

Strangers in a Strange Land

SPECIALIZED COURTS RESOLVING PATENT DISPUTES

By Lawrence M. Sung, Ph.D.

As the number of cases and disputes involving proprietary technology subject to intellectual property rights has increased in recent years, a decades-old view that such matters should be adjudicated exclusively by specialized courts and judges has experienced a renaissance. This call for specialized, or problem-solving, courts at both the federal and state levels is not unique to the intellectual property field, however. Indeed, there has been a significant movement over the past several years to establish specialized drug courts, community courts, mental health courts, and domestic violence courts. One common element among these efforts is the idea that specialized courts might better address the contextual nature of a dispute because of the judges' experience and familiarity with the underlying issues.

Translated to commercial technology matters, such expertise would highlight knowledge of particular industry customs and dynamics as well as the general nature of competitive enterprise. In the past, cost-benefit analysis arguments have been used to support the establishment of a specialized judiciary to address intellectual property rights (e.g., efficiency

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due to uniformity, expertise, and elimination of forum shopping, balanced against inefficiency due to isolation, hindered access, and due process concerns). Today, however, proponents of specialized courts cite the advantages that a cadre of self-motivated jurists in a novel opt-in approach could bring to the equation.

Patent litigation stands among the most complex, with disputes about cutting-edge technology muddled with esoteric and arcane language, laws, and customs. Even with the assistance of legal and technical experts as well as special masters, generalist judges and juries are often at sea almost from the beginning of a patent case. When compared to other adversarial actions, patent cases benefit significantly from having a judge hear the case who is familiar with technical issues.

What's Old Is New Again

The notion of specialized courts to decide technology disputes has a rich history with noteworthy milestones. Moreover, the United States is not alone in developing a specialized intellectual property judicial system. The United Kingdom, Japan, Germany, South Korea, Singapore, Thailand, and Turkey are among the countries that have instituted some type of specialized process to resolve technology issues. While their relative successes might be debatable, these interna-

tional efforts demonstrate the growing recognition of the importance of intellectual property rights worldwide.

Among the most noteworthy developments was the creation of the U.S. Court of Appeals for the Federal Circuit (CAFC), a specialized court designed to resolve technology disputes. This court was established in 1982 by the Federal Courts Improvement Act, and was formed by the merger of the Court of Claims and the Court of Customs and Patent Appeals. The CAFC has become the exclusive forum for patent appeals from the federal district courts nationwide. However, after the CAFC was created, efforts to instill similar specialized courts at the trial court level lost momentum instantly.

The CAFC's legislative mandate was to bring uniformity to the administration of the patent laws. Those critical of the CAFC's record in remaining faithful to this charge have arguably lost sight of the unsettled nature of the patent laws in the regional circuits before the Federal Courts Improvement Act. While the CAFC has achieved paradigmatic status in the debate over specialized courts, the question still remains: Does having a specialized appellate court obviate the need for specialized courts at the trial level?

Despite numerous efforts, empirical data to support or refute whether specialized trial judges and courts are

needed is still lacking. In 2005, Professor Kimberly Moore (since appointed to the Federal Circuit) presented her survey results before a U.S. House of Representatives subcommittee. Her research indicated that a possible remedy to the problems underlying the CAFC's high reversal rate would be the training and assignment of specialized patent judges at the trial level.

Meanwhile, increasingly critical commentary has focused on the staggering transactional costs of patent litigation and the associated effects across competitive industries, including obstacles to research and development and barriers to public access to patented technology. Widespread forum shopping (for example, filing cases in the U.S. District Court for the Eastern District of Texas) and the CAFC's high rate of reversal of district court judgments in patent cases also helped fuel the push for specialized patent courts. The landscape was ripe for legislative action.

Proposed Solutions

In 2007, the U.S. House of Representatives passed H.R. 34, which would provide for a pilot program within the U.S. district courts to create

specialized patent courts. These designated federal patent courts would have jurisdiction to hear cases relating to patents or plant variety protection. In addition to the assignment of all cases filed within a district to the specialized patent court, the judges in other district courts could refer patent cases to these courts.

The legislative framework contemplates at least five district courts in three separate regional circuits. The district courts would be chosen based upon those that have had the greatest number of patent or plant variety protection cases filed in the past year. The proposal embodies an opt-in approach in the sense that, to be eligible, the circuits must have at least 10 district judges and at least three judges who have requested to be designated as patent judges. The bill also provides \$5 million in annual funding to support the training of the district court judges and to recruit law clerks with specific expertise in technical matters.

The key advantages of such a program would be to reduce forum shopping, as more district court judges will refer cases involving patents or plant variety protection to these specialized courts. The attendant hope would be

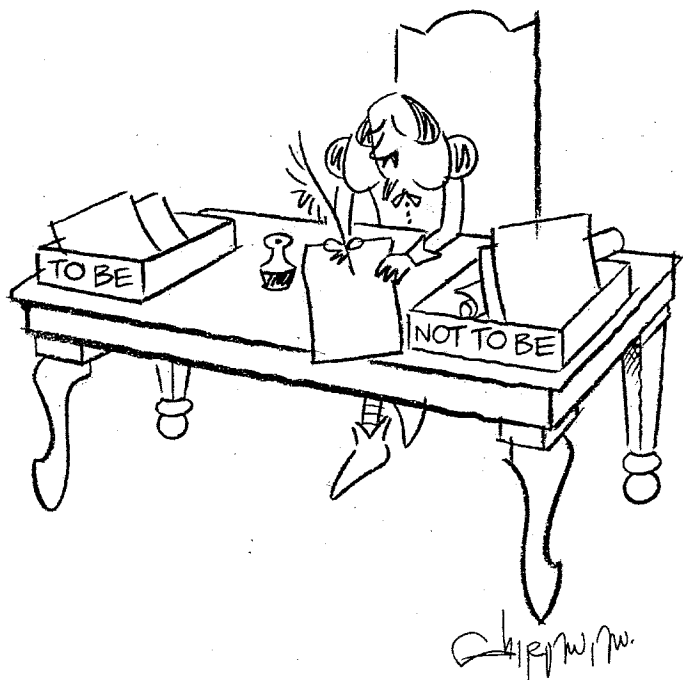
that the expertise of these specialized trial courts would result in a decrease in the CAFC's reversal rate. The bill awaits action in the U.S. Senate.

Perhaps less visible, but equally instrumental, has been the practice under Paul Michel's tenure as Chief Judge at the CAFC of incorporating into the exclusive appellate patent forum various judges (sitting by designation) from the regional circuits, particularly the trial judges from districts hearing the greatest number of patent cases (for example, Delaware, Massachusetts, the Northern District of California, the Northern District of Ohio, and the Southern District of Indiana). In addition, various U.S. district courts have begun to consider employing specialized patent law clerks to serve across the district in technology disputes. Furthermore, relying on arbitrators and mediators with technology backgrounds for alternative dispute resolution continues to be explored as an option for resolving technology cases.

Framing the Answer as a Question

A central question in the debate over creating specialized courts to resolve technology disputes tends to be overshadowed. To be most effective, do specialized patent judges need a technical background, an expert understanding of the patent laws, or something more? The focus traditionally has been on the first two aspects; however, the last aspect demands consideration as well. A judge who hears technology disputes regularly will develop an understanding of the role that intellectual property plays in a commercially competitive environment. Moreover, the key bit of knowledge that the experience imparts is that one size does not fit all when it comes to technology markets.

The superficial sense that "you've seen one, you've seen them all" belies the reality that in the intellectual property law arena, particularly involving patented technology, "when you've seen one, you've seen one." A patent litigation relating to a modem chipset bears little resemblance to a case where



the invention at issue is the derivation of a yeast species for the production of a recombinant protein nutritional supplement that makes farm-raised salmon pink. Indeed, the same conundrum about how a single statutory framework, largely enacted in the 1950s, can do justice in its application to technologies that were developed decades later (such as computer and molecular genetic technology) pertains here.

Without having a finer appreciation of how businesses use intellectual property rights as tools to gain competitive advantage, a jurist can succumb to the disembodied patent law precepts of claim construction and validity according to one of ordinary skill in the art at the time of the invention (sometimes decades earlier). The imputed technical competency and the temporal distortion are necessary evils in evaluating patent rights that plague even those charged with its administra-

tion, namely, the technical experts of the patent examining corps of the U.S. Patent and Trademark Office. Should the goal be to establish a cadre of the federal judiciary that rivals the expertise of the administrative agency?

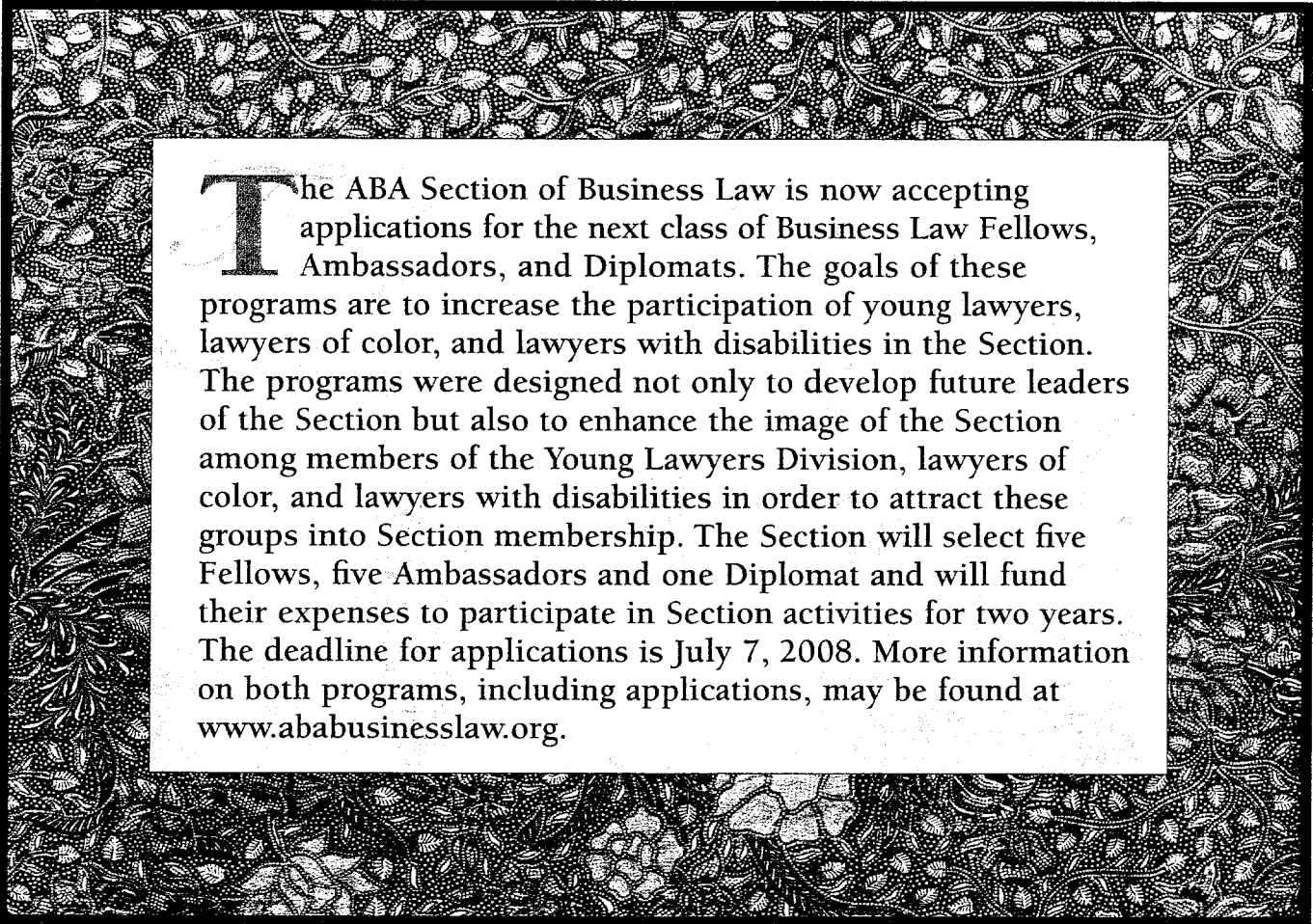
Such an outcome, even as an unintended consequence of efforts at judicial specialization, would seem unsatisfying. The key, therefore, rests with the feasibility of training judges about the dynamics of commercial competition where exclusivity in the form of patents or other intellectual property is an accepted part of doing business. The need for judges with specialized expertise, however, may or may not coincide with the establishment of specialized courts.

Partly Sunny or Partly Cloudy?

The nature of technology disputes can distract an otherwise inexperienced adjudicator from the crux of the controversy. Indeed, a judge may view a

case as merely a business conflict where the exclusivity facilitated by intellectual property rights creates unique competitive dynamics. Resolving a technology dispute should not be a search for scientific truth. If a trial starts heading in this direction, it may be a warning sign that the judicial management of the case has begun to unravel, whether prompted by the parties or not.

The inability to define or otherwise capture the essence of certain technology can no better be addressed by the law than by science. Given the shifting sands presented by the known and unknown limitations of according intellectual property rights to technology, a more informed approach to fairly resolving intellectual property cases may be to recognize self-identified judges who have experience in the business aspects of technology disputes. Employing these judges to resolve technology disputes may indeed improve the legal system. **BLT**



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