ALDERSON REPORTING COMPANY

HJU104000

MARKUP OF H.R. 1249, THE AMERICA INVENTS ACT

Thursday, April 14, 2011

House of Representatives

Committee on the Judiciary

Washington, D.C.

The committee met, pursuant to call, at 10:35 a.m., in Room 2141, Rayburn Office Building, Hon. Lamar Smith [chairman of the committee] presiding.

Present: Representatives Smith, Sensenbrenner, Coble, Gallegly, Goodlatte, Lungren, Chabot, Issa, Pence, Forbes, King, Franks, Gohmert, Jordan, Poe, Chaffetz, Griffin, Marino, Gowdy, Ross, Adams, Quayle, Conyers, Berman, Nadler, Scott, Watt, Lofgren, Jackson Lee, Waters, Cohen, Johnson, Pierluisi, Quigley, Chu, Deutch, Sanchez, and Wasserman Schultz.

Staff present: Sean McLaughlin, Chief of Staff; Allison Halatei, Deputy Chief of Staff/Parliamentarian; Sarah Kish, Clerk; Perry Apelbaum, Minority Staff Director; and Chrystal Sheppard.

genuine issues in the case in order to prepare an effective petition.

I think this is a fair approach for both the patent owner and those accused of infringement. It preserves the ability of inter partes while still preventing undue delay, and while there is no deadline tied to litigation in the status quo, proponents of strict deadlines really haven't given any real world examples that I am aware of of inter partes challenges that have been unduly delayed or harm that would occur therefor.

So if there are concerns, they are theoretical, and regardless of the deadline, defendants have a significant incentive to file their petitions for IPR as early as possible. If the defendant waits too long to file, it could lose at trial and be forced into paying damages for infringement before the PTO makes a decision to invalidate the patent.

So I think this amendment is a middle ground and improves the bill, and I hope that the members will see fit to approve it.

And I yield back.

Chairman Smith. Thank you, Ms. Lofgren.

I will recognize myself in opposition to the amendment.

This amendment expands the inter partes review program from 12 months after the filing of a civil action to 30 days after the Markman hearing. This amendment could create an open-ended process because there is actually no guarantee that a Markman hearing will even take place. The inter partes proceeding in H.R. 1249 has been carefully written to balance the need to encourage its use while at same time preventing the serial harassment of patent holders. This bill represents a delicate balance, and making such a core change to the deadline may turn the inter partes program into a tool for litigation gamesmanship rather than a meaningful and less expensive alternative to litigation.

For those reasons, I oppose the amendment.

Are there other members who wish to be heard on this amendment?

[No response.]

Chairman Smith. If not, we will vote on it. All those in -- the gentleman from California, Mr. Berman, is recognized.

Mr. Berman. Mr. Chairman, the issue you raise -- I

rise to suggest an alternative to the amendment, although I think the amendment is good.

If there is a Markman hearing, that is the logical time to cut off the ability to stay a court case, 30 days afterwards. So on the face of it, I think the amendment makes sense. You raise legitimately what if there is no Markman hearing. So what if the gentlelady's amendment said the Markman hearing or no later than 18 months so that if there were no Markman hearing, the time set, they could not go beyond the 18 months? Would that make it then more attractive to you? It would deal with this issue of no Markman hearing.

Remember, under existing law -- first of all, the stay is never mandated. The court gets to decide whether or not to have a stay. And your bill, I think, is a positive improvement on the Senate language which was only 6 months, but conceptually knowing what claims are going to be litigated makes the most sense in terms of telling the defendant they no longer can use inter partes reexam as an effort to stall the litigation. They got to do it within 30 days of the Markman hearing or if they haven't gotten the Markman hearing or aren't going to get a Markman hearing, no