AMERICA INVENTS ACT

HEARING

BEFORE THE

SUBCOMMITTEE ON
INTELLECTUAL PROPERTY,
COMPETITION, AND THE INTERNET

OF THE

COMMITTEE ON THE JUDICIARY
HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

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CONTENTS

MARCH 30, 2011

Page

TEXT OF THE BILL

H.R. 1249, the "America Invents Act" 3

OPENING STATEMENTS

The Honorable Bob Goodlatte, a Representative in Congress from the State of Virginia, and Chairman, Subcommittee on Intellectual Property, Competition, and the Internet 1
The Honorable Melvin L. Watt, a Representative in Congress from the State of North Carolina, and Ranking Member, Subcommittee on Intellectual Property, Competition, and the Internet 39
The Honorable Lamar Smith, a Representative in Congress from the State of Texas, and Chairman, Committee on the Judiciary 42

WITNESSES

The Honorable David J. Kappos, Under Secretary of Commerce for Intellectual Property and Director, the United States Patent and Trademark Office
Oral Testimony 44
Prepared Statement 46
The Honorable Steve Bartlett, President and Chief Executive Officer, The Financial Services Roundtable
Oral Testimony 56
Prepared Statement 59
Steven W. Miller, Vice President and General Counsel for Intellectual Property, Procter & Gamble Company
Oral Testimony 65
Prepared Statement 67
Mark Chandler, Senior Vice President, General Counsel, and Secretary, Cisco Systems, Inc.
Oral Testimony 79
Prepared Statement 82
John C. Vaughn, Executive Vice President, Association of American Universities
Oral Testimony 92
Prepared Statement 94

LETTERS, STATEMENTS, ETC., SUBMITTED FOR THE HEARING

Material submitted by the Honorable Melvin L. Watt, a Representative in Congress from the State of North Carolina, and Ranking Member, Subcommittee on Intellectual Property, Competition, and the Internet 107

APPENDIX

MATERIAL SUBMITTED FOR THE HEARING RECORD

Prepared Statement of the Honorable John Conyers, Jr., a Representative in Congress from the State of Michigan, Ranking Member, Committee on the Judiciary, and Member, Subcommittee on Intellectual Property, Competition, and the Internet 125

Page

Response to Post-Hearing Questions from the Honorable David J. Kappos, Under Secretary of Commerce for Intellectual Property, Director of the United States Patent and Trademark Office 127
Prepared Statement of the Generic Pharmaceutical Association (GPhA) 132

Committee on the Judiciary
United States House of Representative

Hearing

"America Invents Act"

Prepared Statement of

Mark Chandler
Senior Vice President and General Counsel
Cisco Systems Inc.

March 30, 2011

resolution of complex questions of patent validity by the experts at the PTO instead of lay jurors. The proposed House bill improves on S.23's inter partes review (1) by retaining the "substantial new question of patentability" threshold necessary to institute a review; and (2) by extending the deadline from six months to nine months within which defendants in district court patent litigation may seek inter partes review. Despite these improvements, the proposed House bill still imposes standards on inter partes review that are more restrictive than current law. Several critical changes must be made to the bill's inter partes review provisions to ensure that the procedure is available as a viable, efficient alternative to litigation for weeding out bad patents.

1. Provide a Meaningful Period of Time for a Defendant to File a Reexamination

The proposed 35 U.S.C. § 315(b) from the draft bill bars defendants in a district court patent litigation from seeking inter partes reexamination after nine months after service of the complaint. This provision creates an extremely compressed schedule for defendants to review the patents, search for invalidating prior art documents, and prepare a inter partes petition to the PTO. Many cases that those in the technology industry face now involve multiple patents and multiple defendants. For example, in *In re Katz Interactive Call Processing Litigation*, Nos. 2009-1450, -1451, -1452, -1468, -1469, 2010-1017, 2011 WL 607381 (Fed. Cir. Feb. 18, 2011), thirty one patents were at issue with 1,975 claims in a case involving sixty five different defendants. In such complex litigation, time bars on reexamination petitions simply closes the door to inter partes reexamination. Recent studies show that such complex litigation is becoming more common such that longer timelines are needed for dealing with these complex cases.

Additionally, the proposed House bill creates tension with many district court scheduling orders in patent litigation. It is often difficult for defendants to determine the likelihood of success in an inter partes examination – or even the relevant prior art documents to present in a petition – before the claims of the patent at issue have been interpreted. District courts, however, routinely wait to interpret the patent claims until after considerable discovery has been made in a case. For example, the District Court for Eastern District of Texas's local rules provide for hearings on patent claim construction more than nine months after institution of the case. *See* Local P.R. 4-6 (E.D. Tex.).