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2 HJU104000

3 MARKUP OF H.R. 1249, THE AMERICA INVENTS ACT

4 Thursday, April 14, 2011

5 House of Representatives

6 Committee on the Judiciary

7 Washington, D.C.

8           The committee met, pursuant to call, at 10:35 a.m., in  
9 Room 2141, Rayburn Office Building, Hon. Lamar Smith  
10 [chairman of the committee] presiding.

11           Present: Representatives Smith, Sensenbrenner, Coble,  
12 Gallegly, Goodlatte, Lungren, Chabot, Issa, Pence, Forbes,  
13 King, Franks, Gohmert, Jordan, Poe, Chaffetz, Griffin,  
14 Marino, Gowdy, Ross, Adams, Quayle, Conyers, Berman, Nadler,  
15 Scott, Watt, Lofgren, Jackson Lee, Waters, Cohen, Johnson,  
16 Pierluisi, Quigley, Chu, Deutch, Sanchez, and Wasserman  
17 Schultz.

18           Staff present: Sean McLaughlin, Chief of Staff;  
19 Allison Halatei, Deputy Chief of Staff/Parliamentarian;  
20 Sarah Kish, Clerk; Perry Apelbaum, Minority Staff Director;  
21 and Chrystal Sheppard.  
22

1408 genuine issues in the case in order to prepare an effective  
1409 petition.

1410 I think this is a fair approach for both the patent  
1411 owner and those accused of infringement. It preserves the  
1412 ability of inter partes while still preventing undue delay,  
1413 and while there is no deadline tied to litigation in the  
1414 status quo, proponents of strict deadlines really haven't  
1415 given any real world examples that I am aware of of inter  
1416 partes challenges that have been unduly delayed or harm that  
1417 would occur therefor.

1418 So if there are concerns, they are theoretical, and  
1419 regardless of the deadline, defendants have a significant  
1420 incentive to file their petitions for IPR as early as  
1421 possible. If the defendant waits too long to file, it could  
1422 lose at trial and be forced into paying damages for  
1423 infringement before the PTO makes a decision to invalidate  
1424 the patent.

1425 So I think this amendment is a middle ground and  
1426 improves the bill, and I hope that the members will see fit  
1427 to approve it.

1428 And I yield back.

1429 Chairman Smith. Thank you, Ms. Lofgren.

1430 I will recognize myself in opposition to the  
1431 amendment.

1432 This amendment expands the inter partes review program  
1433 from 12 months after the filing of a civil action to 30 days  
1434 after the Markman hearing. This amendment could create an  
1435 open-ended process because there is actually no guarantee  
1436 that a Markman hearing will even take place. The inter  
1437 partes proceeding in H.R. 1249 has been carefully written to  
1438 balance the need to encourage its use while at same time  
1439 preventing the serial harassment of patent holders. This  
1440 bill represents a delicate balance, and making such a core  
1441 change to the deadline may turn the inter partes program  
1442 into a tool for litigation gamesmanship rather than a  
1443 meaningful and less expensive alternative to litigation.

1444 For those reasons, I oppose the amendment.

1445 Are there other members who wish to be heard on this  
1446 amendment?

1447 [No response.]

1448 Chairman Smith. If not, we will vote on it. All  
1449 those in -- the gentleman from California, Mr. Berman, is  
1450 recognized.

1451 Mr. Berman. Mr. Chairman, the issue you raise -- I

1452 rise to suggest an alternative to the amendment, although I  
1453 think the amendment is good.

1454 If there is a Markman hearing, that is the logical  
1455 time to cut off the ability to stay a court case, 30 days  
1456 afterwards. So on the face of it, I think the amendment  
1457 makes sense. You raise legitimately what if there is no  
1458 Markman hearing. So what if the gentlelady's amendment said  
1459 the Markman hearing or no later than 18 months so that if  
1460 there were no Markman hearing, the time set, they could not  
1461 go beyond the 18 months? Would that make it then more  
1462 attractive to you? It would deal with this issue of no  
1463 Markman hearing.

1464 Remember, under existing law -- first of all, the stay  
1465 is never mandated. The court gets to decide whether or not  
1466 to have a stay. And your bill, I think, is a positive  
1467 improvement on the Senate language which was only 6 months,  
1468 but conceptually knowing what claims are going to be  
1469 litigated makes the most sense in terms of telling the  
1470 defendant they no longer can use inter partes reexam as an  
1471 effort to stall the litigation. They got to do it within 30  
1472 days of the Markman hearing or if they haven't gotten the  
1473 Markman hearing or aren't going to get a Markman hearing, no