BECKY THORSON

Intellectual Property Law

This month's theme issue of *The Federal Lawyer* addresses some recent developments in intellectual property law. Patent litigation continues to be a very hot area in the field, and lawyers can continue to look to additional developments in the near future. The U.S. Supreme Court will consider the scope of patentable subject matter following the Federal Circuit's en banc decision in *In re Bilski,* 545 F.3d 943 (Fed. Cir. 2008) (en banc), *cert. granted sub nom. Bilski v. Doll,* 129 S. Ct. 2735 (2009). In addition to substantive issues, Congress and the courts will continue to consider how patent cases can be handled most effectively and efficiently.

Venue and Rocket Dockets

The Federal Circuit's decision in *In re TS Tech USA Corp.*, 551 F.3d 1315 (Fed. Cir. 2008), triggered a surge of motions to transfer cases involving patent infringement to other courts. In *TS Tech*, the plaintiff, Lear, a Delaware corporation with its place of business located in Michigan, sued three TS Tech entities in the Eastern District of Texas. Two of the three defendants were Ohio corporations with principal places of business in Ohio; the third was a Canadian corporation. Lear argued that the Eastern District of Texas was an appropriate venue, because vehicles containing the headrest that allegedly infringed its patent were sold in Texas. The Federal Circuit—hearing the case on a writ of mandamus and relying on Fifth Circuit case law—transferred the case to the Southern District of Ohio on the grounds of forum non conveniens.

Other significant decisions followed. In *In re Genentech Inc.*, 566 F.3d 1338 (Fed. Cir. 2009), the Federal Circuit discussed how the convenience of various witnesses factored into the venue analysis. In *In re Volkswagen of America Inc.*, 566 F.3d 1349, 1351 (Fed. Cir. 2009), the Federal Circuit considered that "the existence of multiple lawsuits involving the same issues is a paramount consideration." Following the Federal Circuit's decisions, the litany of cases decided in the district courts analyze the various factors that the courts weigh when considering a motion to transfer. Lawyers handling patent cases should stay tuned to how these decisions about venues impact court dockets.

Patent Reform

While patent reform legislation introduced by Sen. Patrick Leahy (D-Vt.), the chairman of the Senate Judiciary Committee, and Sen. Orrin Hatch (R-Utah), the ranking member on the committee, remains pending, discussion of patent reform will continue. Patent Reform Act of 2009, S. 515, 111th Cong. (2009). Proposals, if adopted, could fundamentally change the nature of patent rights, which spring from the U.S. Constitution. Past and current proposals have included the following reforms:

- limiting or enhancing damages for infringement;
- limiting venue options to the plaintiff who is filing a patent case; and
- awarding a patent to the first party to file, rather than to the first to invent the product or method; a first-to-file system is in line with the process adopted by the international community, and such changes would preclude inventors from swearing behind prior art.

Changes to patent laws could affect litigants' access to courts and tribunals. Congress should consider whether proposed legislation will cure real problems. In his State of the Court speech delivered on June 19, 2009, Chief Judge Paul R. Michel of the U.S. Court of Appeals for the Federal Circuit stated that "[t]he greatest threat to speedy dispositions appears in the patent reform bills pending in Congress." Chief Judge Paul R. Michel, 2009 State of the Court speech, Federal Circuit Bar Association Bench-Bar Conference, White Sulphur Springs, W. Va., at 2 (June 19, 2009), available at www.cafc.uscourts.gov/soc09.pdf. According to Chief Judge Michel, bills providing for interlocutory appeals, if adopted, would significantly delay the disposition of patent cases. *See id.*

Is patent reform, as Chief Judge Michel has discussed, a reaction to untrue myths including runaway damages verdicts and an out-of-control explosion of litigation? The calculation of royalties involves "simple arithmetic" and, "if done properly, will yield a truly reasonable royalty." Chief Judge Paul R. Michel, *A Strong Patent System*, Speech at the Association of Corporate Patent Counsel, at 1–2 (Jan. 28, 2009), available at www.cafc.uscourts.gov/pdf/1-28-09_CJMACPC_Speech.pdf. Commenting on the explosion of litigation, Judge Michel

explained that fewer than 100 cases per year are tried and that the Federal Circuit's reversal rates are often cited without context of the number of cases that are resolved, are settled, or require second trials to "assure lawfulness and fairness." *Id*. at 2.

The patent bar has a unique opportunity to weigh in on the issue. Chief Judge Michel's plea to the patent bar to participate in the discussion in order to "prevent unintended harm from a few poorly drawn legislative proposals" could not be more direct:

> I suggest we all bear responsibility to assure Congress gets the truth, the whole truth, and nothing but the truth; as the common cliché puts it: "everyone is entitled to their own opinion, but not their own facts." Once the full facts are presented, both Congress and courts can do their respective parts to make necessary improvements, but still do no harm. I, for one, place great hope in all of you informing the Congress and the Federal Circuit, both directly and through ongoing proceedings in the Federal Trade Commission.

Id. at 4. Intellectual property is one of our most important national assets; therefore, Judge Michel's points should provoke both thought and action.

Look to Local Rules to Manage Patent Cases

District courts continue to adopt local rules for the efficient handling of patent cases. The Northern District of Illinois recently adopted local rules. *See Local Patent Rules for the United States District Court for the Northern District of Illinois* (adopted Sept. 24, 2009), available at www.ilnd.uscourts.gov/home/LocalRules.aspx?rtab=patentrules. Other district courts, such as the District of Minnesota, have adopted flexible and highly practical procedures and tools, including a custom Rule 26(f) form for patent cases and a model protective order to avoid protracted and expensive litigation that often stalls the discovery process. *See Local Rules for the United States District Court for the District of Minnesota*, available at www.mnd.uscourts.gov/local_rules/index.shtml. The model protective order was so successful in the District of Minnesota that a similar protective order was proposed for non-patent cases. *See Forms and Guidelines for the Local Rules for the United States District Court for the District of Minnesota*, available at www.mnd.uscourts.gov/local_rules/forms.

Other district courts have also adopted local rules for patent cases, including the following:

- Northern District of California (available at www.cand.uscourts.gov/CAND/LocalRul.nsf)
- Southern District of California (available at www.casd.uscourts.gov/uploads/Rules/Local%20Rules/LocalRules.pdf)
- Northern District of Georgia (available at www.gand.uscourts.gov/pdf/NDGARulesPatent.pdf)
- Eastern District of Missouri, Rules of Practice for Patent Cases Pending Before the Honorable Charles A. Shaw (available at www.moed.uscourts.gov/judges/cas.html)
- District of New Jersey (available at www.njd.uscourts.gov/rules/completeRules-1-1-09.pdf)
- Eastern District of North Carolina (available at www.nced.uscourts.gov/flashhtml/LocalRules/NCED-Local_Rules.htm)
- Eastern District of Texas (available at www.txed.uscourts.gov/Rules/LocalRules/Documents/Appendix%20M.pdf)
- Southern District of Texas (available at www.txs.uscourts.gov/district/rulesproc/patent.htm)
- Western District of Pennsylvania (available at www.pawd.uscourts.gov)
- Western District of Washington (available at www.wawd.uscourts.gov/documents/referencematerials/localrules/amendedlocalrules/local%20patent%20rules.pdf)

Some courts have adopted one or more rules directed at patent cases. *See, e.g., Local Rules for the United States District Court for the District of Delaware*, available at www.ded.uscourts.gov/Index.htm. Lawyers should also look to changes to procedural rules for district courts following the timing amendments to the Federal Rules of Civil Procedure, which will take effect on Dec. 1, 2009.

The Federal Bar Association—including its sections, divisions, chapters, and programs—helps attorneys who specialize in intellectual property litigation to stay abreast of developments and work cooperatively with members of both the bar and bench. In this issue, William Roberts, who chairs the FBA's Intellectual Property and Communications Law Section, provides a helpful overview of the section's activities and its priorities. Also, Patrick Arenz discusses the Minnesota Chapter's Intellectual Property Practice Group's work. Your involvement is welcome. **TFL**

Becky Thorson is a partner at Robins, Kaplan, Miller & Ciresi LLP and a member of the FBA's editorial board. *The author thanks Mary Kiedrowski for her assistance.*

Editorial Policy

The Federal Lawyer is the magazine of the Federal Bar Association. It serves the needs of the association and its members, as well as those of the legal profession as a whole and the public.

The Federal Lawyer is edited by members of its editorial board, who are all members of the Federal Bar Association. Editorial and publication decisions are based on the board's judgment.

The views expressed in *The Federal Lawyer* are those of the authors and do not necessarily reflect the views of the association or of the editorial board. Articles and letters to the editor in response are welcome.