

ALTERNATIVES TO DISTRICT COURT PATENT LITIGATION: REFORM BY ENHANCING THE EXISTING ADMINISTRATIVE OPTIONS

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ABSTRACT

The American patent system, mired with rising costs and uncertainty, is in need of reform. To address these issues, the United States needs a viable proceeding to challenge the validity of granted patents and a forum specialized in patent matters to hear infringement litigation trials. Rather than implement proposals from legislators and commentators that may be too duplicative, incremental, or heavy-handed to put into practice successfully, the American patent system would be best served by bringing its existing administrative alternatives, with some enhancements, to the forefront as a comprehensive solution for patent reform.

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I. INTRODUCTION

Patent litigation in the United States district courts can be expensive, lengthy, and often unpredictable.¹ The shortcomings of the American patent system, however, have not been ignored by some of the legislators in Congress: numerous Patent Reform Acts have been proposed in Congress

1. See *infra* Part III.A.

since 2005. These proposals have, among other things, sought to introduce post-grant review proceedings and to modify existing reexamination proceedings.² One legislative proposal would grant certain federal district courts additional funding and heavier patent caseloads to provide an environment for certain courts to specialize in patent adjudication.³ Still another proposal from commentators suggests the introduction of an entirely new, specialized court system for intellectual property disputes in the United States.⁴ Yet, these varying proposals may not provide the best solution for the American patent system; each of these may be unnecessarily duplicative, insufficient in scope, or too heavy-handed to implement in the United States.

Meanwhile, litigants are increasingly searching out alternatives to district court patent litigation, such as those available at the U.S. International Trade Commission (“ITC”) and the U.S. Patent and Trademark Office (“PTO”), two administrative agencies that offer very different proceedings with varying advantages and disadvantages. The ITC provides a substitute or supplementary forum for patent infringement litigation, granting unique and powerful injunctive relief in expeditious investigations before specialized judges.⁵ The PTO offers the possibility of an alternative to litigation altogether, allowing third-party challenges of patent validity with reexamination proceedings.⁶ Still, these options are often criticized by commentators and arguably leave much room for improvement.⁷

This Note examines many of the current proposals to reform the American patent system in areas of both patent validity challenges and patent infringement, and it suggests that the United States should instead look to enhance its existing administrative options with lessons from the successes and failures elsewhere in the world to achieve its own success in such reform efforts. The systems in Europe and Asia provide unique insight and valuable lessons as to how the United States may make changes to its existing system of challenging the validity of patents and its current proceedings for infringement litigation.⁸

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2. *See infra* Part IV.B.1.
 3. *See infra* Part IV.C.1.
 4. *See infra* Part IV.C.2.
 5. *See infra* Part III.C.1.
 6. *See infra* Part II.A.1.
 7. *See infra* Parts II.A.2, III.C.4.
 8. *See infra* Parts II.B, III.B.

Part II scrutinizes existing validity challenge proceedings in the American system with a comparative analysis of similar proceedings outside of the United States, namely the opposition and post-grant revocation proceedings in Europe and Asia. Part III reviews some of the issues associated with traditional American patent infringement litigation, compares some of the options available abroad, and analyzes the ITC as a model forum for specialized patent trials in the United States. Finally, Part IV investigates the existing proposals for reforming litigation in the United States and suggests improving the existing administrative options of reexamination at the PTO and alternative litigation at the ITC as a solution for the American patent system.

II. ALTERNATIVE VALIDITY CHALLENGE PROCEEDINGS

Generally, validity challenges are an important piece of a patent system's general goal of promoting innovation by maintaining a balance of fostering favorable conditions for inventors (patentees) while preserving the public's interest in a competitive market for further progress.⁹ This part will provide background on the United States' system of validity challenges and draw a comparative analysis to the patent systems of Europe and Asia.

A. VALIDITY CHALLENGE PROCEEDINGS IN THE UNITED STATES

1. Background

Patent applications in the United States are examined in the PTO for an evaluation of the claims to invention before they are granted, providing a presumption of validity for successful applications if a patent is litigated.¹⁰ This presumption may be rebutted to invalidate any issued patent,¹¹ and disputes over the validity of a patent may be resolved claim-by-claim in either a federal court or in reexamination proceedings at the PTO.¹²

9. See JANICE M. MUELLER, AN INTRODUCTION TO PATENT LAW 5–7 (2d ed. 2006).

10. ROBERT PATRICK MERGES & JOHN FITZGERALD DUFFY, PATENT LAW AND POLICY: CASES AND MATERIALS 1046 (4th ed. 2007).

11. MUELLER, *supra* note 9, at 241 n.1 (citing 35 U.S.C. § 282 (2000)) (“Based on clear and convincing evidence, a federal court may hold a patent invalid for failure to comply with the statutory requirements for patentability . . . or for failure to satisfy the disclosure and/or claim definiteness requirements” (citations omitted)).

12. *Id.* at 241. See also *id.* at 348 (“Invalidity . . . is determined on a claim-by-claim basis; some claims of a patent may be held invalid while others are sustained and may still be asserted as the basis for infringement.”).

A determination of invalidity at the PTO or in a district court is final and has preclusive (collateral estoppel) effects on any further attempted challenges to validity, as long as it is affirmed upon appeal.¹³ This collateral estoppel effect, however, is “nonmutual”: while a finding of invalidity estops a patent owner from enforcing the patent in subsequent cases,¹⁴ a finding that a patent is valid is not binding and the finding may be continually challenged in further lawsuits.¹⁵ Despite this, a previous finding of validity “may be given considerable weight, although it does not necessarily bind”¹⁶ a new court, and a “patentee’s chances of success are strengthened if the validity of its patent was previously sustained against a challenge by a different defendant.”¹⁷

The presumption of validity that issued patents carry in infringement litigation, basically requiring a federal court to give some deference to the PTO’s decision of allowance, does not apply to a patent in reexamination.¹⁸ Many validity disputes could be resolved more quickly and cheaply through administrative procedures at the PTO.¹⁹ Indeed, a widely used and viable validity challenging mechanism to strike “bad patents” that should never have been granted would be desirable to create certainty for patentees, their competitors, and society in general.²⁰ This could ameliorate the “holdup” problem inherent in the patent system, in which patentees can command a higher value than their inventive contributions are worth.²¹

13. *Id.* at 348 (citing *Blonder-Tongue Labs., Inc. v. Univ. of Ill. Found.*, 402 U.S. 313 (1971)).

14. Betsy Johnson, Comment, *Plugging the Holes in the Ex Parte Reexamination Statute: Preventing a Second Bite at the Apple for a Patent Infringer*, 55 CATH. U. L. REV. 305, 321 (2005) (citing *Blonder-Tongue Labs.*, 402 U.S. at 329). This estoppel effect is sustained as long as the patent owner was given a “full and fair opportunity to litigate” in the first action. *Id.* at 321 n.98.

15. *Id.* at 321 (citing *Env’tl. Designs, Ltd. v. Union Oil Co. of Cal.*, 713 F.2d 693, 699 n.9 (Fed. Cir. 1983)). See also Amy J. Tindell, *Final Adjudication of Patent Validity in PTO Reexamination and Article III Courts: Whose Job Is It Anyway?*, 89 J. PAT. & TRADEMARK OFF. SOC’Y 787, 796 (2007) (“Collateral estoppel thus does not prevent the same patent from being challenged repeatedly in the PTO or courts; conversely, collateral estoppel *does* apply once a patent has been declared invalid.”).

16. MUELLER, *supra* note 9, at 386 n.24 (citing *Hybritech, Inc. v. Abbott Labs.*, 849 F.2d 1446, 1452 (Fed. Cir. 1988)).

17. *Id.* at 386.

18. *Id.* at 257.

19. *Id.* at 241, 256.

20. See Katharine M. Zandy, Note, *Too Much, Too Little, or Just Right? A Goldilocks Approach to Patent Reexamination Reform*, 61 N.Y.U. ANN. SURV. AM. L. 865, 865–66 (2006) (“Moreover, because of the time and cost necessary to challenge patents in litigation, the vast majority of these ‘bad patents’ are left unchallenged. The patent system currently lacks a viable and widely used method of challenging issued patents, which stifles innovation and introduces confusion into investment decisions, resulting in tension and uncertainty for patent-holders, their competitors, and the public.”).

21. See Mark A. Lemley, *Ten Things to Do About Patent Holdup of Standards (and One Not To)*, 48 B.C. L. REV. 149, 151–52 (2007).

Yet, the PTO is not considered to be an equivalent to litigation in district court by patent challengers.²² It has even been argued that “the PTO doesn’t do a very detailed job of examining patents, but we probably don’t want it to” on policy grounds that validity decisions should be left to the district courts for social efficiency, as so few patents end up in a position to be challenged at all.²³ Overall, the high costs of challenging patent validity in federal court have largely failed to redirect challengers, for a variety of reasons, toward what could potentially be more efficient reexamination proceedings.²⁴

2. Reexamination at the PTO

Still, reexamination today is “becoming a strategic defensive weapon in patent litigation.”²⁵ First established by Congress as an inexpensive alternative to litigation, reexamination proceedings in the PTO reevaluate the validity of an existing patent.²⁶ In this context, patent rights have been determined to be a “public right,” so invalidity determinations at an administrative agency like the PTO do not implicate any constitutional concerns regarding the Seventh Amendment right to a jury trial.²⁷

Two forms of reexamination exist: *ex parte* (the “old” form, available since 1980) and *inter partes* (available only since 1999, but already the source of a great deal of commentary).²⁸ Both forms of reexamination are limited to requests in which “a substantial new question of patentability . . . is raised” and may be based only on existing prior art,

22. See Mark D. Janis, Essay, *Reforming Patent Validity Litigation: The “Dubious Preponderance,”* 19 BERKELEY TECH. L.J. 923, 939 (2004) (noting that federal courts “are more expensive fora for both parties” and criticizing a “proposal to discard the clear and convincing standard [that] may encourage patent challengers to resolve validity disputes in court and correlatively discourage use of any newly-created administrative revocation scheme”).

23. Mark A. Lemley, Essay, *Rational Ignorance at the Patent Office*, 95 NW. U. L. REV. 1495, 1497, 1531–32 (2001) (“For the PTO to gather all the information it needs to make real validity decisions would take an enormous investment of time and resources. Those decisions can be made much more efficiently in litigation, because only a tiny percentage of patents are ever litigated or even licensed to others. Thus, we should resign ourselves to living with a system in which ‘bad’ patents do slip through the PTO undetected.”).

24. See Janis, *supra* note 22, at 939.

25. Fish & Richardson, Patent Reexamination, <http://www.fr.com/patent-reexamination> (last visited July 24, 2010).

26. MUELLER, *supra* note 9, at 256 (“Reexamination’s purpose was to provide a lower-cost alternative to federal court litigation in which to resolve certain questions of validity.”).

27. Allan M. Soobert, *Breaking New Grounds in Administrative Revocation of U.S. Patents: A Proposition for Opposition—and Beyond*, 14 SANTA CLARA COMPUTER & HIGH TECH. L.J. 63, 184 (1998).

28. MUELLER, *supra* note 9, at 256–57.

such as patents or printed publications.²⁹ *Ex parte* reexamination can be initiated by a third party, but as its name suggests, the proceeding provides for very little further participation by the third party.³⁰ Thus, *ex parte* reexamination has faced substantial criticism and lack of use due to this perceived patentee bias,³¹ as well as its limitations in “scope, legal effect, and costs.”³² On the other hand, some practitioners have recognized that recent statistics have begun to favor patent challengers in reexamination.³³

In 1999, to address some of the issues of *ex parte* reexamination, legislators and stakeholders in the intellectual property community supported implementing a new form of reexamination through the Optional *Inter Partes* Reexamination Procedure Act.³⁴ This form of reexamination provides an opportunity for active participation by a third-party requester throughout the reexamination process;³⁵ however, its effect is limited only to patent applications filed after November 29, 1999.³⁶ In addition, the proceeding has been questioned for its failings, especially its harsh estoppel effects³⁷: currently, the third-party requester is estopped in subsequent proceedings from raising any validity issues it has raised or even “could have raised” during the reexamination.³⁸

With these criticisms in mind, commentators predicted early on that *inter partes* reexamination would rarely be used.³⁹ In fact, very few

29. 35 U.S.C. § 303(a) (2006).

30. MUELLER, *supra* note 9, at 258.

31. *Id.* at 257.

32. See, e.g., N. Thane Bauz, *Reanimating U.S. Patent Reexamination: Recommendations for Change Based upon a Comparative Study of German Law*, 27 CREIGHTON L. REV. 945, 957 (1994).

33. See, e.g., Fish & Richardson, *supra* note 25 (“[Because of] the fact that *ex parte* reexaminations . . . are no longer performed by the same examiner who allowed the patent in the first place, the numbers are starting to favor defendants or would-be defendants in patent litigation. As of 2001, 88% of patents survived *ex parte* reexamination in some form. By contrast, today, all claims are confirmed in only 26% of *ex parte* reexaminations.”).

34. Kenneth L. Cage & Lawrence T. Cullen, *An Overview of Inter Partes Reexamination Procedures*, 85 J. PAT. & TRADEMARK OFF. SOC’Y 931, 955 (2003).

35. 35 U.S.C. § 314 (2006).

36. See Mark D. Janis, *Essay, Inter Partes Patent Reexamination*, 10 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 481, 482 n.7 (2000).

37. See *id.* at 492 (“Combined with the severe restrictions on the substantive scope of reexamination and the draconian estoppel provisions, the price to a third-party initiating an *inter partes* reexamination will be far too dear in most cases.” (footnotes omitted)); Posting of Dennis Crouch to Patent Law Blog (Patently-O), *Inter Partes Reexaminations on the Rise, Becoming Popular Amongst Potential Defendants*, http://www.patentlyo.com/patent/2005/07/inter_partes_re.html (July 12, 2005, 04:40) (“The USPTO’s *inter partes* reexamination procedure has been questioned for its failings, and many potential requesters fear the associated estoppel provisions.”).

38. MUELLER, *supra* note 9, at 264 (citing 35 U.S.C. § 315(c)).

39. Lemley, *supra* note 23, at 1500 n.17 (“However, virtually no one is expected to use this

requests were filed in the proceeding's first few years of existence.⁴⁰ Since then, the usefulness of *inter partes* reexamination has remained a topic of fierce debate.⁴¹

In 2005, a commentator noted that “[o]nly 65 *inter partes* requests [were] filed in the last three years,” a minuscule fraction of issued patents;⁴² yet, filings were “clearly on the rise” and “getting good results for the requester.”⁴³ Since then, use of the proceeding has seen a “marked increase,” with 168 *inter partes* reexaminations requested in 2008 alone.⁴⁴ Furthermore, a recent empirical study suggests that *inter partes* reexamination has had a drastically higher success rate of completely eliminating a patent's claims than *ex parte* reexamination and even litigation proceedings.⁴⁵ These statistics, however, may be skewed by the inclusion of only supposedly weak patents targeted by the proceeding.⁴⁶

Overall, trends are beginning to show that *inter partes* reexamination is gaining recognition and acceptance for its efficacy, despite its daunting estoppel provision. Yet, both types of reexamination proceedings continually face criticism and are frequently the targets of proposals for enhancement or overhaul. In addition, the reexamination process is very lengthy, estimated to take two to four years to complete, with an additional two to four years required to complete an appeal at the Board of Patent Appeals and Interferences of the PTO (“BPAI”).⁴⁷ Thus, the American

system because doing so precludes you from challenging the validity of a patent in later litigation.”).

40. MUELLER, *supra* note 9, at 264.

41. See, e.g., Joseph D. Cohen, *What's Really Happening in Inter Partes Reexamination*, 87 J. PAT. & TRADEMARK OFF. SOC'Y 207, 207–08 (2005) (“Some say that the *inter partes* procedures are a recipe for disaster Others maintain that the recipe is superior”).

42. *Id.* at 218.

43. Crouch, *supra* note 37.

44. Posting of Robert Greene Sterne to Patent Law Blog (Patently-O), Guest Post: Hot Topics in US Patent Reexamination, <http://www.patentlyo.com/patent/2009/03/guest-post-hot-topics-in-us-patent-reexamination.html> (Mar. 10, 2009, 07:49).

45. Andrew S. Baluch & Stephen B. Maebius, *The Surprising Efficacy of Inter Partes Reexaminations: An Analysis of the Factors Responsible for Its 73% Patent Kill Rate and How to Properly Defend Against It* 1, 1 (2008), http://www.foley.com/files/tbl_s31Publications/FileUpload137/5234/InterPartesReexam.pdf (“[The] *inter partes* reexaminations completed as of August 2008 . . . displayed a high 73% ‘kill’ rate (complete elimination of all claims targeted by the requesters)—a rate which is far above that in litigation (33%) and *ex parte* reexamination (12%).” (footnotes omitted)).

46. See *id.*

47. Sterne, *supra* note 44 (“Our current best estimate is that it takes approximately two to four years for the CRU to complete a reexam, typically a little faster for *ex parte* reexams, and two to four years for the BPAI to complete a reexam appeal. Thus, the reexam process could take four to eight years before it arrives at the US Court of Appeals for the Federal Circuit on appeal. This is a significant

reexamination system in its current state, even with the addition of *inter partes* examination, is wholly inadequate to provide a “greater confidence in patent validity” or to reduce the amount of patent litigation in the district courts.⁴⁸

B. AROUND THE WORLD: OPPOSITION AND POST-GRANT REVOCATION

1. Opposition and Nullity Proceedings in Europe

Generally, the opposition in Europe is a proceeding that allows a third party to bring a revocation proceeding before the European Patent Office (“EPO”) within the first nine months of a patent’s grant by the European Patent Convention (“EPC”).⁴⁹ Because the EPC patents are a “bundle” of national patents, a successful opposition and finding of invalidity revokes a patent in the designated states of the EPC.⁵⁰ The proceeding has been described as “instrumental” in providing the public an opportunity to assert “knowledge, acts and other disclosures” missing from the original examination process.⁵¹ Without the opposition, third parties could not challenge the validity of patents on such grounds without resorting to costly litigation throughout the states of the EPC, since there are no other administrative options available for the post-grant invalidation of an entire bundle of patents.⁵²

During opposition proceedings, a patent undergoes substantive examination and may be “maintained, revoked or maintained in an amended form,” but claims may not be broadened.⁵³ Third parties may challenge a granted patent undergoing opposition by identifying patent claims that “fail to meet patentability requirements that bear on the validity of an invention on a variety of grounds.”⁵⁴ A party bringing an opposition

amount of time and requires additional strategy and tactical decisions by the parties.”).

48. See, e.g., Kristen Jakobsen Osenga, *Rethinking Reexamination Reform: Is It Time for Corrective Surgery, or Is It Time to Amputate?*, 14 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 217, 230 (2003).

49. GUY TRITTON ET AL., *INTELLECTUAL PROPERTY IN EUROPE* 169 (3d ed. 2008). The EPC includes the states of the European Union and other European nations. Jordan K. Paradise, *Lessons from the European Union: The Need for a Post-Grant Mechanism for Third-Party Challenge to U.S. Patents*, 7 MINN. J.L. SCI. & TECH. 315, 317 (2005).

50. TRITTON ET AL., *supra* note 49, at 169.

51. See Soobert, *supra* note 27, at 150–51.

52. See Dale L. Carlson, *Don’t Adopt Oppositions*, NAT’L L.J., Sept. 17, 2007, at 23.

53. TRITTON ET AL., *supra* note 49, at 171.

54. Paradise, *supra* note 49, at 317. The grounds for bringing an opposition proceeding include (a) the subject-matter of the patent is not patentable under the EPC; (b) the patent does not disclose the invention in a manner sufficiently clear and complete for it to be carried out by a

against a patent must file a notice of opposition and pay a fee within nine months of the patent's grant, and the party may participate at various stages throughout the proceeding to bring statements and evidence to challenge the patent's validity or dispute any decisions arising from the opposition by the EPO.⁵⁵ Additional third parties may intervene in an opposition if they throw their hat into the ring within three months of being targeted in infringement proceedings over the same patent.⁵⁶ Overall, the opposition proceeding is "highly interactive."⁵⁷

The European opposition does not carry preclusive effects regarding a finding of validity, unlike *inter partes* reexamination in the United States, and the same issues may be raised in later litigation in national courts.⁵⁸ This has been recognized as the proceeding's "most important distinction" from American *inter partes* reexamination.⁵⁹ Because patent challengers essentially have "nothing to lose" by bringing the opposition, the proceeding is widely used in Europe: as many as 4 to 8 percent of European patents are opposed upon issuance.⁶⁰ The opposition in the EPC is most criticized for the lengthy amount of time necessary for a decision, however, taking up to five years for completion.⁶¹

Some countries in the EPC, such as Germany, have their own opposition proceedings that precede the existence of the EPC opposition to challenge the validity of nation-specific patents. Generally, Germans and many other Europeans view the opposition favorably, considering the opposition to be a nonadversarial and fair way to define the scope of a

person skilled in the art; and (c) the subject-matter of the European patent extends beyond the content of the application as filed.

TRITTON ET AL., *supra* note 49, at 169 (footnotes omitted). Oppositions may not be "on the basis of lack of unity of invention, that the claims are not clear and concise or supported by description or that the patentee is not entitled to the patent." *Id.* at 170.

55. TRITTON ET AL., *supra* note 49, at 170.

56. *Id.*

57. Dale L. Carlson & Robert A. Migliorini, *Patent Reform at the Crossroads: Experience in the Far East with Oppositions Suggests an Alternative Approach for the United States*, 7 N.C. J.L. & TECH. 261, 281 (2006).

58. *Id.* at 279–80.

59. *Id.* at 281.

60. *Id.* at 280.

61. M. Trinidad Arriola, *Key Features of the European Patent Office (EPO) Opposition Procedures*, CASRIP NEWSL. (Ctr. for Advanced Study & Research on Intellectual Prop., Seattle, Wash.), Spring/Summer 1997, <http://www.law.washington.edu/Casrip/Newsletter/default.aspx?year=1997&article=newsv4i2eu1> ("Perhaps the most common criticism of the EPO opposition procedure is the length of time it takes for an ultimate decision to be issued. By some estimates, the entire opposition procedure, including appeals, may take up to five years or more before reaching a final decision.").

competitor's patent.⁶² Because Germany's patent system has included the opposition proceeding for decades, however, observers suggest that this optimistic attitude toward the proceeding is the result of German parties' traditional belief that it is nonaggressive. In contrast, parties in EPC countries that lack this familiarity with the opposition proceeding tend to be much less willing to use the procedure.⁶³

Following the opposition period and any pending oppositions, Germany's patent system provides a "nullity" proceeding (separated from infringement hearings in the generalist trial courts), available for any party to challenge patent validity in court.⁶⁴ This bifurcation of the nullity proceeding is unique; in other patent systems, an alleged patent infringer generally raises invalidity as a primary defense or counterclaim.⁶⁵ These nullity proceedings are heard before a specialized forum with subject-matter jurisdiction, the Federal Patent Court, before a panel of five judges: three technical judges and two legal judges.⁶⁶ With technical judges present, the nullity proceeding avoids some of the arguable shortcomings of other patent systems.⁶⁷

Yet, using the nullity proceeding to invalidate patents has been called

62. See Bauz, *supra* note 32, at 968 ("The opposition proceeding is considered a reasonable, fair, and legitimate administrative exercise for ascertaining the validity and scope of newly issued patents. As a result, the opposition proceeding typically is not a heated conflict between parties.")

63. See Arriola, *supra* note 61 ("[D]ifferent attitudes regarding the use of the opposition procedure may affect its eventual use by a third party. On the one hand, companies based in countries which have long been familiar with opposition procedures, e.g. Germany, view opposition as an extension of examination in order to limit a competitor's right while involving only a reasonable amount of effort. Consequently, the procedure is viewed not as an act of aggression but rather as a method of defining a competitor's territory. . . . On the other hand, a different attitude is evident by companies based in other countries where oppositions were not the norm prior to joining the EPC. Because such parties view opposition as tantamount to legal action or an act of aggression against the patentee, their use of the opposition procedure is minimal."); Bauz, *supra* note 32, at 984 & n.204.

64. Albrecht V. Menges, Uexkull & Stolberg, International Patent Webinar at American University, Washington College of Law: Patent Litigation in Germany (Oct. 2, 2008), http://www.wcl.american.edu/ipw/presentations/20081002_menges.pdf.

65. Volker Hamm, Tips on Filing Patent Validity Actions (Sept. 1, 2004), <http://www.managingip.com/Article.aspx?ArticleID=1321595>.

66. Bauz, *supra* note 32, at 970.

67. See, e.g., James F. Holderman & Halley Guren, *The Patent Litigation Predicament in the United States*, 2007 U. ILL. J.L. TECH. & POL'Y 1, 5-6 (2007) ("Additionally, judges without a technical background must learn the rudiments of technological analysis and the advances in technology that form the basis of a patent dispute on the job, without the assistance of unbiased tutors. . . . Without a technical background to help us parse the respective parties' arguments, we judges are sometimes drawn to the wrong conclusion more than we otherwise would be if the factual premises underlying the factual basis of the dispute had a familiar ring based upon our prior experience or education.")

“an expensive and time-consuming proposition,”⁶⁸ and a typical proceeding is completed in eighteen to twenty months.⁶⁹ Unlike the opposition, a nullity proceeding is not an administrative alternative to the courts.⁷⁰ Yet, like the opposition, a nullity proceeding has minimal preclusive effects on a finding of validity.⁷¹ It has been criticized as a “tactic for obstructing patent enforcement rather than a pathway to justice” that creates “greater resentment” than an opposition because a nullity challenge in the Federal Patent Court may be raised years after a patent is granted, when the patentee has long relied on it.⁷²

2. Invalidity Proceedings for Post-Grant Revocation in Asia

Japan introduced a post-grant opposition proceeding in 1996 to replace its existing pre-grant opposition in an effort to harmonize its patent system with international systems and reduce the perceived delays and possibility of harassment available in the previous pre-grant system.⁷³ From 1996 to 2003, similar to other post-grant opposition proceedings, Japan’s opposition allowed any third party to oppose the validity of a patent within the first six months of a patent’s grant.⁷⁴ This proceeding accompanied Japan’s separate invalidation trial, another administrative procedure before Japan’s patent office (“JPO”) for post-grant review of validity challenges.⁷⁵

The Japanese opposition was quickly abolished seven years later with

68. See Carlson, *supra* note 52.

69. Menges, *supra* note 64.

70. Bauz, *supra* note 32, at 977.

71. *Id.*

72. *Id.*

73. Carlson & Migliorini, *supra* note 57, at 281–82; Haitao Sun, Note, *Post-Grant Patent Invalidation in China and in the United States, Europe, and Japan: A Comparative Study*, 15 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 273, 296 (2004) (“[T]he pre-grant opposition procedure caused delays in the issuance of patents and resulted in undue harassment of the applicant . . .”); Elizabeth A. Richardson, *Administrative Patent Invalidation Proceedings: Comparing Recent Reform Efforts in Japan and the United States*, CASRIP NEWSL. (Ctr. for Advanced Study & Research on Intellectual Prop., Seattle, Wash.), Winter 2006, <http://www.law.washington.edu/Casrip/Newsletter/default.aspx?year=2006&article=newsv13i1Richardson> (“Japan . . . jettison[ed] its old pre-grant review system in an effort to further harmonize its intellectual property regime with those of other nations.”).

74. Sun, *supra* note 73, at 297.

75. Richardson, *supra* note 73 (“In addition to post-grant opposition, the validity of patents could also be challenged through invalidation trials. Also overseen by the JPO, invalidation trials differed in several ways from opposition proceedings. First, a trial could be demanded at any time, but only by an interested party involved in a dispute regarding the patent in question. Also, the trial was conducted *inter partes*, involving both the patentee and the requesting party. After final disposition, either party could appeal, regardless of the outcome.” (footnotes omitted)).

legislative amendments in 2003, however.⁷⁶ The opposition was found to be problematic in Japan; it was arguably biased, lacked efficacy, and was duplicative in function with the invalidation trials.⁷⁷ Following a request for opposition, further involvement would mostly be between the JPO and the patentee.⁷⁸ Because third-party participation was very limited, commentators considered the opposition to be an *ex parte* proceeding; this aspect of the opposition, in part, resulted in challengers losing four out of five validity challenges with no right of appeal (as only patentees maintained the right of appeal).⁷⁹ The proceeding was further criticized for a patentee bias because of the short six-month timeline (strategically favoring a patentee more than a challenger) and the ability of the JPO to decline an opposition request without requiring a response from a patentee.⁸⁰

For many of these reasons, the number of oppositions filed by challengers declined significantly over time.⁸¹ Furthermore, one theory suggested that the traditional cultural norm of avoiding aggression and litigation was a possible reason for a less favorable perception of the opposition than the European cultures that were more accustomed to litigation and additionally more familiar with the proceeding.⁸² Most of all, the system was criticized for being duplicative and for subjecting patentees to multiple oppositions and subsequent attacks in invalidation trials due to its lack of preclusive effects.⁸³

To eliminate the “unnecessary confusion, delay, and repeated challenges” of these two procedures, to “better meet[] the needs” of parties, and to free up resources (the JPO’s resources stretched across duplicative administrative procedures), Japan removed the opposition from its patent system less than a decade after its institution with legislation enacted in

76. Carlson & Migliorini, *supra* note 57, at 282.

77. *See id.* at 284; Sun, *supra* note 73, at 297.

78. *See* Sun, *supra* note 73, at 297.

79. *Id.* at 297–98; Richardson, *supra* note 73 (“Once filed, however, the opposition proceeded only between the JPO and the patentee. This *ex parte* structure meant that the party filing the opposition had virtually no control beyond the act of filing itself.” (footnotes omitted)).

80. Carlson & Migliorini, *supra* note 57, at 284.

81. Sun, *supra* note 73, at 298 (“Consequently, the total number of oppositions declined from 6000 in 1998 to about 3500 in 2001, representing approximately three percent of all granted patents.”).

82. *Id.* at 327 (“[O]ne might expect that the same EPO opposition system would be used less frequently in China and Japan, where people have been considered to be traditionally less litigious than Western people.”).

83. *See id.* at 298.

2003; the major force propelling this reform was efficiency.⁸⁴ It also modified the invalidation trial procedure and left it as the single remaining procedure for validity challenges.⁸⁵ Japan's invalidation trial following the reform is entirely *inter partes* and may be requested at any time of a patent's life; challengers may remain anonymous, any party may appeal, and patentees are required to respond to any challenge.⁸⁶ While empirical data is scarce given the recent nature of Japan's patent system reform, a commentator notes that the "invalidation trial system may be on track to enhance efficiency and achieve other policy goals."⁸⁷

Like Japan, both China and Taiwan have abolished the post-grant opposition in their patent systems due to their experiences with the procedure and have similarly instituted a single invalidation system that may be initiated at any time during the life of a patent.⁸⁸ The United States can learn from the experiences of these countries' patent systems when implementing its own reform.

III. ALTERNATIVE FORUMS FOR LITIGATION

A. PATENT LITIGATION IN THE UNITED STATES

The owner of a valid patent has "the exclusive right to make, use, sell, offer to sell, or import into the United States the invention described by the [patent's] claims"; a person conducting these activities without the patent owner's permission commits infringement.⁸⁹ With general jurisdiction over issues in federal law, the district courts maintain the traditional role of hearing actions for patent infringement (as well as challenges to patent validity).⁹⁰ A patentee claiming infringement may seek monetary damages, an injunction, or both remedies against an alleged infringer.⁹¹

District courts may hold jury trials for patent cases, if demanded, as required by the Seventh Amendment of the U.S. Constitution.⁹² Juries

84. See Carlson & Migliorini, *supra* note 57, at 290 (noting that the reform "helps avoid subjecting the patentee to multiple attacks via different procedural systems, draining patent office resources burdened by oversight of multiple systems, and effectively simplifying invalidity disputes"); Richardson, *supra* note 73.

85. See Sun, *supra* note 73, at 298.

86. See *id.* at 298–99; Richardson, *supra* note 73.

87. See Richardson, *supra* note 73.

88. See Carlson & Migliorini, *supra* note 57, at 262, 299.

89. See ALAN L. DURHAM, PATENT LAW ESSENTIALS: A CONCISE GUIDE 135 (2d ed. 2004).

90. MERGES & DUFFY, *supra* note 10, at 1047.

91. See, e.g., ROBERT L. HARMON, PATENTS AND THE FEDERAL CIRCUIT 759 (6th ed. 2003).

92. U.S. CONST. amend. VII ("In Suits at common law, where the value in controversy shall

decide questions of fact in patent cases at trial,⁹³ which “provide[s] the patent system with the ‘common sense’ judgment of persons who are typically not skilled in either law or technology.”⁹⁴ Yet, the participation of juries as fact-finders in patent cases is “for better or worse.”⁹⁵ The fact that patent disputes are often decided by jury trials is a unique feature of the United States’ patent system, as patent disputes are not heard before juries in almost any other patent system in the world.⁹⁶ Because patent cases are becoming more complex than ever, the current use of juries in the patent system leaves much room for improvement.⁹⁷

On appeal, the Court of Appeals for the Federal Circuit hears patent cases from all district courts.⁹⁸ Located in Washington, D.C., the Federal Circuit was established in 1982 as a unique appellate court with specialized jurisdiction in a variety of subject areas.⁹⁹ It hears, among other things, all patent cases on appeal from the federal district courts, the BPAI, and the ITC.¹⁰⁰ The Federal Circuit was established to improve the predictability of patent cases through stability and consistency in a single appellate court rather than allow for forum shopping by litigants among circuits of differing doctrines and attitudes toward patents.¹⁰¹ As a somewhat specialized appellate court, it has developed an expertise in patent law and a fair level of understanding of some of the technologies frequently at issue in patent cases.¹⁰²

exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise reexamined in any Court of the United States, than according to the rules of the common law.”). *See also* Philippe Signore, *On the Role of Juries in Patent Litigation (Part 1)*, 83 J. PAT. & TRADEMARK OFF. SOC’Y 791, 795 (2001) (“Because patent cases were decided in the courts of common law by juries in 18th century England, juries are available in American patent cases, as required by the Seventh Amendment.” (citing *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 377 (1996))).

93. Signore, *supra* note 92, at 797.

94. MERGES & DUFFY, *supra* note 10, at 1047.

95. *Id.*

96. Signore, *supra* note 92, at 794–95 (“Many non-Americans, especially if they are accused of infringing a U.S. patent, are astonished to learn that U.S. patent cases can be decided by juries. The U.S. may be the only country in the world that uses juries to decide patent disputes.”).

97. *See id.* at 796.

98. MERGES & DUFFY, *supra* note 10, at 1047.

99. *See* United States Court of Appeals for the Federal Circuit, About the Court, <http://www.cafc.uscourts.gov/about.html> (last visited May 5, 2010).

100. *Id.*

101. *See* John B. Pegram, *Should There Be a U.S. Trial Court with a Specialization in Patent Litigation?*, 82 J. PAT. & TRADEMARK OFF. SOC’Y 765, 790 (2000) (“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.”).

102. *Id.*

The relationship between the generalist trial courts and specialist appellate court for patent cases is a source of lively discussion. The Federal Circuit has maintained that a district court's claim construction—the process of determining the scope of a patent based on the plain language of the claim from the perspective of a person having ordinary skill in the art of the patent¹⁰³—is a question of law given de novo review with no deference to the trial court.¹⁰⁴ This de novo review of claim construction has been applied somewhat aggressively, allowing the Federal Circuit to make new determinations on infringement (a factual issue) due to the importance of claim construction in infringement litigation.¹⁰⁵

The Federal Circuit's "suspicion of trial court decision-making" has been noted as understandable due to a lack of experience regarding patent issues among the district courts, on the whole.¹⁰⁶ District court judges are generalists who must face a "large and diverse caseload"; their time is limited "to learn more about a specific area of the law than necessary to resolve a particular case or a particular issue" and they find it difficult to be sufficiently exposed to patent cases to develop an expertise in patent law.¹⁰⁷ In fact, statistics show that in 2000, a district court judge would see, on average, a patent trial only every six to eight years.¹⁰⁸ Most judges lack a technical background and their time is limited "to learn and sort through the intricacies of the new technologies" of patent cases, which may contribute to mistaken outcomes.¹⁰⁹

The high reversal rate of district court decisions at the Federal Circuit is often cited as a major cause for the high costs of patent litigation.¹¹⁰ Furthermore, the use of juries that lack a background in law or technology to decide patent cases at trial is a questionable feature of the American

103. *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 373–74 (1996).

104. *See Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448 (Fed. Cir. 1998) (en banc); *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 976 (Fed. Cir. 1995) (en banc), *aff'd*, 517 U.S. 370 (1996).

105. Arti K. Rai, *Specialized Trial Courts: Concentrating Expertise on Fact*, 17 BERKELEY TECH. L.J. 877, 884–86 (2002). Rai notes a "domino effect" from the de novo review of claim construction: [T]he Federal Circuit's plenary review of claim construction can have something of a domino effect[.] . . . because claim construction bears heavily on the question of infringement, a decision to overturn the district court's claim construction often means that a new determination regarding infringement must be made. . . . [And because] the Federal Circuit is often reluctant to remand for a new trial on infringement . . . de novo review of claim construction effectively becomes de novo review of infringement.

Id. at 884–85.

106. *Id.* at 879.

107. Holderman & Guren, *supra* note 67, at 4–5.

108. Pegram, *supra* note 101, at 788.

109. *See* Holderman & Guren, *supra* note 67, at 5–6.

110. *See, e.g., id.* at 9–10.

patent system. Overall, each of these factors contributes to the fact that patent litigation in the United States can be extraordinarily expensive and uncertain.¹¹¹

B. AROUND THE WORLD: PATENT SPECIALIZATION BY TRIAL COURTS

Many countries have general trial courts that specialize in patent issues, while some others have gone further to establish specialized courts that deal exclusively with intellectual property. Germany is an example of a country with a successful patent system, in which patent litigation is still heard within a specialized division of its general trial court system.¹¹² On the other hand, the United Kingdom and more recently Japan are examples of countries that have set up an exclusive court system to specialize in patent disputes.¹¹³

1. Specialization in General Trial Courts: Germany

Of the forums for patent disputes throughout Europe, Germany is the most popular.¹¹⁴ Germany's patent system involves a bifurcation of infringement trials and nullity trials (in addition to the post-grant opposition proceeding in its patent office for validity challenges), often making its infringement trials more efficient because alleged infringers do not have invalidity as an available defense.¹¹⁵ Because of the courts' expertise in patent law, they are known to provide fast, effective, and relatively economical enforcement of patent cases in litigation.¹¹⁶ Infringement trials do not involve pretrial discovery and typically take about a year.¹¹⁷ Like most other industrialized systems, German patent disputes do not involve juries.¹¹⁸

111. See Press Release, U.S. Senate, Specter, Issa, Schiff Introduce Legislation to Improve Patent Litigation in District Courts (Jan. 22, 2009), available at http://specter.senate.gov/public/index.cfm?FuseAction=NewsRoom.NewsReleases&ContentRecord_id=ffe2cb49-dbd6-ae13-5759-3fb54a7fae14.

112. See *infra* Part III.B.1.

113. See *infra* Part III.B.2.

114. Wolfgang von Meibom & Matthias F. Meyer, Bird & Bird, Germany: The Ins and Outs of Patent Litigation (Sept. 1, 2004), <http://www.managingip.com/Article.aspx?ArticleID=1321624>.

115. See *supra* notes 65–68 and accompanying text.

116. Meibom & Meyer, *supra* note 114.

117. Menges, *supra* note 64. See also Thomas Bopp & Michael Trimborn, Gleiss Lutz, Patent Litigation in Germany (2004), at 3, http://www.gleisslutz.com/media.php/Ver%C3%B6ffentlichungen/Downloads/GleissLutz_BoppTrimborn_PatentLitigation_2004.pdf (“The time it takes until a judgment is issued by the court of first instance, namely approximately 9 to 12 months (assuming that the scope and complexity of the case are average), is relatively short compared to other countries.”).

118. Meibom & Meyer, *supra* note 114.

While Germany's infringement trials are heard before federal trial courts with general jurisdiction, these general jurisdiction courts usually have a specialized division for intellectual property cases.¹¹⁹ Germany has twelve of these jurisdictions specialized in patent infringement; the Regional Court Düsseldorf is the most reputed and hears about 60 percent of the patent cases in the country.¹²⁰ Unlike Germany's nullity proceedings, patent infringement cases are heard before a panel of three legal, nontechnical judges.¹²¹ These judges, however, typically have developed expertise in both technical and legal matters due to the large number of patent cases in Germany every year.¹²² They also may receive assistance from party experts and independent, court-appointed experts.¹²³

Despite the successes of Germany's patent system, its bifurcation of validity and infringement has received criticism for causing an "evolution of dissimilar definitions or standards" between the forums, and for leading to redundancy that has produced "excess cost and delay."¹²⁴ For example, the bifurcation is often criticized as being counterproductive because the general jurisdiction courts often must decide a probable outcome of a nullity proceeding when considering a stay of litigation while the nullity proceeding is under way.¹²⁵

2. Specialized Intellectual Property Court System: England

An international trend is growing for specialized trial courts that exclusively handle patent and intellectual property matters.¹²⁶ England and Japan are among the small but increasing number of countries that have set up such specialized trial courts;¹²⁷ the EPC, Taiwan, and India are other jurisdictions contemplating similar reform.¹²⁸

119. See Bauz, *supra* note 32, at 964; Bopp & Trimborn, *supra* note 117, at 4.

120. Meibom & Meyer, *supra* note 114.

121. Menges, *supra* note 64.

122. *Id.* ("Judges have technical and legal expertise due to a high number of cases: 600–800 per year in Germany . . .").

123. *Id.*

124. Bauz, *supra* note 32, at 971, 976.

125. *Id.* at 973.

126. See Posting of Gary Odom to the Patent Prospector, U.S. Patent Court, http://www.patenthawk.com/blog/2006/02/us_patent_court.html (Feb. 6, 2006, 12:04).

127. *Id.* ("Rep. Darrell Issa (R-Ca) is mulling a patent trial court for the United States. Britain established its Patent County Court in 1988, and Japan set up its Intellectual Property High Court in April 2005 . . . Should the U.S. follow suit?").

128. See *id.* ("The European Commission is contemplating a continent-wide patent court system."); Managing Intellectual Property, Judge Leads Push for Specialized IP Courts (Oct. 3, 2005), <http://www.managingip.com/Article/1258180/Judge-leads-push-for-specialized-IP-courts.html>

In 1990, England established the Patents County Court (“PCC”) in London as a court with special jurisdiction to deal with patent litigation and an alternative to its High Court.¹²⁹ The PCC is meant to be a “cheaper, speedier, and more informal” forum for patents.¹³⁰ In addition, it is understood to handle “simpler” patent cases, although no formal requirements are in place for this distinction.¹³¹ One unique aspect of the PCC is its allowance of patent agents (typically not qualified as lawyers) to initiate, prosecute, plead, argue, and even appeal cases.¹³²

The first decade of PCC jurisprudence found little success under its first judge.¹³³ It was not faster or cheaper as an alternative forum for patent litigation and was frequently overturned on appeal; eventually, it fell into disuse.¹³⁴ Since the appointment of a new judge, Judge Michael Fysh, in 2001, however, the PCC has gained a great deal of recognition and prominence.¹³⁵ The PCC has become the “forum of choice” for intellectual property litigation at the County Court level, and it takes transfers of many cases from elsewhere in the United Kingdom.¹³⁶

Judge Fysh, the PCC’s highly regarded judge, has called for the institution of more specialized courts around the world to improve the quality and speed of patent litigation in each system.¹³⁷ With the recent successes of the PCC, it may be looked at as a model for a specialized trial court for patent litigation throughout the world. Indeed, Judge Fysh has predicted that countries will begin to lose money due to the “length and cost of litigation” if they continue to hear patent litigation in nonspecialized

[hereinafter Managing Intellectual Property].

129. Michael Burdon, *UK Patents County Court—Phoenix Risen?*, PAT. WORLD, July/Aug. 2003, at 1, available at http://www.olswang.com/pdfs/phoenix_risen.pdf. The court was established under authority from the 1988 Copyright Designs and Patent Act.

130. *Id.* at 3.

131. *Id.* at 1.

132. Michael Fysh, *The Work of the Patents County Court*, OXFORD INTELL. PROP. RES. CENTRE E-JOURNAL OF INTELL. PROP. RIGHTS, Feb. 11, 2003, at 2, <http://www.oiprc.ox.ac.uk/EJWP0303.pdf>.

133. Burdon, *supra* note 129, at 2.

134. *Id.*

135. *See, e.g., id.* at 1–2 (“Patents County Court has been revitalised under the leadership of Judge Michael Fysh. The Court is very much ‘back in business’ and it is commanding attention and respect from clients and practitioners alike”); Neil Jenkins, Bird & Bird, *UK Patent Litigation in 2004: A Review of Some Procedural Developments* (Mar. 3, 2005), http://www.twobirds.com/English/News/Articles/Pages/UK_patent_litigation_in_2004.aspx (“Under Fysh HH’s control, the Patents County Court (PCC) is now well and truly rehabilitated.”).

136. Fysh, *supra* note 132, at 1.

137. Managing Intellectual Property, *supra* note 128 (“Judge Michael Fysh of the Patents County Court for England and Wales has called for the creation of more dedicated IP courts around the world to provide for better and quicker litigation.”).

courts.¹³⁸

C. EXAMINING THE ITC AS A MODEL ALTERNATIVE FORUM IN THE UNITED STATES

1. Background

While federal district courts maintain general jurisdiction over patent cases, the ITC provides another forum in the United States in which a patent owner may enforce its patent rights.¹³⁹ The ITC is an administrative agency that may provide powerful injunctive relief in an action for patent infringement but cannot award any monetary damages.¹⁴⁰ Under section 337 of the Tariff Act of 1930, the ITC conducts investigations of unfair methods of competition and unfair acts in the importation of articles that substantially injure an industry in the United States or prevent the establishment of a domestic industry.¹⁴¹

The procedures and remedies available in the ITC make it a very appealing forum for patentees, especially considering the great significance of imports in America's modern economy. The ITC conducts proceedings called "investigations" into such unfair practices and provides two powerful remedies. First, it may direct the exclusion of unlawful articles from entry into the United States in the form of a limited exclusion order against certain parties or a general exclusion order against all unlawful products.¹⁴² Second, it may provide a cease and desist order against a specific party, foreign or domestic.¹⁴³ Upon a determination of infringement, the ITC awards a complainant "nearly automatic injunctive relief" that may take these forms of remedies.¹⁴⁴ The ITC is not limited by geographic or personal jurisdiction and exercises in rem jurisdiction

138. *Id.* ("Fysh said the length and cost of litigation in non-specialized courts meant countries that fail to set up an IP court system will lose money: 'If inward investment is to be attracted into a country then the efficient enforcement of IP rights is hugely important.'").

139. *See, e.g.*, ROBERT L. HARMON, HARMON ON PATENTS: BLACK-LETTER LAW AND COMMENTARY 227 (2007).

140. *Id.* at 227–28.

141. 19 U.S.C. § 1337(a) (2006).

142. *Id.* § 1337(d). Exclusion orders are "limited to persons determined by the Commission to be violating this section unless" a general exclusion order is needed by meeting one of two criteria: either it is necessary "to prevent circumvention of an exclusion order limited to products of named persons" or "there is a pattern of violation of this section and it is difficult to identify the source of infringing products." *Id.*

143. *See id.* § 1337(b)–(f).

144. *See, e.g.*, Robert W. Hahn & Hal J. Singer, *Assessing Bias in Patent Infringement Cases: A Review of International Trade Commission Decisions*, 21 HARV. J. LAW & TECH. 457, 458 (2008).

derived from any infringing products.¹⁴⁵ Thus, it fills an important “gap” in the jurisdiction of district courts to allow complainants to take action when infringing parties (who provide infringing imports) are unknown or when foreign manufacturers lack sufficient contacts for personal jurisdiction.¹⁴⁶

Investigations in the ITC are not civil actions, but their proceedings are still considered “litigation.”¹⁴⁷ An investigation is initiated by a properly filed complaint to the ITC and follows procedural rules that are similar to the Federal Rules of Civil Procedure.¹⁴⁸ The ITC assigns an Administrative Law Judge (“ALJ”) to preside over the case and an independent investigative attorney as a full party to represent the “public interest.”¹⁴⁹ After conducting a “formal evidentiary hearing on the merits,” the ALJ makes an initial determination that is certified to and may be reviewed by the Commission; an order becomes effective within sixty days unless vetoed by the U.S. Trade Representative.¹⁵⁰

Because section 337 requires the completion of investigations “at the earliest practicable time,”¹⁵¹ the ITC “places great emphasis on . . . expeditious adjudication,” with a goal of completing investigations within fifteen months.¹⁵² Historically, section 337 imposed a statutory timeline for ITC investigations to be completed to determination within one year (or eighteen months in more complicated cases).¹⁵³ While these statutory time limits were removed in the mid-1990s, an expectation remained in the legislative intent of the amendment that the ITC would retain this standard for the earliest practicable time.¹⁵⁴ One aspect of ITC trials that makes this speed possible is the “sharply” limited time available for discovery.¹⁵⁵

As the ITC is not an Article III court, the ITC has been the target of

145. *See id.* at 461.

146. *Id.* at 471–72.

147. HARMON, *supra* note 139, at 226.

148. U.S. INT’L TRADE COMM’N, SECTION 337 INVESTIGATIONS: ANSWERS TO FREQUENTLY ASKED QUESTIONS 2 (2009), available at http://www.usitc.gov/intellectual_property/documents/337_faqs.pdf. *See generally* 19 C.F.R. §§ 210.1–.79 (2009) (rules governing section 337 investigations).

149. U.S. INT’L TRADE COMM’N, *supra* note 148, at 2.

150. *Id.* at 2–3.

151. 19 U.S.C. § 1337(b) (2006).

152. U.S. INT’L TRADE COMM’N, *supra* note 148, at 24.

153. HARMON, *supra* note 139, at 225.

154. Douglas P. Martin, Comment, *Preclusive Effect of Factual Determinations of the International Trade Commission with Regard to Patent Matters*, 62 U. CHI. L. REV. 885, 910 & n.128 (1995).

155. *See, e.g.*, Hahn & Singer, *supra* note 144, at 461.

constitutional challenges for holding quasijudicial proceedings heard by ALJs that decide what are “essentially private rights.”¹⁵⁶ The ITC has survived these challenges, and the Federal Circuit has determined section 337 to be a valid implementation of congressional power to protect “domestic industries against unfair practices beginning abroad and culminating in importation.”¹⁵⁷

Meanwhile, “to avoid duplicative proceedings,”¹⁵⁸ any claims in a parallel district court case “that involve[] the same issues” as a pending ITC investigation are stayed at a party’s timely request until a final determination by the ITC.¹⁵⁹ Yet, with regard to res judicata and collateral estoppel, patent decisions of federal courts bind subsequent actions in the ITC,¹⁶⁰ but not vice versa. Rather, determinations of patent cases by the ITC carry no official preclusive effects on the federal district courts.¹⁶¹ This disparity was originally justified by the jurisdiction over patent cases afforded to federal courts in the Constitution and the legislative history of the ITC back in 1974.¹⁶² Its lack of preclusive effects was more understandable early in the life of the ITC than today, however, because the agency previously heard very few patent cases.¹⁶³ Today, this policy makes less sense with the abundance of patent litigation on the ITC’s docket.¹⁶⁴

Even the appellate review of an ITC proceeding by the Federal Circuit may not have preclusive effects on subsequent district court litigation.¹⁶⁵ It

156. HARMON, *supra* note 139, at 224.

157. *Id.* (noting the Federal Circuit’s determination that “§1337 is a valid delegation of the broad congressional power for the public purpose of providing an adequate remedy for domestic industries against unfair practices beginning abroad and culminating in importation” and “the thrust of the statute is directed toward the protection of the public interest from unfair trade practices in international commerce” (citing *Akzo N.V. v. ITC*, 808 F.2d 1471, 1488 (Fed. Cir. 1986))).

158. *In re Princo Corp.*, 486 F.3d 1365, 1368 (Fed. Cir. 2007).

159. 28 U.S.C. § 1659 (2006). This request must be made within thirty days of the party being named a respondent or thirty days of the filing of the district court action, whichever is later. *Id.* A determination does not “become final” for purposes of § 1659 until all appeals have been exhausted. *Princo*, 486 F.3d at 1369.

160. Sapna Kumar, *The Other Patent Agency: Congressional Regulation of the ITC*, 61 FLA. L. REV. 529, 558 (2009) (citing *Young Eng’rs, Inc. v. ITC*, 721 F.2d 1305 (Fed. Cir. 1983)).

161. *Id.* at 559 (citing *Bio-Tech. Gen. Corp. v. Genentech, Inc.*, 80 F.3d 1563 (Fed. Cir. 1996); *Tex. Instruments, Inc. v. ITC*, 851 F.2d 342, 343 (Fed. Cir. 1988)).

162. *Id.* (“[T]he Federal Circuit maintains that federal district courts have original and exclusive jurisdiction over patent cases under 28 U.S.C. § 1338, and that the ITC’s authority under § 337 is limited to investigating unfair practices in import trade. . . . [T]he legislative history for the Trade Act of 1974 states that ITC decisions are not entitled to preclusive effect.” (footnote omitted)).

163. *Id.*

164. *See infra* Part III.C.3.

165. Kumar, *supra* note 160, at 559 (“[A]ppellate treatment of decisions of the Commission does

is unclear whether this is still good law,¹⁶⁶ and commentators have noted that this has been overruled at least with respect to claim construction.¹⁶⁷ District courts have inconsistently applied this principle when deciding the preclusive effects of an ITC decision affirmed by the Federal Circuit.¹⁶⁸

The ITC's lack of preclusive effects may be overstated, however. While the ITC's determinations do not officially have preclusive effects on federal courts, the expertise and often lengthy opinions of the ITC judges carry influential weight in district courts; one practitioner has described it as "not literally *res judicata*, but quite persuasive."¹⁶⁹

not estop fresh consideration by other tribunals." (quoting *Tandon Corp. v. ITC*, 831 F.2d 1017, 1019 (Fed. Cir. 1987)).

166. Douglas Gilbert, Ropes & Gray, Presentation at Intellectual Property Owners Association Seminar: After the Stay—What Happens Next in Federal District Court and Does Anyone Care What the ITC or the Federal Circuit Had to Say? (July 10, 2006), available at <http://www.ipo.org/AM/Template.cfm?Section=Home&Template=/CM/ContentDisplay.cfm&ContentFileID=55171> ("However, prior ITC decisions can still be considered: 'TI also argues that by our denying preclusive effect to ITC determinations and to our decisions in appeals from ITC decisions, district courts would be free to ignore our decisions. That is not correct. District courts are not free to ignore holdings of this court that bear on cases before them.'" (quoting *Tex. Instruments, Inc. v. Cypress Semiconductor Corp.*, 90 F.3d 1558, 1569 (Fed. Cir. 1996))).

167. Kumar, *supra* note 160, at 559 ("[T]he *stare decisis* effect of a Federal Circuit claim construction will bind all lower tribunals regardless of whether collateral estoppel is appropriate, making the holding of *Tandon* moot in this context." (citing Terril G. Lewis, *Collateral Estoppel as Applied to the Construction of Patent Claims*, 83 J. PAT. & TRADEMARK OFF. SOC'Y 851, 877 (2001))). See also Gilbert, *supra* note 166, at 7 ("However, if there is appellate review of the ITC's claim construction in this dispute, that will certainly have a pronounced effect, and in practical terms the *stare decisis* effect of appellate review of the ITC construction would have near-preclusive effect with respect to any review of this Court's construction." (quoting *Thomson Consumer Elecs., Inc. v. Innovation, SA*, 3 F. Supp. 2d 49, 51 (D.D.C. 1998))).

168. See Gilbert, *supra* note 166, at 8–9. Compare *Fuji Photo Film Ltd. v. Jazz Photo Corp., Inc.*, 173 F. Supp. 2d 268, 274 (D.N.J. 2001) (noting that while "the findings and opinions rendered by the . . . ITC, as well as . . . by the Federal Circuit on appeal from the ITC . . . serve a persuasive value, they do not receive any deferential treatment nor do they have a preclusive effect on any findings and opinions rendered" and "[t]his Court therefore render[ed] its opinion based on an independent review of the facts and law" (citations omitted)), with *Minn. Mining & Mfg. Co., Inc. v. Beautone Specialties Co.*, 117 F. Supp. 2d 72, 83 (D. Mass. 1999) ("[W]hile the Commission's determination and subsequent affirmance by the Federal Circuit do not have collateral estoppel effect, *Texas Instruments* also makes clear that this Court cannot simply ignore the Federal Circuit's decision affirming the ITC finding of no infringement in this case.").

169. *Tex. Instruments*, 90 F.3d at 1569 ("The district court can attribute whatever persuasive value to the prior ITC decision that it considers justified."). See also Guy W. Chambers, Partner, Townsend and Townsend and Crew LLP, Remarks at the Santa Clara Computer & High Technology Law Journal Symposium: Shifting Strategies in Patent Law, at 11:47 (Jan. 30, 2009), available at <http://www.chtlj.org/symposiums/v25> ("The ITC decision is quite persuasive on district court judges . . . [They] appreciate that the ITC judges are very knowledgeable about patent law. The initial determinations which come out of the ITC are often hundreds of pages and quite impressive and intimidating, almost. It's not literally *res judicata*, but quite persuasive.").

2. Developments in ITC Litigation

Further legislation since the ITC's humble beginnings has also developed the ITC into its current role as a viable alternative forum to district court litigation.¹⁷⁰ The ITC was originally conceived in the Trade Act of 1974,¹⁷¹ as Congress granted it the authority under section 337 to direct the exclusion of unlawful articles from entry into the United States or provide cease and desist orders against specific parties.¹⁷² Congress expanded the ITC's jurisdiction in 1988 when it modified section 337 to apply to any imported product in violation of a "valid and enforceable" U.S. patent, effectively creating an "alternative administrative site" for patent enforcement.¹⁷³

In doing so, however, Congress failed to bind the agency to the Patent Act and corresponding federal patent law, giving the ITC "wide latitude" in patent decisions.¹⁷⁴ Because the ITC was not bound to the Patent Act, inconsistency in patent law has developed between the ITC and federal courts.¹⁷⁵ One visible departure from federal patent law by the ITC that was upheld by the Federal Circuit is the inapplicability of defenses to patent infringement as described in section 271(g) of the Patent Act.¹⁷⁶ And, while injunctions in patent cases were once more or less assured in the federal courts, the Supreme Court changed this in a 2006 decision that requires satisfaction of a four-factor test for permanent injunctive relief in all patent cases based on its interpretation of the Patent Act,¹⁷⁷ making it more

170. Kali N. Murray, *The Cooperation of Many Minds: Domestic Patent Reform in a Heterogeneous Regime*, 48 IDEA 289, 298, 300 (2008) ("[T]he International Trade Commission (ITC) replicates the role of district court decision-maker within the narrower context of import controls. . . . The ITC's replicative role appears to result from two legislative developments."). These legislative developments include the Trade Act of 1974 and the Omnibus Trade and Competitiveness Act of 1988.

171. Kumar, *supra* note 160, at 542–43.

172. 19 U.S.C. § 1337(b)–(f) (2006).

173. Murray, *supra* note 170, at 300–01.

174. Kumar, *supra* note 160, at 540–44.

175. *Id.* at 544.

176. 35 U.S.C. § 271(g) (2006) (declaring that a product made by a patented process is not infringing if "(1) it is materially changed by subsequent processes; or (2) it becomes a trivial and nonessential component of another product"). See also Murray, *supra* note 170, at 301–02 (citing *Kinik Co. v. ITC*, 362 F.3d 1359 (Fed. Cir. 2004)).

177. *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388, 391 (2006). In *eBay*, the Supreme Court held that to obtain a permanent injunction, a patent owner must demonstrate

(1) that it has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction.

Id.

difficult for patent owners to obtain injunctive relief.¹⁷⁸ Because the ITC's authority is granted by section 337 rather than the Patent Act, it is not bound to the Court's decision and has continued to award injunctive relief without regard for the four-factor test.¹⁷⁹ This significant difference has "increased the perceived favorability of the ITC" in strategic considerations of patent litigation venue.¹⁸⁰

On the other hand, these inconsistencies have been criticized as clouding or undermining "a unified patent regime," but Congress may have intended to have a nonuniform approach in the interpretation of these issues in light of the ITC's unique purpose to protect domestic industry.¹⁸¹

3. Trends in ITC Litigation

Since 2000, the vast majority of ITC investigations have been patent cases.¹⁸² As the alternate venue for patent litigation, the ITC is growing rapidly in popularity and prominence.¹⁸³ While the number of patent cases filed in district court is decreasing,¹⁸⁴ the number of patent filings in the ITC is increasing.¹⁸⁵ In 2008, nearly 18 percent of all patent infringement trials in the United States occurred in the ITC.¹⁸⁶ The ITC has been particularly popular in actions involving electronics, and its adjudications

178. *See id.* at 392 (citing 35 U.S.C. § 283).

179. Benjamin Petersen, Note, *Injunctive Relief in the Post-eBay World*, 23 BERKELEY TECH. L.J. 193, 215 (2008) ("The ITC is not obligated to adhere to the Court's reasoning because patent infringement suits adjudicated at the ITC are governed by an entirely different statute, 19 U.S.C. § 1337.").

180. *See id.* at 213.

181. Murray, *supra* note 170, at 303.

182. V. James Adduci II, Adduci, Mastriani and Schaumberg LLP, Former Chairman of the International Trade Committee of the Federal Circuit Bar, Former Counsel for the ITC, Remarks at the Santa Clara Computer & High Technology Law Journal Symposium: Shifting Strategies in Patent Law, at 6:10 (Jan. 30, 2009), available at <http://www.chtlj.org/symposiums/v25> ("Patent infringement is the unfair act that dominates at the ITC. Nearly 90 percent of the cases involve allegations of patent infringement . . . [O]f the forty-eight cases that are currently pending at the ITC, all but three involve patent infringement.").

183. Hahn & Singer, *supra* note 144, at 459–60 ("The average number of patent cases filed at the ITC was ten per year in the 1990s; since 2000, the number of cases has doubled to an average of twenty-three per year.").

184. Adduci II, *supra* note 182, at 6:30 ("In recent years, the number of patent cases in district court has been declining somewhat. For instance, during the period 2007 to [2008], the number of patent cases in district court cases declined 11 percent.").

185. *Id.* at 6:45 ("During . . . the last four to five years, the number of filings at the ITC has nearly tripled. Last year, 2008, forty-three cases were instituted at the ITC. That is a new record . . . we're on track to exceed last year's record pace.").

186. *Id.* at 7:13 ("Last year, there were ninety-nine patent trials in district court; during that same period, in calendar year 2008, there were twenty-one patent trials in the ITC.").

continue to make a significant impact on the high-technology industry.¹⁸⁷ In addition to citing the ITC's structural benefits, such as speedy adjudication and injunctive relief, as reasons for the ITC's soaring popularity, a commentator has also noted simply the increase of imports into America.¹⁸⁸

While a great number of ITC cases involve parallel litigation in the district courts,¹⁸⁹ they are much more likely to be adjudicated "than their district court counterparts."¹⁹⁰ The ITC tends not to be duplicative, as district court cases can be stayed for an ITC determination, and there are nearly no instances of a case being fully adjudicated in both district court and the ITC.¹⁹¹

It is disputed whether the substantial experience of the ITC's judges has resulted in greater accuracy and achieved the goals of a specialized court for patent adjudication. The ALJs "are widely reputed as experts in patent law," yet they mostly lack scientific backgrounds, like most generalist district court judges.¹⁹² Some empirical research based on reversal rates by the Federal Circuit has found the ALJs of the ITC "no better" than district courts generally.¹⁹³ Other research has found the ITC's determinations *less* accurate than district courts on appeal to the Federal Circuit, and that the ITC tends to exhibit a bias for patentees.¹⁹⁴ A commentator has come to the opposite conclusion with empirical research, however, pointing out that the disparity in win rates is not due to a patent-

187. *Id.* at 13:37 ("There has been a decided shift . . . to very high-tech products today . . . on the current docket, two-thirds of all the cases involved high-tech products: semiconductor chips, computers, and telecommunication equipment."). *See also* Hahn & Singer, *supra* note 144, at 460.

188. *See, e.g.,* Colleen V. Chien, *Patently Protectionist? An Empirical Analysis of Patent Cases at the International Trade Commission*, 50 WM. & MARY L. REV. 63, 68 & n.18 (2008) (pointing to the increase in imports over the past decade).

189. *Id.* at 92-93 ("[A]t least 65 percent (143 out of 219) of ITC cases involved patents that were also the subject of district court litigation between the same parties . . . [T]he overwhelming majority of these cases were litigated at the same time.").

190. *Id.* at 100 ("ITC investigations were nearly six times more likely to be adjudicated . . . than their district court counterparts . . . [T]he greater disparity in adjudication is likely due to the ability of defendants to stay district court cases when a parallel ITC case is pending . . .").

191. *Id.* at 104 ("Even though, theoretically, a plaintiff could litigate both cases to completion, I identified only two instances in which both the ITC and district court case were litigated to an adjudicated outcome, both in agreement.").

192. David L. Schwartz, *Courting Specialization: An Empirical Study of Claim Construction Comparing Patent Litigation Before Federal District Courts and the International Trade Commission*, 50 WM. & MARY L. REV. 1699, 1702 & n.13 (2009) (footnote omitted).

193. *Id.* at 1733 ("Using reversal rates as the metric, however, the ALJs of the ITC perform no better than district court judges on the essential issue of claim construction.").

194. Hahn & Singer, *supra* note 144, at 477-81.

holder bias by the court; rather, she suggests that the disparity is attributable to the decisionmaking of litigants regarding litigation venue.¹⁹⁵ Thus, it is somewhat unclear whether the ITC's expedited decisionmaking, despite its extensive patent experience, has led to any more accuracy or certainty in patent litigation than the district courts have.

4. Conclusions of ITC Litigation

Litigation in the ITC has many advantages and disadvantages for complainants. Among the advantages are the speed of proceedings, broad relief, experienced judges, and efficient pretrial discovery.¹⁹⁶ Furthermore, the uniquely automatic exclusion orders of the ITC are even more valuable now with the Supreme Court's four-factor requirements for injunctive relief in patent cases in the district courts.¹⁹⁷ On the other hand, the ITC has several disadvantages for complainants, such as the possibility that they will have to litigate a claim twice due to the lack of preclusive effects on district courts,¹⁹⁸ the absence of monetary damages, and the requirement that a complainant must have a domestic industry.¹⁹⁹

Although ITC actions are widely thought to have an advantage of speed over district court patent litigation, it has been disputed whether this belief is supported by statistics. Some have called the ITC's speed advantage "exaggerated."²⁰⁰ Comparing, however, the average time to *complete* a patent trial in the ITC (fifteen months),²⁰¹ to the average time it takes a case to even *get to* trial in popular district court dockets (for example, Eastern District of Texas, twenty-one months; Northern District of California, thirty-four months),²⁰² statistics show that ITC litigation truly

195. See Chien, *supra* note 188, at 71 ("Taken together, the data fail to support two major criticisms that have been levied against the ITC—that it is anti-defendant and that it is anti-foreigner.").

196. Gray Cary Ware & Freidenrich LLP, Patent Litigation Before the U.S. International Trade Commission from the Patent Holder's Perspective (Jan. 13, 2002), <http://www.dlapiper.com/global/publications/detail.aspx?pub=412> [hereinafter Gray Cary].

197. Petersen, *supra* note 179, at 215.

198. See *supra* text accompanying notes 160–64.

199. Gray Cary, *supra* note 196. The domestic industry requirement, however, may be satisfied by licensing, such as by foreign or nonpracticing entities.

200. Hahn & Singer, *supra* note 144, at 471 (citing Jay P. Kesan & Gwendolyn G. Ball, *How Are Patent Cases Resolved? An Empirical Examination of the Adjudication and Settlement of Patent Disputes*, 84 WASH. U. L.R. 237, 288 (2006)) (comparing the ITC's typical investigation duration of twelve to eighteen months to district court case's typical length of ten to twenty-three months).

201. Adduci II, *supra* note 182, at 11:04.

202. *Id.* at 12:24 ("[L]ook at some of the more popular patent venues in district court: it takes almost twice as long and in some cases more than twice as long to get to trial. For example, in the Eastern District of Texas it's 1.79 years to get to trial; the Northern District of California averages 2.87

has a rapid schedule “found nowhere else in the United States” and its proceedings should certainly be considered “due process with dispatch.”²⁰³

Overall, the ITC’s advantages outweigh its purported disadvantages. Its jurisprudence may jeopardize the uniformity of the patent system with its diverging interpretations of patent law, but this disparity may be intended by Congress because of the differing nature and purposes of the venue.²⁰⁴ Its speed may be undesirable for society if it sacrifices deliberate and accurate decisionmaking,²⁰⁵ but there is minimal conflicting evidence that the ITC is less accurate than generalist district courts in its decisions, and there are very few instances of wasteful parallel litigation in which both forums come to a final adjudication on the same case. Rather, despite a few shortcomings, the ITC’s unique expertise in patent infringement litigation and its trial efficiency make it a compelling venue for patent cases and an ideal model for an alternative forum to the district courts.

IV. EXAMINING PROPOSALS FOR REFORM

A. BACKGROUND

Many proposals to rework the American system have come from legislators and commentators. These proposals, however, may not be best suited for the United States. With the goal of a fair and efficient system that lacks redundancy, this part will examine some of the suggested options for reforming the American patent system and discuss their advantages and disadvantages. Rather than introduce an entirely new system or provide incremental changes that may not make a meaningful impact on the system, the United States should achieve patent reform by enhancing the existing administrative options for challenging validity and adjudicating infringement.

B. REFORMING VALIDITY CHALLENGE PROCEEDINGS

Because patent validity is fact dependent and largely dependent on science and technology, it may be more fitting, in theory, for the PTO and its experts to be the authority on validity rather than generalist district court judges.²⁰⁶ The American patent system provides both administrative and

years for a case filed to actually get to trial.”).

203. *Id.* at 12:21, 12:57.

204. *See supra* Part III.C.2.

205. Hahn & Singer, *supra* note 144, at 471.

206. Tindell, *supra* note 15, at 807–08.

judicial validity challenges but provides few incentives for challengers to follow the administrative route of reexamination; thus, any reform toward a viable administrative system should provide such incentives.²⁰⁷

Again, significant revisions to the current system of challenging validity are needed, as the reexamination system faces continual criticism and is conclusively inadequate in its current state.²⁰⁸ Ironically, American observers in the mid-1900s rejected the administrative review proceedings available in Europe, such as the opposition, due to their expense and complexity; however, the benefits of such proceedings now deserve another look, given the rapid escalation of patent litigation costs in the United States and, correspondingly, a growing need for an improved alternative forum for settling patent validity disputes.²⁰⁹

1. Option: Add Post-Grant Oppositions to the Existing System

Legislation to amend the American patent system by introducing a post-grant opposition procedure similar to the one available in Europe has been attempted repeatedly in the House and the Senate since 2005.²¹⁰ The introduction of a post-grant opposition procedure as an alternative forum for alleged patent infringers, as in Europe, could reduce costly patent litigation and provide a form of oversight of the work of patent examiners in the PTO.²¹¹ Many commentators note that the procedure would strengthen the American patent system by granting additional review to patents and possibly eliminating invalid ones.²¹² As observed in the European system, a patent that undergoes an opposition has a better chance of surviving a validity challenge in subsequent litigation, as the proceeding improves the certainty and definition of a patent's scope and brings forth the prior art most relevant to question the patent's validity.²¹³

Patent reform bills brought in Congress have offered to introduce a procedure similar to the opposition in the American patent system. The

207. Soobert, *supra* note 27, at 169.

208. *See supra* Part II.A.2.

209. *See, e.g.*, Mark D. Janis, *Rethinking Examination: Toward a Viable Administrative Revocation System for U.S. Patent Law*, 11 HARV. J.L. & TECH. 1, 99 (1997).

210. *See, e.g.*, Patent Reform Act of 2010, S. 515, 111th Cong. (2010); Patent Reform Act of 2009, S. 515, 111th Cong. (2009); Patent Reform Act of 2009, H.R. 1260, 111th Cong. (2009); Patent Reform Act of 2007, H.R. 1908, S. 1145, 110th Cong. (2007); Patent Reform Act of 2006, S. 3818, 109th Cong. (2006); Patent Reform Act of 2005, H.R. 2795, 109th Cong. (2005).

211. *See, e.g.*, Paradise, *supra* note 49, at 317. One commentator finds it "imperative" to introduce an opposition procedure, especially in the context of patents covering genetic material. *Id.* at 316–17.

212. *See, e.g., id.* at 317.

213. Bauz, *supra* note 32, at 982.

Patent Reform Act of 2009²¹⁴ calls this procedure a “post-grant opposition” and would allow third parties to challenge the validity of a patent within twelve months of its grant under any of the grounds for an invalidity challenge.²¹⁵ The procedure would mandate a statutory one-year period to complete the post-grant review, with a possible six-month extension period upon a showing of good cause.²¹⁶ Generally, the reform would separate the new procedure from reexamination “temporally,” providing the opposition for the initial period after a patent’s grant, then *inter partes* reexamination following this initial period, depending on the timing of the request.²¹⁷ In addition, to hear oppositions and reexaminations, the current BPAI would be upgraded to a Patent Trial and Appeal Board (“PTAB”) with administrative patent judges.²¹⁸ Further revisions to the reexamination proceedings would be introduced as well, including expanding the grounds upon which validity may be challenged, removing the harsh estoppel effect of *inter partes* reexamination, and bringing *inter partes* reexamination before the administrative patent judges in the newly formed PTAB.²¹⁹ The reform would also reduce the potential for abuse with an estoppel provision to prevent a patent challenger who loses a validity challenge in federal court from requesting either an opposition or an *inter partes* reexamination on the same patent claims.²²⁰

214. Patent Reform Act of 2009, S. 515; H.R. 1260. The Senate and House legislation is “largely similar”; thus, for simplicity, this Note will only examine the Senate bill. The legislation is also substantially similar to the patent reform legislation proposed in previous years (for example, 2007), with some minor revisions such as allowing “public use or sale in the US to be reasons for challenging patents” in reexamination. Posting of Dennis Crouch to Patent Law Blog (Patently-O), Patent Reform Act of 2009, <http://www.patentlyo.com/patent/2009/03/patent-reform-act-of-2009.html> (Mar. 3, 2009, 02:58).

215. Crouch, *supra* note 214.

216. Patent Reform Act of 2009, S. 515 § 5(h)(1).

217. See Richardson, *supra* note 73 (“The bill would also separate the reexamination and opposition systems temporally. Requests for *ex parte* or *inter partes* reexaminations made *during* the period of time in which an opposition could be filed (except for *ex parte* reexamination requests by the patent owner) would be treated as opposition requests. Also, requests for *ex parte* or *inter partes* reexaminations made *after* the time when an opposition could be filed (as well as *ex parte* reexamination requests by the patent owner made at any time) would be stayed in the event of a pending opposition proceeding.” (footnotes omitted)).

218. Patent Reform Act of 2009, S. 515 § 6.

219. Crouch, *supra* note 214. The Act would adjust the preclusive effect of *inter partes* reexamination by removing the “could have raised” language from its estoppel provision. Patent Reform Act of 2009, S. 515 § 5(d).

220. Patent Reform Act of 2009, S. 515 § 5(d), (h)(1) (“Part III of title 35, United States Code, is amended by adding . . . ‘If a final decision is entered against a party in a civil action arising in whole or in part under section 1338 of title 28 establishing that the party has not sustained its burden of proving the invalidity of any patent claim . . . that party to the civil action and the privies of that party may not thereafter request a post-grant review proceeding on that patent claim on the basis of any grounds,

Despite the positive attributes of the 2009 Act, it has been subject to some criticism. For one, the addition of a separate opposition proceeding to the existing patent system would be unnecessarily duplicative of reexamination.²²¹ The United States already has an arguably functional system for administrative validity challenges, making the insertion of the opposition duplicative and wasteful. Likewise, as observed in Asia, the addition of the opposition proceeding could add unnecessary complexity to the American patent system, subject patentees to multiple attacks from different administrative procedures, and further drain the resources of an already overburdened PTO.²²² The people of the United States are unfamiliar with the opposition, like the countries of Asia were,²²³ and American parties may not perceive the new proceeding as amicable as the parties in European countries have.²²⁴

Given the experiences of Japan, China, and Taiwan, it is quite possible that the previous proposals for an opposition proceeding, left as is, would not succeed in the United States and could be a wasteful experiment. The 2009 Act's proposal to add the opposition to the existing American system shares similarities with the redundant administrative procedures that led to the quick abolishment of the opposition experiment in Asia.²²⁵

2. Proposal: Enhance the Existing Administrative Alternative

Rather than follow the legislative proposal to introduce the opposition as an addition to the existing reexamination system, the United States should implement a single, comprehensive post-grant validity challenge proceeding as in the Asian patent systems.²²⁶ Legislators should reform the American patent system with the benefits of both reexamination and opposition in one procedure, rather than attempt to awkwardly accommodate both procedures with a potentially detrimental result.²²⁷ Meanwhile, a balance must be struck to prevent the possibilities of abuse of the system.

under the provisions of section 321, which that party or the privies of that party raised or could have raised . . . ”).

221. See Carlson & Migliorini, *supra* note 57, at 308.

222. See *supra* Part II.B.2.

223. See *supra* text accompanying note 82.

224. See Carlson, *supra* note 52, at 23 (“Any success that the European opposition system has enjoyed is largely attributable to unique features of the European patent system that are not present in the patent systems of the United States, Japan, China and South Korea.”).

225. See Carlson & Migliorini, *supra* note 57, at 308–09.

226. See *supra* Part II.B.2.

227. A similar reform is proposed in Carlson & Migliorini, *supra* note 57, at 310–17.

The benefits of an opposition-like proceeding in the United States are clear; rather, the causes for concern include its duplicative nature with the existing administrative validity challenges and the potential for abuse. One alternative version of patent reform in the Senate attempts to address the redundancy of the administrative procedures simply by repealing *inter partes* reexamination altogether.²²⁸ Eliminating this existing procedure—which has increasingly recognized redeeming qualities, despite being concededly flawed—for an entirely new opposition procedure may be too drastic and wasteful to be best for the American patent system, however.²²⁹

The Patent Reform Act of 2010 is similar to the 2009 Act, but appears to ameliorate many of the concerns of the 2009 Act by effectively implementing a more comprehensive system for administrative post-grant validity challenges without redundancy.²³⁰ Instead of the opposition, the 2010 Act provides a “first window” of “post-grant review” with a nine-month, rather than a twelve-month, window and treats this first-window review and *inter partes* reexamination nearly interchangeably.²³¹ It ties the new estoppel provision of *inter partes* reexamination to the initial post-grant review as well to prevent claims that a patent challenger “raised or reasonably could have raised.”²³² While the 2009 Act would remove “could have raised” language entirely from the *inter partes* estoppel provision, the 2010 Act only modifies the language to read “reasonably could have raised.”²³³ The 2010 Act also would slightly raise the requisite threshold to institute the proceedings “to strike a more precise balance among all users of the patent system.”²³⁴ These modifications would reduce the duplicative

228. Patent Reform Act of 2009, S. 610, 111th Cong. (2009); Patent Reform Act of 2008, S. 3600, 110th Cong. (2008).

229. See *supra* text accompanying notes 44–48.

230. Patent Reform Act of 2010, S. 515, 111th Cong. (2010). See also Posting of Dennis Crouch to Patent Law Blog (Patently-O), Patent Reform Act of 2010: An Overview, <http://www.patentlyo.com/patent/2010/03/patent-reform-act-of-2010-an-overview.html> (Mar. 8, 2010, 02:50) (noting that the Patent Reform Act of 2010 is “very similar to its predecessor, the Patent Reform Act of 2009”).

231. Press Release, U.S. Senate, *supra* note 111.

232. Posting of Stephen Albainy-Jenei to Patent Baristas, <http://www.patentbaristas.com/archives/2010/03/05/the-patent-reform-act-of-2010-a-substitute-s-515> (Mar. 5, 2010).

233. Press Release, U.S. Senate, *supra* note 111. See also Patterson, Thuente, Skaar & Christensen, The “Changes” in the “New and Improved” Version of S. 515 (Mar. 5, 2010), http://www.ptslaw.com/news/Patent_Reform_Bills_Comparison.pdf.

234. Posting of William New to Intellectual Property Watch, <http://www.ip-watch.org/weblog/2010/03/04/new-senate-patent-reform-bill-details-released/> (Mar. 4, 2010, 10:29). For first-window post-grant review, it “raises the threshold for instituting a proceeding to a showing that it is ‘more likely than not’ that at least one claim is unpatentable”; for *inter partes* review, it “[s]lightly raises the threshold for instituting an IPR to a ‘reasonable likelihood’ that the challenger

nature of prior proposals and reduce the potential abuse of the post-grant validity challenges with a balanced estoppel provision.

Thus, the 2010 Act is a successful attempt to integrate the positive attributes of the opposition while addressing concerns about the *inter partes* reexamination proceeding and issues of duplication. *Inter partes* reexamination could be modified effectively, as suggested by the 2010 Act (in particular, changing the estoppel provision and making the reexamination more like a court case by bringing it before the PTAB). It should include the statutory one-year time limit to impose efficiency on the new procedure. The new PTAB proposed by the Act, staffed with administrative patent judges, should be able to focus on and handle the requirements of this proceeding and its nearly equivalent first-window counterpart without the additional distraction of an entirely separate opposition proceeding.

Still, some have disagreed with any additional reform to refine the existing reexamination proceedings, calling such proposals “timid” and suggesting the “amputation” of the system altogether.²³⁵ Others have warned that broadening the reexamination proceedings without the addition of proper preclusive effects would essentially result in the creation of an American version of the oft-criticized German nullity proceeding.²³⁶ This particular proposal, however, provides enough of an overhaul and adds the benefits of the opposition to the existing reexamination procedure to provide a comprehensive solution without wastefully discarding the previous system. Furthermore, it maintains a fair, normal estoppel effect for *inter partes* reexamination to prevent continuous validity attacks, while reducing the risk and discouragement of third parties associated with the overly harsh pre-reform estoppel provision.

C. REFORMING INFRINGEMENT LITIGATION

The notion of specialization among American trial courts for patent infringement litigation is a popular topic among commentators and

would prevail in invalidating a claim of the patent.” *Id.*

235. See, e.g., Janis, *supra* note 209, at 118 (stating that proposals to further refine the reexamination system should be “discarded” because they “spring[] from an anachronistic conceptual model,” and that such “reform legislation is notable primarily for its timidity and should not be enacted”); Osenga, *supra* note 48, at 218 (“Over the years, Congress has repeatedly introduced legislation to perform corrective surgery by adding to or cosmetically altering the existing reexamination laws. Instead of merely seeking to correct the existing problems, a more sound course of treatment would be to amputate the current reexamination proceedings in total.”).

236. Bauz, *supra* note 32, at 982.

legislators, and proposals for reform toward such a goal are wide-ranging. Such increased specialization in trial courts for patent matters is likely to reduce the high rate of reversal of patent cases on appeal, and may justify greater deference to the trial courts' decisions by the Federal Circuit. The following section describes the varying suggestions, from incrementally altering the existing federal district courts to a radical overhaul of the entire system.

1. Option: Improve the Existing District Court System

Legislators in Congress have proposed a pilot program to improve the accuracy and predictability of patent litigation in the nation's existing district courts.²³⁷ Originally introduced in 2006 with the goal of "creat[ing] a more just and cost-effective venue for legal challenges," the program passed quickly in the House of Representatives more than once,²³⁸ but stalled in the Senate.²³⁹ This legislation was designed to lower the costs of patent litigation and the currently high rate of reversal in the Federal Circuit by better preparing district court judges for patent cases.²⁴⁰ Under this program, judges of select district courts who participate would receive cases randomly from fellow judges who wish to defer their patent cases.²⁴¹ With \$5 million earmarked for the program, these select district courts would receive additional funding for education and training in patent cases, as well as compensation for additional technical law clerks.²⁴²

A district court would be eligible to participate in the pilot program if it (1) ranked among the top fifteen district courts in its number of filed

237. H.R. 34, 110th Cong. § 1(a) (2007). The bill proposes to [e]stablish[] a program, in [certain U.S. district courts] . . . under which: (A) those district judges of that district court who request to hear cases under which one or more issues arising under any Act of Congress relating to patent or plant variety protection must be decided, are designated by the chief judge of the court to hear those cases; (B) cases described in subparagraph (A) are randomly assigned to the judges of the district court, regardless of whether the judges are designated under subparagraph (A); (C) a judge not designated under subparagraph (A) to whom such a case is assigned under subparagraph (B) may decline to accept the case; and (D) a case declined under subparagraph (C) is randomly reassigned to one of those judges designated under subparagraph (A).

Id.

238. See Press Release, U.S. Senate, *supra* note 111.

239. Holderman & Guren, *supra* note 67, at 1, 18.

240. See 153 CONG. REC. H1430-33 (daily ed. Feb. 12, 2007) (statement of Rep. Berman) ("Appeals from district courts to the Court of Appeals for the Federal Circuit are frequent. This is caused, in part, by the general perception within the patent community that most district court judges are not sufficiently prepared to hear patent cases. I drafted this legislation in an attempt to decrease the cost of litigation by increasing the success of district court judges.").

241. *Id.*

242. *Id.*

patent cases; (2) had at least ten judgeships; and (3) had at least three judges request to participate in the program.²⁴³ The second restriction, however, would disqualify several popular district courts that could otherwise be eligible under the first restriction: the Eastern District of Texas, the District of Delaware, and the District of Minnesota.²⁴⁴ In effect, the program would provide for judges in eligible districts “to develop expertise in [patent law], trim inefficiencies in the patent litigation process to rapidly adjudicate cases, and result, in effect, in Congressionally-sanctioned rocket docket.”²⁴⁵

Despite the low cost of the pilot program, it appears that its actual effect on the patent system may be minimal. One commentator suggests that it will have “little impact”; he questions the lack of qualification requirements of opt-in judges and points out that the possibility of increased accuracy in the district courts has no guarantee of leading to fewer reversals on appeal in the Federal Circuit.²⁴⁶ Another commentator similarly notes that the program may lack operational guidance,²⁴⁷ and criticizes the program because it may jeopardize the random assignment of federal cases, encourage forum shopping, and place judges under too much influence by technical law clerks.²⁴⁸ And, although the Judiciary Subcommittee on Courts, the Internet, and Intellectual Property in Congress supported the legislation, they deemed it insufficient as a substitute for wider-ranging reform.²⁴⁹

Overall, the pilot patent program may allow judges in certain federal district courts to develop a specialty for patent cases, and may follow the success of the German courts of specialization within a general trial court system.²⁵⁰ It is not, however, without shortcomings, and certainly would

243. H.R. 34, 110th Cong. § 1(b) (2007).

244. Nancy Olson, Comment, *Does Practice Make Perfect? An Examination of Congress's Proposed District Court Pilot Program*, 55 UCLA L. REV. 745, 760 (2008).

245. Cono A. Carrano, Cecil E. Key & Brian Su, *Patent Rocket Dockets: Coming Soon to a Venue Near You?*, INTELL. PROP. TODAY, Dec. 2006, at 11, available at <http://www.iptoday.com/pdf/2006/12/Carrano-Dec2006.pdf>.

246. Jeffrey Peabody, *Under Construction: Towards a More Deferential Standard of Review in Claim Construction Cases*, 17 FED. CIR. B.J. 505, 518–19 (2008).

247. Olson, *supra* note 244, at 756, 780.

248. *Id.* at 761–68.

249. Cal. Inst. for Fed. Policy Research, *House Passes Pilot Program for Patent Law Judges*, CAL. CAPITAL HILL BULL., Feb. 16, 2007, at 1, available at <http://www.calinst.org/bul2/b1407.pdf> (“Rep. Howard Berman, Chair of the Judiciary Subcommittee on Courts, the Internet, and Intellectual Property supported H.R. 34, but noted ‘This bill does not substitute for comprehensive patent overhaul.’ His Subcommittee will begin hearings this week on comprehensive patent reform.”).

250. *See supra* Part III.B.1.

not provide a complete solution for reform.

2. Option: Introduce an Entirely New Specialized Court System

Despite an increasingly positive attitude both internationally and within the United States toward the introduction of specialized trial courts as early as a decade ago, the United States has failed to introduce any sweeping reform to implement such a system.²⁵¹ Yet, introducing specialized trial courts in the United States exclusively for patent and intellectual property disputes might follow a growing international trend.²⁵² The implementation of specialized trial courts in the American system could successfully address many of the shortcomings associated with patent infringement litigation by allowing specialization and the development of patent law expertise.²⁵³

It may be much too expensive or unwieldy to implement such a parallel system in the United States, however, with one commentator pointing out that “[t]he investment in training, time, and money to create a parallel judicial system, replete with trained judges and possibly trained juries, would be massive if not impractical.”²⁵⁴ Others have pointed out that “market forces” have already led to specialization among the district courts, making such legislation unnecessary.²⁵⁵ And, the idea of specialized courts with only one specific area of law at issue has raised concerns of “capture,” in which a special interest group could influence such courts and their judges to take a particular view.²⁵⁶

An attempt to introduce such courts through legislation is also likely to become caught up in constitutional issues and controversy. For example, the creation of specialized federal courts decided by specialized judges without juries is likely to raise questions of the Seventh Amendment right

251. Pegram, *supra* note 101, at 767.

252. *See supra* text accompanying notes 127–30.

253. *See, e.g.,* Rai, *supra* note 105, at 895–97 (proposing to address the complicated scientific fact-finding in patent law with the creation of a specialized trial court provided with expert consultants); Gregory J. Wallace, Note, *Toward Certainty and Uniformity in Patent Infringement Cases After Festo and Markman: A Proposal for a Specialized Patent Trial Court with a Rule of Greater Deference*, 77 S. CAL. L. REV. 1383, 1410–15 (2004) (proposing to establish a uniform national patent trial court).

254. *See, e.g.,* Peabody, *supra* note 246, at 517–18. Rather, Peabody recommends that the Federal Circuit “adopt a more deferential standard of review,” which would make the “benefits associated with developing a specialized trial court likely . . . [to] not outweigh the substantial costs.” *Id.* at 517.

255. *See, e.g.,* Rai, *supra* note 105, at 880. For example, certain courts, such as the Northern District of California, already have great experience handling a large volume of patent cases.

256. Holderman & Guren, *supra* note 67, at 17–18.

to a jury trial.²⁵⁷ About three decades ago, the United States had a tumultuous experience implementing a specialized trial court system when Congress enacted the Bankruptcy Reform Act of 1978 to create a bankruptcy court system.²⁵⁸ The system was quickly struck down by the Supreme Court as unconstitutional.²⁵⁹ In response to the decision, a “hopelessly divided” Congress struggled to rewrite the system’s structure with intense political pressure from opposing sides.²⁶⁰ While the constitutional issues were mostly settled with legislation in 1984, commentators still disagree about the best structure for the bankruptcy court system, with one commentator citing great costs of “delay and uncertainty” in the existing system but also conceding monetary and political costs in a proposed reform.²⁶¹

While the introduction of specialized trial courts in the United States for patent disputes could be ideal given the shortcomings of the American system and the existence of international examples of success, the realities of implementing such a system could be too costly and might face an uphill battle of political controversy and constitutional issues. In addition, attempting such a sizeable reform may simply be unnecessary given the

257. See Signore, *supra* note 92, at 812–13; *supra* text accompanying notes 92–96. To reduce the role of juries in patent cases, both parties may waive the right to a jury. Signore, *supra* note 92, at 812–13. Alternatively, a patentee may seek only an injunction (in which the Seventh Amendment does not apply); yet, the defendant may overcome this strategy by raising a patent invalidity defense, which includes factual issues for a jury. *Id.*

258. Bankruptcy Reform Act of 1978, Pub. L. No. 95-598, 92 Stat. 2549 (codified in scattered sections of 11 U.S.C.). The legislation conferred original bankruptcy jurisdiction on the district courts and established a bankruptcy court in each judicial district to exercise bankruptcy jurisdiction. The act provided that the new bankruptcy courts would be considered adjuncts of the district courts but would be presided over by bankruptcy judges appointed by the president and confirmed by the Senate for fourteen-year terms, beginning in 1984. In the meantime the incumbent referees would serve as bankruptcy judges.

Federal Judicial History, Bankruptcy Courts, http://www.fjc.gov/history/home.nsf/page/courts_special_bank.html (last visited Aug. 9, 2010).

259. *N. Pipeline Constr. Co. v. Marathon Pipe Line Co.*, 458 U.S. 50, 87–88 (1982). The Supreme Court “declared unconstitutional the grant of bankruptcy jurisdiction to independent courts composed of judges who did not have life tenure and the other protections of Article III of the Constitution”; it also recommended “that Congress restructure the bankruptcy courts.” Federal Judicial History, *supra* note 258.

260. See Susan Block-Lieb, *The Costs of a Non-Article III Bankruptcy Court System*, 72 AM. BANKR. L.J. 529, 529 (1998).

261. See *id.* at 563 (“The costs of maintaining a non-Article III bankruptcy court system—delay and uncertainty—outweigh the cost of facing the issue politically and creating an Article III bankruptcy court system. In part, this follows because the doctrinal and unconstitutional issues are substantial The significant costs of a non-Article III bankruptcy court system exceed the limited costs of creating an Article III system—a system which would differ only in that bankruptcy judges would be granted tenure and salary protections.”).

existing options available in the United States.

3. Proposal: Enhance the Existing Administrative Alternative

Rather than introduce an incremental change with the pilot program or undertake a colossal implementation of a specialized trial court system, the United States should bring reform through an existing administrative agency with patent expertise: the ITC.²⁶² The history of the ITC's development over the past century shows that Congress has intended to develop it into an alternative administrative forum for patent litigation.²⁶³ This proposal would support a tribunal that is already well regarded for its efficiency. Furthermore, unlike the other proposals, this would have fewer costs by utilizing an existing system, while promoting a specialized intellectual property court in the United States as a model for modern patent litigation. And, while the concerns of "capture" raised against introducing a specialized patent court system could similarly be raised for the ITC, such concerns should be somewhat mitigated by the fact that the ITC has little to no responsibility in the development of patent laws.²⁶⁴

To accomplish this proposal, the ITC should be reformed to establish a collateral estoppel effect on subsequent federal court litigation to completely prevent redundancy, become harmonized with federal patent law for fairness, and gain more deference in its determinations at the Federal Circuit for efficiency on appeal. In support of these reforms and to prepare for an escalated caseload, the ITC should appoint more ALJs, particularly judges with technical training, to effectively and efficiently preside over patent trials at the ITC. Granting ITC determinations a preclusive effect upon subsequent federal court litigation could not only address judicial efficiency, but also another major weakness of the ITC: its lack of monetary damages, which is a source of criticism for failing to offer complainants complete relief or to afford defendants the opportunity to pay

262. Alternatively, one commentator has proposed a similar "doable" reform of simply implementing parallel patent case jurisdiction in an existing national Article III trial court, the United States Court of International Trade ("CIT"). See Pegram, *supra* note 101, at 767. This would increase favorable competition between court systems and give CIT judges the opportunity to "develop expertise in patent law through greater exposure to patent cases" while avoiding the expense of establishing new judgeships and courthouses. See *id.* at 783. While this potential reform is argued and proposed convincingly, the CIT currently hears no patent cases and lacks the experience of an existing forum like the ITC that currently hears a great number of patent litigation disputes. Thus, the ITC provides a better option to avoid the time and expense to train a new set of judges on the intricacies of patent law.

263. See *supra* Part III.C.2.

264. See Rai, *supra* note 105, at 896–97 (comparing the roles of trial courts and appellate courts in considering the issue of capture and judicial vision).

a royalty outside of settlement.²⁶⁵ To circumvent possible constitutional issues of offering damages in the ITC,²⁶⁶ as well as to avoid the complexity of damage determinations in ITC investigations, the patent system should be reformed to allow complainants to bring a successful ITC decision to the district courts for monetary damages without the need for a completely new trial.²⁶⁷ It is possible that ITC determinations affirmed by the Federal Circuit on appeal should already have a collateral estoppel effect on subsequent federal district court cases.²⁶⁸ While the Federal Circuit has suggested that granting ITC decisions preclusive effect on subsequent federal court litigation could deprive a party of its Seventh Amendment right to a jury trial,²⁶⁹ it has pointed to Supreme Court precedent analogous to the contrary.²⁷⁰ The legislative history of the ITC in 1974 disapproved of granting a preclusive effect to ITC determinations,²⁷¹ but the forum has soared in popularity since its beginnings, when it heard only a few patent cases. Today, with such a great proportion of American patent infringement cases filed in the ITC, the persuasive value of its determinations in subsequent federal court litigation should be upgraded to a full collateral estoppel effect to reduce the redundancy of parallel litigation.

Because it is unclear whether the Federal Circuit would look favorably on a litigant taking an ITC determination to a district court with estoppel effects, it is useful to draw an analogy to the controversial issue of whether a litigant may properly bring evidence of a foreign decision on patent

265. A similar proposal is suggested by one commentator, who suggests that if accuracy of ITC decisions . . . could be resolved, . . . the application of *res judicata* to the ITC's factual findings, and perhaps to its legal findings as well, would benefit parties and the public at large in that party exposure to inconsistent decisions and duplicative litigation would be reduced and patents invalidated at the ITC could not be reasserted.

Chien, *supra* note 188, at 110–11.

266. The ITC could be enhanced to offer monetary damages, as it may already compel civil penalties on respondents who violate consent orders restricting infringement in the future. *Id.* at 108. This practice could raise Seventh Amendment issues as to a litigant's right to a jury trial when seeking damages, although the Supreme Court has actually found the Seventh Amendment inapplicable in administrative proceedings. *Id.* (citing *Atlas Roofing Co. v. Occupational Safety & Health Review Comm'n*, 430 U.S. 442, 455 (1977)).

267. *Id.*

268. See *supra* notes 165–67 and accompanying text.

269. Murray, *supra* note 170, at 326 (“[T]he Federal Circuit suggested that its refusal to accord a preclusive effect to the decisions of the ITC served the greater purpose of preserving the Seventh Amendment right to a jury trial enjoyed by patent owners.” (citing *Tex. Instruments, Inc. v. Cypress Semiconductor Corp.*, 90 F.3d 1558, 1569 n.10 (Fed. Cir. 1996))).

270. *Tex. Instruments*, 90 F.3d at 1569 n.10 (“[A]pplication of collateral estoppel to a legal action based on an equitable determination does not violate Seventh Amendment right to a jury trial.” (citing *Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 335–37 (1979))).

271. See *supra* text accompanying notes 160–63.

infringement to a U.S. district court with preclusive effect.²⁷² While case law has historically shown that foreign decisions are inadmissible, a limited number of cases have suggested that district courts may introduce such evidence of *foreign* patent decisions.²⁷³ While the idea was not fully tested in the Federal Circuit, it could follow logically that district courts should also be able to receive an ITC decision, a reputed *domestic* litigation forum, without wastefully retrying the entire case.²⁷⁴

To address the developing nonuniformity of the patent system,²⁷⁵ a major criticism of the ITC's jurisprudence, commentators have suggested harmonizing the doctrines and remedies between the ITC and federal district courts. In the interest of fairness to parties to adjudicate the patent matters in a way that may have a preclusive effect on subsequent district court litigation, the ITC's divergent jurisprudence should be drawn back closer to federal patent law under the Patent Act. For example, the defenses available under the Patent Act should be made consistently available at the ITC as well, contrary to precedent that made certain defenses unavailable.²⁷⁶ Another major difference is the applicability of the four-factor test for permanent injunctions laid down by the Supreme Court in 2006.²⁷⁷ Given the unique mission and remedies of the ITC, it might be inappropriate to apply this test to the agency. The ITC, however, is already authorized to take into account considerations of remedies available in other forums without further legislation, and the application of the test in the ITC would bring further harmonization to the proposed system in which

272. Timothy J. Malloy & Gregory J. Vogler, *Think Locally, Act Globally: A Strategy for IP Litigation* (2003), http://www.mhmlaw.com/article/think_locallyglobally.pdf.

273. *Id.*

274. *See id. Compare* *Medtronic, Inc. v. Daig Corp.*, 789 F.2d 903, 907–08 (Fed. Cir. 1986) (“As a final effort to prove obviousness of the ‘501 invention, Daig urges this court to adopt the conclusion of a German tribunal holding the ‘501 German counterpart patent obvious. This argument is specious. The patent laws of the United States are the laws governing a determination of obviousness/nonobviousness of a United States patent in a federal court.”), *with* *Vas-Cath Inc. v. Mahurkar*, 745 F. Supp. 517, 524–27 (N.D. Ill. 1990) (“Patent litigation is costly, and the Canadian case was hard fought. Why begin from scratch? Conservation of resources is the principal objective of the law of preclusion, and that is a vital objective when costs are high, the more so when similar patents have been secured in many of the industrial countries. Patent litigation should not be allowed to become a war of attrition, in which after the conclusion of one battle parties move on to another and duplicate the engagement. . . . The judgment of the Federal Court of Canada accordingly receives the same weight it would have if it had been rendered by a federal court in the United States.”), *rev'd on other grounds*, 935 F.2d 1555 (Fed. Cir. 1991).

275. *See supra* text accompanying notes 175–80.

276. *See supra* text accompanying note 176.

277. *See supra* text accompanying notes 177–78.

ITC determinations are brought to federal courts for damages.²⁷⁸

In addition, the great volume of patent cases that currently dominate the ITC's docket can be reasonably understood to give its ALJs a trained specialization in patent cases,²⁷⁹ and this should be recognized. Thus, as an essentially specialized trial court, the ITC warrants more deference on appeal at the specialist appellate court for patent cases, the Federal Circuit. Rather than continue to review ITC determinations under a *de novo* standard, the Federal Circuit should recognize the growing patent expertise of the ITC and review its patent determinations with more deference under an "abuse of discretion" or "clearly erroneous" standard. This would increase the efficiency of appellate treatment of ITC determinations and reduce the waste of judicial resources. Furthermore, this would further enhance the proposed method for bringing ITC determinations to district court for damages, as determinations could be referenced in subsequent district court litigation after surviving an efficient appeal with a stamp of approval from the Federal Circuit to provide a more authoritative preclusive effect.

With these proposals, the ITC could be elevated to become a specialist patent trial court in America to reduce redundancy and achieve goals of fairness and efficiency.

V. CONCLUSION

The uncertainties and escalating costs inherent in the American patent system continue to raise the need for patent reform in the United States. This Note has reviewed various proceedings for validity challenges and forums for litigation, questioning proposals for reform by legislators and commentators for the American patent system that may be too duplicative, incremental, or heavy-handed to put into practice. Instead, the United States should improve its existing administrative options with lessons from the successes and failures elsewhere in the world to achieve its own success in patent reform efforts. With amendments to *inter partes* reexamination to adopt the advantages of the European opposition while avoiding its disadvantages, the American patent system will gain a comprehensive, fair, and efficient administrative method of post-grant validity challenges. Similarly, with reform to the ITC, the American patent system will maintain a comprehensive, fair, and efficient administrative alternative to

278. See Hahn & Singer, *supra* note 144, at 489.

279. See *supra* text accompanying notes 182–87.

the district courts for patent infringement without adding redundancy or inconsistency in the application of patent law. In sum, a complete solution for the American patent system may be accomplished by enhancing its existing administrative options: reexamination at the PTO and alternative litigation at the ITC.