Statement by
John B. Pegram
on
"Improving Federal Court Adjudication of Patent Cases"

Before the
Subcommittee on Courts, the Internet, and Intellectual Property
Committee on the Judiciary
United States House of Representatives

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1. Introduction

Mr. Chairman and Members of the Subcommittee:

I am honored to have the opportunity to testify at this hearing in my individual capacity, as a concerned observer of the judicial and patent systems. My comments are my own, and not necessarily those of my firm or any other person, company or organization.

I have practiced law for nearly 40 years, primarily in the field of patent litigation. I am admitted to practice before many federal courts and the U.S. Patent & Trademark Office. I am now Senior Counsel with the New York office of Fish & Richardson P.C., one of the largest law firms primarily handling intellectual property matters. I have represented patent owners and defendants, individuals and companies, large and small.

I have long been active in intellectual property law organizations, and have written many articles and given many speeches on U.S. and international patent law and litigation topics. I am a Past President of the New York Intellectual Property Law Association and a past Director of the American Intellectual Property Law Association ("AIPLA"). Perhaps of particular relevance to this testimony are my past service as chair of AIPLA's patent litigation committee in the 1970s and again in the 1990s, and chair of the AIPLA's international patent committee. Starting over ten years ago, I have written and spoken at conferences about possible alternatives to the way we now handle patent cases at the trial level. Two of my published articles on this subject[1] are submitted with this statement, along with an article by U.S. District Judge James F. Holderman of the

[1] John B. Pegram, *Should There Be a U.S. Trial Court With a Specialization in Patent Litigation?* 82 J.PAT. & TM OFF.SOC. 765 (Nov. 2000) [hereinafter "Pegram 2000"]; John B. Pegram, *Should the U.S. Court of International Trade Be Given Patent Jurisdiction Concurrent With That of the District Courts?* 32 HOUSTON L.REV. 67 (1995) [hereinafter "Pegram 1995"].

United States District Court for the Northern District of Illinois, which endorses my proposal.[2]

2. Summary

In summary, I support the idea of conducting a detailed study of how federal trial court adjudication of patent cases might be improved. The problems are widely recognized. The causes are not well understood. Although there have been many proposed "solutions," there has been little detailed study to date that might help Congress enact practical legislation in this area.

My statement today addresses some of the inefficiencies in the present system for federal court adjudication of patent cases at the trial court level, and discusses some of the standards that can be used in evaluating the present system and proposed improvements.

I have concluded that the most practical first step would be to give the United States Court of International Trade parallel jurisdiction with the U.S. District Courts in patent litigation, so that it could function as an alternative forum for development of improved patent litigation procedures under the supervision of the Court of Appeals for the Federal Circuit. I hope that this proposal, described in detail in the articles I have submitted, will be given serious consideration.

3. The Present System for Adjudicating Patent Cases

Our forefathers recognized that one of the primary functions of government is to provide a judicial system for adjudication of disputes. The system they established 200 years ago for adjudication of patent disputes at the initial, "trial" court level was appropriate for the tiny number of patent cases, and difficulties in transportation and communication at that time. A review is appropriate in the light of present circumstances.

In the present system for adjudicating patent cases in the United States, each of over 90 district courts has patent subject matter jurisdiction.[3] Almost all appeals involving issues of patent law are heard in the semi-specialized Court of Appeals for the Federal Circuit.[4] Because the latter court already is semi-specialized, we will discuss it first.

3.1 The Federal Circuit—A Specialized Court for Patent Appeals

The Court of Appeals for the Federal Circuit was established by the Federal Courts Improvements Act, which merged the existing Court of Customs and Patent

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2 James F. Holderman, *Judicial Patent Specialization: A View from the Trial Bench*, 2002 J. L. TECH. & POL'Y 425 (2002) [hereinafter "Holderman"] (copy submitted with this testimony).

3 28 U.S.C. § 1338(a).

4 28 U.S.C. §§ 1292(c), 1295(a).

Appeals ("CCPA") with the appellate division of the Court of Claims, effective October 1, 1982.[5] Among the principal reasons for forming the Federal Circuit was to improve the uniformity of patent decisions and the stability of patent law, by establishing a single circuit court for all patent appeals. The Supreme Court had observed that there was a "notorious difference" between the standards of patentability applied by the Patent Office and the courts,[6] and there were significant divergences between the regional courts of appeals which led to rampant forum shopping.

The CCPA's principal jurisdiction had been over appeals from decisions of the Patent and Trademark Office ("Patent Office"), which related to applications for patents and trademark registrations, and decisions of the Court of International Trade (formerly the Customs Court), which related primarily to actions against the federal government under the Tariff Act. The CCPA also had jurisdiction over appeals from the United States International Trade Commission ("ITC"), including appeals from ITC decisions on complaints for unfair competition involving importation of goods infringing a U.S. patent or made by a process patented in the United States.

The Court of Claims' principal pre-merger jurisdiction was a variety of types of claims against the United States for compensation, including exclusive jurisdiction over claims seeking compensation for use or manufacture of a patented invention by or for the United States.

Generally, the assignment of substantially all patent appeals to the Federal Circuit has been viewed as a success. One significant shortfall has been that—because each district court is in a regional circuit and supervised by a regional court of appeals—uniform procedures have not developed in many areas of district court patent litigation practice. The Federal Circuit limited its procedural guidance to matters considered unique to patent litigation[7] and has avoided supervisory rulings.[8]

The availability of Federal Circuit review on appeal is not an adequate substitute for improved adjudication at the initial level, now the district courts. While Congress expected the Federal Circuit to have "adequate time for thorough discussion and deliberation,"[9] the late Judge Rich of that court described that idea as "quaint" more than

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5 For discussions of specialization of the Court of Appeals for the Federal Circuit, *see generally* Rochelle Cooper Dreyfuss, *Specialized Adjudication*, 1990 B.Y.U. L. REV. 377; Rochelle Cooper Dreyfuss, *The Federal Circuit: A Case Study in Specialized Courts*, 64 N.Y.U. L. REV. 1 (1989) [hereinafter "Dreyfuss, *Federal Circuit*"].

6 *Graham v. John Deere & Co.,* 383 U.S. 1 (1966).

7 *See, e.g., Ericsson Inc. v. InterDigital Communications Corp.,* 418 F.3d 1217, 1220-21 (Fed. Cir. 2005).

8 *See generally* Dreyfuss, *Federal Circuit*, *supra* note 5, at 37-52.

9 S.REP. NO. 275, 97th Cong., 2d Sess. 7 (1981), *reprinted in* 1982 U.S.C.C.A.N. 17.

ten years ago.[10] The Federal Circuit's busy docket permits only limited time for consideration of each appeal. Patent litigation is only a small part of the Federal Circuit's jurisdiction, accounting for less than 20% of the caseload, but requiring a somewhat larger percentage of the judges' time due to the relatively high level of complexity. When I looked into this subject several years ago, I found that in a typical month, each Federal Circuit judge received about 2000 pages of briefs and an average of more than one new appeal every business day. No doubt they receive much more now.

3.2 U.S. Patent Trial Courts—Today

At present, the trial courts for U.S. patent litigation are the 90+ United States District Courts. These are courts having broad federal jurisdiction.

In FY 2004, ending September 30, 2004, a total of 3,075 new patent cases were filed in the district courts, up 9.3% over FY 2003.[11] 2,744 patent cases were terminated by the district courts in FY 2004. 824 (30%) of the terminated cases ended without any court action. 1,453 (53%) were terminated by court action before the final pretrial conference. 369 (13.4%) were terminated by court action during the pretrial conference or thereafter, before trial. Only 98 (3.6%) cases were terminated by trial.[12]

Appeals from district courts in 478 cases, substantially all patent cases, were filed in the Federal Circuit in 2004.[13] A large number of these involved the construction (or interpretation) of the patent claims by the trial judge. A 2002 article by Associate Professor Kimberly Moore of George Mason University School of Law reported "that district court judges improperly construe patent claim terms in 33% of the cases appealed to the Federal Circuit."' That article concluded: "The 33% reversal rate of district court claim construction suggests that judges are not, at present, capable of resolving these issues with sufficient accuracy. This infuses the patent system with a high degree of uncertainty until the Federal Circuit rules on claim construction."[14] This rate of reversal is above the norm. As Judge Holderman has pointed out, "for comparison purposes, the national reversal rate of the District Courts of our country in the twelve regional United States Court of Appeals in all other types of cases, both criminal and civil, is less than

10 Giles S. Rich, *My Favorite Things*, 35 IDEA 1, 9-10 (1994).

11 Administrative Office of the U.S. Courts, JUDICIAL BUSINESS OF THE UNITED STATES COURTS—2004 (hereinafter "AO 2004 REPORT"), Table C-2A at http://www.uscourts.gov/judbus2004/appendices/c2a.pdf

12 *Id.*, Table C-4 at http://www.uscourts.gov/judbus2004/appendices/c4.pdf

13 *Id.*, Table B-8 at http://www.uscourts.gov/judbus2004/appendices/b8.pdf

14 Kimberly A. Moore, *Are District Court Judges Equipped to Resolve Patent Cases?*, 12 FED. CIR. B.J. 1, 32 (2002).

10%. This means on average in cases appealed to the regional U. S. Courts of Appeals, we, U.S. District Judges, get it right better than 90% of the time."[15]

There were 679 authorized judgeships in the district courts as of September 30, 2004, the end of FY 2004. The average number of pending cases of all types was 414 per judgeship.[16] The burden on the regular district judges is relieved to a degree by 291 senior district judges who work sufficiently regularly to be provided with a staff.[17] Cases in each district usually are assigned randomly, although case weighting is sometimes considered to avoid having a judge be assigned a disproportionate number of difficult or easily resolved types of cases.[18]

The district judges have too little exposure to patent litigation to develop the skills necessary for efficient conduct of such litigation. In FY 2004, the average judge receives 4-5 new patent cases each year, around 1% of the judge's caseload. Because the number of patent cases reaching trial each year has been relatively steady at around 100 for many years, on average each district judge has one patent trial every seven years.

Judge Holderman has explained:

> My duties as a U.S. District Judge require that I be a generalist. As one of the 665 active U.S. District Judges (in 2002), I must address each of the various cases randomly assigned to me in our district court, both civil and criminal cases. Only senior judges, who are 65 years of age or older and who voluntarily have given up their positions as active judges to take senior status, can turn away cases which are otherwise randomly assigned to them. I cannot, except in the rare instance of recusal.[19]
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> Typically, U.S. District Judges have little or no background experience in patent litigation to draw upon as they come to the bench. I know that when my credentials were being reviewed for my position as a U.S. District Judge, the President of the United States did not ask if I had patent infringement experience. Also, U.S. District Judges, in addition to their other caseload commitments and the pressed statutory time limits of the U.S. Criminal Speedy Trial Act19 and the U.S. Civil Justice Reform Act,20 typically feel burdened by the time commitment

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15 Holderman, *supra* note 2, at 427.

16 *Id.*, Table 3 at p. 16, http://www.uscourts.gov/judbus2004/front/JudicialBusiness.pdf; *see* Table X-1A at http://www.uscourts.gov/judbus2004/appendices/x1a.pdf

17 *Id.* at p. 33.

18 *See* AO 2004 REPORT, *supra* note 11, at pp. 22-24.

19 Holderman, *supra* note 2, at 428.

> it takes to fully understand and carefully evaluate the subtle nuances of the technology and the law of patent litigation.[20]
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> [O]nly when a patent case comes our way do we brush-up on the latest developments in patent law. We do not as a matter of course receive the opinions issued by the United States Court of Appeals for the Federal Circuit in chambers as we U.S. District Judges do the opinions of our respective regional federal appellate courts.[21]

Patent cases are typically much more time-consuming for the judiciary than most other types of cases. For example, the median number of days for civil trials of all types is three days. 94% of all trials are completed in less than ten days in FY 2004.[22] However, five of the 26 cases requiring 20 or more trial days were patent cases.[23] Although I am not aware of any statistics relating to time devoted to pretrial proceedings of various types, I venture a guess—based on my experience and observations, that the judicial time consumed by patent pretrial proceedings is far more than in an average federal litigation.

Also, the non-uniformity of district court procedures in patent cases has increased the cost of litigation. The Civil Justice Reform Act of 1990 ("CJRA") required district courts to experiment with different procedures through development of a "civil justice expense and delay reduction plan."[24] "The purposes of each plan are to facilitate deliberate adjudication of civil cases on the merits, monitor discovery, improve litigation management, and ensure just, speedy, and inexpensive resolution of civil disputes."[25] While the CJRA lead to procedures which were found more effective in many districts, it also created many procedural differences between districts and new reasons for forum shopping.[26] As noted above, the Federal Circuit has limited its procedural guidance to matters considered unique to patent litigation.[27]

4. Past Suggestions

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20 Holderman, *supra* note 2, at 429, citing 18 U.S.C. §§ 3161-3174 (2002) (Criminal Speedy Trial Act) and 28 U.S.C. §§ 471-482 (2002) (Civil Justice Reform Act).

21 *Id.*.

22 AO 2004 REPORT, *supra* note 11, Table T-2 at http://www.uscourts.gov/judbus2004/appendices/t2.pdf

23 *Id.*, Table C-9 at http://www.uscourts.gov/judbus2004/appendices/c9.pdf

24 28 U.S.C. § 471-82.

25 28 U.S.C. § 471.

26 *See, e.g.*, Edwin J. Wesely, *The Civil Justice Reform Act; The Rules Enabling Act; The Amended Federal Rules of Civil Procedure; CJRA Plans; Rule 83 What Trumps What?* 154 F.R.D. 563 (1994); Carl Tobias, *Finding the New Federal Civil Procedures*, 151 F.R.D. 177 (1994).

27 *See* notes 7-8, *supra*.

Over the past 15 years, commentators and scholars have offered various suggestions for improving the trial court handling of patent cases. The 1992 Report of the Advisory Commission on Patent Law Reform suggested increasing the expertise of courts handling patent cases either by restricting patent jurisdiction to a single court in each of the 13 regional circuits, or by assignment of patent cases to designated judges in each district who would develop special expertise in patent litigation.[28] Developments since that time indicate a greater need for judicial expertise in patent litigation. For example, the average caseload of district judges has increased. Also, decisions of the Federal Circuit and Supreme Court in *Markman v. Westview Instruments, Inc.*[29] and later Federal Circuit decisions, such as *Vitronics Corp. v. Conceptronic Inc.*,[30] have increased the role of judges in patent claim interpretation, by directing that judges should interpret the language of patent claims.

Other proposals for improving the trial court handling of patent cases have included: (1) appointing expert judges or expert magistrate judges;[31] (2) designating a single judge in each district court to hear all patent cases;[32] (3) using more special masters to construe patent claims;[33] and (4) using "educated" juries and requiring technical qualifications of jurors in patent trials.[34] As Judge Holderman has written, "Each of these suggestions is a good idea, but why not have a specialized trial court to deal with patent cases that is not encumbered by the burdens and distractions we generalist U.S. District judges face?"[35]

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[28] *Id.* at 26, 97-99.

[29] 116 S.Ct. 1384 (1996), *aff'g* 52 F.3d 967 (Fed. Cir. 1995) (*en banc*).

[30] 90 F.3d 1576 (Fed. Cir. 1996).

[31] Edward V. DiLello, *Note, Fighting Fire With Firefighters: A Proposal for Expert Judges at the Trial Level*, 93 COLUM L. REV. 473, 490-91 (1993).

[32] ADVISORY COMM'N ON PATENT LAW REFORM, REPORT TO THE SECRETARY OF COMMERCE [hereinafter "ADV. COMM. REPORT"] (August 1992) at 75 (The Advisory Commission on Patent Law Reform was formed by the Secretary of Commerce in1990).

[33] Kenneth R. Adamo, *Get on Your Marks, Get Set, Go; Or "And Just How Are We Going to Effect Markman Construction In This Matter, Counsel?,"* in PATENT LITIGATION 2000, at 175, 205 (PLI Patents, Copyrights, Trademarks and Literary Property Practice Course, Handbook Series No. 619, 2000).

[34] See, e.g., Davin M. Stockwell, *A Jury of One's (Technically Competent) Peers?*, 21 WHITTIER L. REV. 645 (2000) (arguing in favor of technical qualifications for jurors in patent cases); Franklin Strier, *The Educated Jury: A Proposal for Complex Litigation*, 47 DEPAUL L. REV. 49 (1997) (proposing use of educated jurors in patent litigation because lay jurors are ill-equipped to deal with the complexity of the issues being tried).

[35] Holderman, *supra* note 2, at 430-31.

Elimination of jury trials in patent cases also has been suggested; however, there is a Constitutional right to jury trial on at least some patent issues, and—while the perception is that the use of juries in patent cases is frequent, is growing and increases cost—in fact, only about three percent of all U.S. patent cases are decided by a jury. Although, it appears the parties go to greater expense to dramatically present the evidence to juries than might have been done when the audience was a district judge, the elimination of juries would not significantly reduce the burden of patent litigation in 97% of the cases which do not proceed to jury trial. Also, the presence of a jury forces simplification and acceleration of trials once they begin, and is likely to reduce interruptions. A verdict is rendered promptly at the end of the trial. All of these factors can contribute to the reduction of cost. When all factors are considered, I believe that it is desirable for any alternative forum to be staffed by Article III judges and have the capability of trial by jury.

5. Specialized Courts[36]

There have been a number of published papers regarding specialized courts in the United States, including those by Professor Lawrence Baum,[37] a political scientist, Professor Rochelle Cooper Dreyfuss,[38] a legal scholar, and the present author.[39] In this section, we briefly address some of the issues regarding specialized courts that may be used in evaluating the current patent trial court system and proposals for one or more specialized patent courts.

5.1 Dimensions of Specialization

Specialization of courts is not new. Like specialization in the field of medicine, specialization makes sense in adjudication of cases when there is sufficient volume to justify it. In the state systems, for many years there have been specialized courts, such as family, surrogate and housing courts. The late Chief Justice Rehnquist praised the contributions of a specialized court, the Delaware Court of Chancery, to our national system of justice on the occasion of its 200th anniversary.[40] In the federal system, we have two Article I specialized courts, the U.S. Tax Court and the U.S. Court of Federal Claims, and one Article III specialized court, the U.S. Court of International Trade ("CIT"),

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36 Portions of this part are abstracted from Pegram 1995, *supra* note 1, at 121-35, to which the reader is referred for a more detailed discussion and citations of sources.

37 Lawrence Baum, *Specializing the Federal Courts: Neutral Reforms or Efforts to Shape Judicial Policy*, 74 JUDICATURE 217 (1991).

38 *See supra* note 5.

39 *See supra* note 1.

40 William H. Rehnquist, *The Prominence of the Delaware Court of Chancery in the Federal-State Joint Venture of Providing Justice,* 48 BUS. LAW. 351 (1992).

formerly the Customs Court. We also have a *de facto* semi-specialized patent court in Delaware.

There is, however, a long history of resistance to specialization in the United States judicial system on grounds of *narrowness*, which is the extent to which particular kinds of cases dominate a court's work. The two principal criticisms of courts with narrow jurisdiction are isolation and the possibility that a court with narrow jurisdiction would be "captured" by a segment of its constituency. In creating the Federal Circuit, Congress avoided establishment of a Court with a single specialty by giving it appellate jurisdiction in several specialized fields and by requiring the assignment of judges to panels in rotation, rather than assignment based on fields of expertise. In the past 15 years, however, there has been a successful trend toward the establishment of specialist state business and commercial courts.[41]

Japan has recently established a single "IP High Court" as a single court of appeals in patent cases, and has concentrated trial level patent litigation in IP divisions of district courts in its two largest cities, Tokyo and Osaka.[42]

5.2 Neutral Virtues

The most common measures of success of a specialized court are what Professor Baum refers to as "neutral virtues."[43] They include greater expertise through assignment to judges who either come to the court with a specialist's understanding or develop such an understanding through service on the court, enhanced efficiency through reduced caseloads in the generalist courts and assigning the cases to a court which can dispose of them more quickly, and legal uniformity through concentration in a single court.

5.2.1 Expertise in Patent Law and Patent Litigation

Patent lawyers, academics and judges appear to agree that judicial expertise in patent law is particularly desirable. The statistics, however, show that U.S. federal district judges on average have insufficient exposure to patent litigation to develop expertise in patent law and patent litigation. The result is what one might expect. As Judge Avern Cohn of the Eastern District of Michigan has reported, "[D]istrict judges have to

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41 *See* Pegram 2000, *supra* note 1, at 781.

42 http://www.ip.courts.go.jp/eng/ . *See also*, Holderman *supra* note 2, at 428; Pegram 2000, *supra* note 1, at 773-80; Pegram 1995, *supra* note 1, at 102-12; Toshiko Takenaka, *Comparison of U.S and Japanese Court Systems for Patent Litigation: A Special Court or Special Divisions in a General Court?*, CASRIP Publication Series: Streamlining International Intellectual Property, at http://www.law.washington.edu/casrip/Symposium/Number5/pub5atc16.pdf (Autumn 1999); Jiang Zhipei, *The Presentation of the Supreme Court Justice Concerning Patent Protection in the International Judges Conference*, at http://www.chinaiprlaw.com/

43 Baum, *supra* note 37.

constantly learn and re-learn patent law. They simply cannot keep current with developments in the law."[44]

Clearly, the Federal Circuit has developed patent expertise of a higher average level than that previously found in the regional circuits, as a result to deciding over 200 patent appeals per year. The fact that the Federal Circuit has a principal responsibility for the patent system, rather than for the odd case to decide, contributes to the development of that expertise.

5.2.2 Technical Expertise

The possibility of developing technical expertise in a United States federal court is a more difficult issue. Both attorneys and judges have suggested a need for such expertise. When patent appeals were still heard in the regional circuits, Judge Friendly of the Second Circuit author of many well-reasoned patent decisions complained:

> This patent appeal is another illustration of the absurdity of requiring the decision of such cases to be made by judges whose knowledge of the relevant technology derives primarily, or even solely, from explanations of counsel and who, unlike the judges of the Court of Customs and Patent Appeals, do not have access to a scientifically knowledgeable staff.[45]

Realistically, the lack of technical expertise among district and circuit judges is unlikely to change significantly. Unlike the United States Tax Court, in which all of the judges have some type of tax experience, it appears unlikely that a substantial number of technically trained judges would be appointed to the federal bench. Indeed, the Federal Courts Study Committee concluded its examination of how courts handle scientific and technological complexity in litigation by saying that "Because scientific and technological questions arise sporadically, we do not propose regular training for all, or even all new, federal judges; it might be untimely or wasted."[46]

The Federal Circuit apparently has not found a great need for technical expertise. According to Federal Circuit Judge Plager, "the patent law cases ... that we get ... tend not to be primarily problems of technology. They tend to be primarily problems of law. .... [T]he technological side of patent law at the appellate level is less significant than the

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44 Avern Cohn, *Tenth Annual Judicial Conference of the Court of Appeals for the Federal Circuit*, 146 F.R.D. 205, 372 (1993).

45 *General Tire & Rubber Co. v. Jefferson Chem. Co.*, 497 F.2d 1283, 1284 (2d Cir. 1974) (note omitted).

46 FEDERAL COURTS STUDY COMMITTEE REPORT 97 (1990). (The Federal Courts Study Committee was appointed by the Chief Justice pursuant to the Federal Courts Study Act of 1988, Pub. L. No. 100-702, 102 Stat. 4642, 4644).

fundamental legal questions we have to deal with."[47] The Federal Circuit, however, benefits from the assistance of law clerks with science or engineering degrees, and a central staff of technical advisors.

5.2.3 Efficiency

Efficient handling of patent litigation can be evaluated in terms of efficient operation of the judicial system and of the patent system. The efficiency objectives of the two systems are not always consistent. This paper addresses efficiency primarily from the point of view of participants in individual patent cases.

Concentration of all patent appeals in the Federal Circuit clearly benefited the efficiency of the judicial system by removing the burden of patent litigation from the regional courts of appeals. The statistics show that the Federal Circuit is promptly deciding the average appeal in less than a year from filing. The court is a busy place, with each judge on average receiving a new appeal every day, participating in a decision every day and participating in a patent decision at least once a week. Indeed, Professor Dreyfuss notes, the Federal Circuit may have been "too successful" in the sense that its clarification of patent law and its greater recognition of the statutory presumption of validity may have lead to an increase in judicial resolution of patent disputes.[48] While such a success does not greatly relieve the burdens of the judicial system, it is likely to benefit the patent system and the American economy.

5.2.4 Uniformity of Decisions

Uniformity of patent decisions is desirable because it leads to predictability. A principal benefit of predictability is that it reduces the need for litigation, making it more likely that a question will be avoided or resolved directly by the parties. Professor Dreyfuss expressed the patent system's need for uniformity in decision making as follows:

> Patent law is ... unique in that its primary if not exclusive objective is to motivate future behavior. This goal is frustrated if the producers and customers of patentable information ... cannot predict with some degree of confidence what the law will be across the nation.[49]

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[47] Jay S. Plager, *Tenth Annual Judicial Conference of the Court of Appeals for the Federal Circuit*, 146 F.R.D. 205, 244 (1993).

[48] Dreyfuss, *Federal Circuit*, *supra* note 5, at 24.

[49] *Id.* at 67-68. *See* Henry J. Friendly, *Adverting the Flood by Lessening the Flow*, 59 Cornell L. Rev. 634, 639 (1974) (arguing that specialization would be more valuable to [consumers of patent law] than to criminals, who do not plan their activity with an eye fixed on the Bill of Rights, criminal law or rules of evidence).

One of the principal reasons for assigning all patent appeals to a single appellate court, the Federal Circuit, was to achieve greater predictability through uniformity of decisions and doctrinal stability. Clearly, it has had some success in that respect. Professor Dreyfuss found that, on the whole the empirical data indicates that the Federal Circuit had made patent law more *precise*, in a way permitting the Patent Office, courts and practitioners to apply it with greater ease; and that the court had achieved greater *accuracy*, meaning correctness.

5.2.5 Access

Accessibility of courts also is an important consideration. It has both geographic and temporal aspects. Improved communication systems can reduce the need for frequent visits to the courthouse. Indeed, I frequently holds conference with a local judge and communicate with him by telephone and facsimile, although the courthouse is only a few miles from my office. Perhaps a more important aspect of accessibility is the availability of judges to knowledgeably manage litigation and resolve discovery disputes.

Access has not been a significant obstacle for patent disputants before the Federal Circuit. In large part, however, that is because usually it is only necessary to visit an appellate court once, for oral argument.

6. My CIT Proposal

I suggest granting the United States Court of International Trade ("CIT") concurrent jurisdiction with the district courts in patent cases. That court, has nine authorized judges and an existing courthouse-headquarters. The CIT judges are of the same rank as district judges, being appointed under Article III of the Constitution.

Access to the CIT would not be a significant problem. The CIT is unique in that it already has nationwide jurisdiction and the ability to hold trials at any place in the United States. The CIT can and does hold jury trials where required by law. It has no criminal docket to delay its proceedings and, perhaps most significantly, the CIT judges appear to have available time.[50]

Although the current CIT judges do not now have patent experience, they would develop it through concentration of a substantial number of cases in that court. Significantly, the CIT is in the Federal Circuit and subject to direct supervision by its Court of Appeals. That fact, and the existence of its own rules (similar to the Federal Rules of Civil Procedure) and broad rule-making authority, would permit the development of procedural law for patent litigation and simplified procedures for patent

[50] 767 new cases were filed in the CIT in FY 2004, about 85 cases for each of the nine authorized judgeships. AO 2004 REPORT, *supra* note 11, at pp. 34-35; CIT website at http://www.cit.uscourts.gov/informational/about.htm#COMPOSITION (number of judges).

cases. That should not only reduce the burdens of litigation in the CIT, but also provide an example for the district courts, which would retain parallel jurisdiction.

In accordance with my proposal, the CIT could adjudicate not only those infringement and declaratory judgment cases that a party chooses to file there, but also would be available for transfer of cases from overburdened and inconvenient forums.

7. Conclusion

In conclusion, I thank the Subcommittee for its consideration of possible improvements in federal court adjudication of patent cases and consideration of my CIT proposal.

I also thank the subcommittee for its work on substantive patent law improvements and elimination of patent fee diversion, which—in tandem with adjudication improvements—should move us toward a better patent system for the 21st Century.

Attachments:

Resume of John B. Pegram.

Summary of Statement by John B. Pegram.

James F. Holderman, *Judicial Patent Specialization: A View from the Trial Bench*, 2002 J. L. TECH. & POL'Y 425 (2002).

John B. Pegram, *Should There Be a U.S. Trial Court With a Specialization in Patent Litigation?* 82 J.PAT. & TM OFF.SOC. 765 (Nov. 2000).

John B. Pegram, *Should the U.S. Court of International Trade Be Given Patent Jurisdiction Concurrent With That of the District Courts?* 32 HOUSTON L.REV. 67 (1995).

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