in — and this maybe gets to the challenges of a legislative fix — saying that 101 subject matter eligibility is one of the biggest things we need to fix. That and the Patent Trial and Appeal Board are the two topics that almost everybody comes in and talks about. But then, when they talk about how to fix them, they all have different views and people are all over the map. It is a challenge to navigate through that.

I guess that gets back to the question about the courts. That's where we try to hear the views and see what we can do within the four corners of what the courts are saying.

PROF. HANSEN: Great. Thank you.

Judge Gajarsa, how are you?

JUDGE GAJARSA: How am I doing? I'm a retired federal employee, so…

PROF. HANSEN: What are you doing as a retired federal employee?

JUDGE GAJARSA: I'm teaching at two universities.

PROF. HANSEN: Which universities?

JUDGE GAJARSA: The University of New Hampshire, and Georgetown Law School.

PROF. HANSEN: Where do you live?

JUDGE GAJARSA: I live in New Hampshire.

PROF. HANSEN: So you travel to Washington to teach?

JUDGE GAJARSA: I travel to Washington on a regular basis to teach. I am teaching a course on appellate procedure before the Federal Circuit in Washington and I teach a course at the University of New Hampshire on the America Invents Act (AIA) provisions. I'm trying to understand both.

PROF. HANSEN: You are with a law firm now. What services are you providing?

JUDGE GAJARSA: I am helping to train the younger lawyers in appellate procedure. I'm also mooting a lot of the cases that go up to the Federal Circuit and to the Supreme Court.

PROF. HANSEN: Are you enjoying it?

JUDGE GAJARSA: I am. The golden manacles are off, so I can speak freely about some of the editorial comments of the Supreme Court and otherwise.

PROF. HANSEN: You're going to speak about a couple of Supreme Court cases. Why don't you go ahead?

JUDGE GAJARSA: There are two pending Supreme Court cases that have been accepted for cert.

The Supreme Court granted the petition for certiorari in *Helsinn Healthcare v. Teva Pharmaceuticals USA* in June 2018.[12] That case deals specifically with the language of the AIA as to whether or not a reference is publicly available.[13] The issue of cert. acceptance was whether under the AIA an inventor's sale of an invention to a third party that is obligated to keep the invention confidential qualifies as prior art for purposes of determining the patentability of the invention. This deals with Section 102,[14] and the language which is in 102 is "public availability." The question here is whether or not the filing of a Securities and Exchange Commission disclosure statement redacting the provisions of the license specifically as to the invention itself and also to the financial aspects was a public disclosure.

PROF. HANSEN: What did the lower courts say?

JUDGE GAJARSA: The Federal Circuit said yes it was a disclosure and it was available as a priority reference.[15]

PROF. HANSEN: What did the district court say?

JUDGE GAJARSA: The district court said the same thing, that it was available.[16]

PROF. HANSEN: Where do you come out on this?

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[12] Helsinn Healthcare S.A. v. Teva Pharms. USA, Inc., 855 F.3d 1356 (Fed. Cir. 2017), *for cert. granted*, 138 S.Ct. 2678 (June 25, 2018).

[13] See generally Joe Matal, A Guide to the Legislative History of the America Invents Act: Part I of II, 21 Fed. Cir. B.J. 435, 466–75 (2012).

[14] AIA 35 U.S.C. 102(a)(1) provides a "catch-all" provision, which defines a new additional category of potential prior art not provided for in pre-AIA 35 U.S.C. 102. Specifically, a claimed invention is not entitled to a patent if it was "otherwise available to the public" before its effective filing date. *See* United States Patent and Trademark Office, 2152 Detailed Discussion of AIA 35 U.S.C. 102(a) and (b) [R-11.2013].

[15] *Helsinn*, 855 F.3d at 1371.

[16] Case Nos. 3:11-cv-03962-MLC-DEA, 3:11-cv-05579-MLC-DEA, and 3:13-cv-05815-MLC-DEA, United States District Court for the District of New Jersey (Judge Mary L. Cooper).

JUDGE GAJARSA: I think it's a change in the law based upon the AIA, and I think the Supreme Court will probably reverse the Federal Circuit on this one.

PROF. HANSEN: And you would like that?

JUDGE GAJARSA: Would I like it? Maybe, because the Federal Circuit looked at the aspects of what the substance of the matter is from a perspective of maintaining the same type of language in the statute. But the language was actually changed. One of the changes made by the AIA was the "public availability." I suspect that was because they looked at the legislative history — and we all know how legislative history is made by lawyers like us and inserted into the record — and I suspect that the Supreme Court will eventually do it the right way.

PROF. HANSEN: Just on that point, when Congress votes on it, do any of the people voting have a clue about patents or patent law?

JUDGE GAJARSA: The legislative history on the AIA is replete with the statements made by Senator Kyl, Senator Hatch, and Senator Pat Leahy.[17]

PROF. HANSEN: That's three senators.

JUDGE GAJARSA: Yes, that's three of them.

PROF. HANSEN: There's a lot more than that.

JUDGE GAJARSA: The others are standing by the sidelines because they expect those three to carry the ball.

The legislative history on the House side before the Judiciary Committee was the similar.[18] So it's always focused upon three or four of the members of Congress that have an interest in the legislation. Even the AIA is named for Leahy-Smith as the legislative basis.

PROF. HANSEN: Would these members of Congress or their staff be open to people, for instance like those in this room, coming and talking to them about an issue, or is basically all done behind closed doors?

JUDGE GAJARSA: I believe the staffs of the individual senators and members of Congress are open to and receptive to possibilities of correcting some of the errors that have been made in the past, and the AIA is a good example of how it was done. But it took fourteen years to do it.

PROF. HANSEN: What about the second case?

JUDGE GAJARSA: The second case, *Return Mail v. United States Postal Service*,[19] involves the federal government. The PTAB held that the patent for processing returned mail to be invalid. The Postal Service brought an action in the PTAB inter partes review proceeding as a "person." The Board in its institution decision held that the Postal Service and the government were not statutorily barred from filing the underlying petition for review because it had been sued for infringement within the meaning of AIA § 18.[20] The Federal Circuit affirmed the Board's decision.

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[17] U.S. Patent & Trademark Office, AIA Legislative History, Senate Debates and Votes.

[18] *Id.*

[19] Return Mail, Inc. v. United States Postal Serv., et al., 868 F.3d 1350 (Fed. Cir. 2017) (Newman, J, dissenting: "it is clear that the government is not included as a "person" subject to the AIA."), *cert. granted*, No. 1-1594, 2018 WL 2364663 (U.S. Oct. 26, 2018).

[20] PTAB Case CBM2014-00116 - Final Decision (Oct. 15, 2015).

The Supreme Court granted cert. two weeks ago, on October 26th, to review the Federal Circuit's decision. The question is whether or not the United States Postal Service is a "person" under the statute. The statute allows for a person, any person, to bring an action before the Patent Office and challenge the validity of a patent. So that case is coming up.

I think those two cases are emblematic maybe of what the Supreme Court has been looking at — not necessarily to correct the Federal Circuit, but these are two easy cases for them to take. It's the tough cases, like *Myriad*[21] and *Ariosa*,[22] that they usually pass the buck on. They don't quite understand the technology, they refuse to understand the technology, but the technology leads to a very easy and very straightforward decisions.

PROF. HANSEN: So the Federal Circuit said the Postal Service is a "person"?

JUDGE GAJARSA: Yes, they did.

PROF. HANSEN: Judge Newman disagreed, right?

JUDGE GAJARSA: Judge Newman dissented. Chief Judge Prost wrote the majority opinion.

PROF. HANSEN: Between Judge Newman and the other judges, who would you usually go with?

JUDGE GAJARSA: If the Supreme Court follows the *Citizens United*[23] decision that a corporation is a "person," I think they will probably affirm it.

PROF. HANSEN: Judge Newman, your view of this case is that the Postal Service is not a person, yes or no?

JUDGE NEWMAN: Yes. I refer you all to what I wrote, which was based entirely on essentially the jurisprudence and the statutes and the history of the nation and the particular statute as well, which when it referred to the various courts that could be involved — that is, the district courts — they rather conspicuously omitted the Court of Federal Claims in which the government can be sued.

So it would be a matter for a legislative fix. I think this case is important because there is also no doubt in my mind that if an entity is participating in the system, as the Postal Service is, that it should be fully included in the AIA rather than, for example, being excluded from the estoppel aspect.

This again would be an area, like all the others before you, in which you decipher what in fact is the national interest. All of us know that the government is a major player in technology evolution. What should the right answer be, and does it warrant legislative change?

I agree with what I heard someone say of my observation of the Congress, that these are not partisan issues and there are many very solid congresspeople and senators who are interested in getting technology evolution right for the nation.

Again, what I see as the strength of your conference is that you can pull together all of the viewpoints that are involved in every one of these issues and

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[21] Association for Molecular Pathology v. Myriad Genetics, Inc., 132 S.Ct. 1794 (2013).

[22] Ariosa Diagnostics, Inc. v. Sequenom, Inc., 788 F.3d 1371 (Fed. Cir. 2015), *reh'g denied*, 809 F.3d 1282 (Fed. Cir. 2015) (Newman, J., dissenting).

[23] Citizens United v. Federal Election Comm'n, 130 S.Ct. 876 (2010).

strike an optimum balance and seek consensus. With that, all of the organizations and participants should be able to put together without much effort or controversy a unified position, which I think more often than not is going to require overturning some decisions of the Federal Circuit and overturning some decisions of the Supreme Court.

That in my view is our goal, it is what the nation needs, and I believe it is achievable.

PROF. HANSEN: Judge Newman, what is the Supreme Court going to do in the *Postal Service* case?

JUDGE NEWMAN: If you look at precedent and if you look at the Constitution — and that's what I looked at in writing my dissent — I think they weigh heavily on the side of saying the Postal Service, the government, is not a "person" and was not intended to be included in a statute.

I also think, as I just said, this probably is almost surely not the optimum result for the advance of technology. I don't think the Constitution stops such a result if the mass consensus is that the government should be available to participate fully in the AIA and in the district courts and, for example, be subject to infringement estoppel and infringement injunction, whereas the way it is written now the government is subject to only a compulsory license in the Court of Federal Claims.

This is a significantly larger issue but totally intertwined with whether the Postal Service is or is not viewed as a "person" under the AIA.

PROF. HANSEN: I think it would be very strange for the Court to take the case unless they were going to reverse. You have two courts saying one thing and the Federal Circuit saying another thing. I think the only reason they took this case is they're at least troubled by it. They are not just worried about technology. They are worried about this is a precedent for any government agency to get involved in a statute. So I think those repercussions are probably weighing on it, but I guess we'll see.

Any final thoughts?

JUDGE GAJARSA: It could go on for the next twenty years.

PROF. HANSEN: Do you think this has been one of the best panels you've ever been on?

JUDGE GAJARSA: This one? Yes.

PROF. HANSEN: I thought so.

MR. GROOMBRIDGE: Certainly one of the best moderators.

JUDGE GAJARSA: Motivated to find solutions.

PROF. HANSEN: Last but not least, Nick. How's your life? Nick is a race car driver, by the way, and I think he may have a hidden death wish. We won't go into that now, but you should address that in the future.

Tell me about your practice and what you do.

MR. GROOMBRIDGE: I'm a patent litigator. I try patent cases.

PROF. HANSEN: That's it?

MR. GROOMBRIDGE: I teach in a couple of law schools, as you know.

PROF. HANSEN: Is that the whole explanation of what you do in practice? Are you providing a service to help people?

MR. GROOMBRIDGE: I'm providing a service to help people who pay me.

PROF. HANSEN: On that subject, do patent lawyers make more money than other lawyers?

MR. GROOMBRIDGE: They make more money than the average lawyer.

PROF. HANSEN: How much money do you make?

MR. GROOMBRIDGE: I would tell you, but it would make you feel bad. [Laughter]

PROF. HANSEN: It's already making me feel bad.

In terms of all the talks you've heard here today, do you have any comments about what anyone said?

MR. GROOMBRIDGE: Yes. Any particular ones you'd like me to touch on?

PROF. HANSEN: The ones you feel strongly about.

MR. GROOMBRIDGE: Certainly I think the Supreme Court is going to continue to be involved. I think the Supreme Court is receptive to the popular narrative about patents.

One of the things that listening to that some of the discussions brought to mind is about four years ago I was walking through National Airport in Washington and I remember seeing an advertisement on a billboard that said: "Extortion—Legal in All Fifty States." It was referring to bringing patent infringement cases. It was paid for by one of the coalitions that was advocating for what they call patent reform along the lines of tort reform and securities law reform.

The Supreme Court is receptive to that kind of narrative, and that kind of narrative was constructed very well and is one of the things I think that led us to where we are.

PROF. HANSEN: On that point, the other side, the nonpatent people's side, is very good at that, they are very good at social media, very good at a lot of things. Whereas the patent people — or maybe lawyers in general — are not, so rarely do you hear patent people saying, "Okay, let's get on social media and do this." Corporations, which are afraid to say anything in public, are not saying, "Yes, we really need this." Do you think patent people and corporations should be more vocal?

MR. GROOMBRIDGE: I think there should be more of an informed dialogue about what the pros and cons of the system are, rather than trying to deal with it using the same kind of treatment that partisan politics gets. It's not helpful to have things like billboards with slogans like "Extortion." That's not leading us to a good place.

I do think that, to the extent you look at this and say there are two sides to this debate, both sides should be engaging and trying to focus on what's going on.

With regard to the problems around 101, first of all, I think pretty much everyone agrees that the law is unsatisfactory. As Drew said, it's extremely unpredictable.

PROF. HANSEN: Is that the Supreme Court's fault or the Federal Circuit's fault? Whose fault is that?

MR. GROOMBRIDGE: In this instance I think it's the Supreme Court's fault. But they are responding to pressures that have to do with the system having created perceived problems for some of the users, namely, that it was too easy to enforce patents in a way that many people on the receiving end perceive as unfair.

PROF. HANSEN: Do you agree with that?

MR. GROOMBRIDGE: I agree that there are — or perhaps were — systemic aspects to the U.S. litigation system and the patent system that made it too easy to get, in essence, too much coverage. But 101 is not the right tool to fix that in my opinion.

PROF. HANSEN: Five years from now, where are we going to be on the law?

MR. GROOMBRIDGE: The issues that we are currently focusing on will have been ameliorated but not resolved, and some new ones will have come along, and people will still be unsatisfied with the law.

PROF. HANSEN: Do you have any fun in your job?

MR. GROOMBRIDGE: I love my job. What's best is trying patent lawsuits.

PROF. HANSEN: Are you a born litigator?

MR. GROOMBRIDGE: I don't know if there is such a thing.

PROF. HANSEN: There is such a thing. It sounds like you are. Is there ever a point that it's going to settle and you would rather actually go to trial?

MR. GROOMBRIDGE: I'd almost always rather go to trial. I'm not sufficiently risk-averse. That's my problem.

PROF. HANSEN: In your final thirty seconds — I realize this may be difficult — what do you have to say to this audience?

MR. GROOMBRIDGE: Thank you for coming, be engaged, and do look for opportunities to make your voices heard on the 101 issue.

PROF. HANSEN: Okay, thank you.

Questions from the audience, thoughts, anything?

AUDIENCE: Hi, Hugh. I'm Brett Sylvester with Sughrue Mion in Washington. I'm a patent attorney.

My question has to do with the Federal Circuit. As you said, Don, it is working its way through holes in law. I have a general understanding of how judges for the regional circuits are nominated and selected, but I've never understood how that works for the Federal Circuit. Looking to the future, are there things that the patent bar or community could do to promote the right people to be on the court when vacancies arise?

MR. DUNNER: I don't know. I don't think the judges at the Federal Circuit have been selected in the past as a result of a groundswell of support from one group or another. I know there was a long-felt need to have a district court judge on the Federal Circuit, and Judge Kate O'Malley filled that void.

I think it's pretty much a question of administration, of Congress, and whatever. The enabling act that resulted in the formation of the Federal Circuit made it clear they didn't want to have twelve patent lawyers on the court. The concept was to have maybe four or five patent lawyers, which is about what they have, and I think it works pretty well.

I think the judges who have been appointed to the court have been really good. Judge Newman is a perfect example, a PhD chemist. Judge Lourie also has a PhD in chemistry. Judge Chen served as Deputy General Counsel for Intellectual Property Law and Solicitor at the United States Patent and Trademark Office, worked as a scientist, and has a B.S. in electrical engineering. Judge Dyk is a former law professor and co-author of the Chapter on Patents in the Fourth Edition of the treatise *Business and Commercial Litigation in Federal Courts*. Judge Plager was a law professor and Dean of Indiana University School of Law. Judge Stoll was a law professor and worked as a patent examiner at the United States Patent and Trademark Office

It has worked pretty well. But I don't think that pressure from the patent bar or any other bar is going to have much of an influence on choice of judges.

PROF. HANSEN: Thank you.

Any other questions?

[No response]

I see that time is running out. I want to thank our panelists. I think they did an excellent job.