# AMERICA INVENTS ACT

# HEARING

BEFORE THE SUBCOMMITTEE ON INTELLECTUAL PROPERTY, COMPETITION, AND THE INTERNET OF THE

# COMMITTEE ON THE JUDICIARY HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

ON

#### H.R. 1249

MARCH 30, 2011

## Serial No. 112-35

Printed for the use of the Committee on the Judiciary



Available via the World Wide Web: http://judiciary.house.gov

U.S. GOVERNMENT PRINTING OFFICE

65-487 PDF

DOCKET

Δ

WASHINGTON : 2011

For sale by the Superintendent of Documents, U.S. Government Printing Office Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800 Fax: (202) 512–2104 Mail: Stop IDCC, Washington, DC 20402–0001

**A R M** Find authenticated court documents without watermarks at <u>docketalarm.com</u>.

#### COMMITTEE ON THE JUDICIARY

LAMAR SMITH, Texas, Chairman

F. JAMES SENSENBRENNER, JR., Wisconsin HOWARD COBLE, North Carolina ELTON GALLEGLY, California BOB GOODLATTE, Virginia DANIEL E. LUNGREN, California STEVE CHABOT, Ohio DARRELL E. ISSA, California MIKE PENCE, Indiana J. RANDY FORBES, Virginia STEVE KING, Iowa TRENT FRANKS, Arizona LOUIE GOHMERT, Texas JIM JORDAN, Ohio TED POE, Texas JASON CHAFFETZ, Utah TOM REED, New York TIM GRIFFIN, Arkansas TOM MARINO, Pennsylvania TREY GOWDY, South Carolina DENNIS ROSS, Florida SANDY ADAMS, Florida BEN QUAYLE, Arizona

JOHN CONYERS, Jr., Michigan HOWARD L. BERMAN, California JERROLD NADLER, New York ROBERT C. "BOBBY" SCOTT, Virginia MELVIN L. WATT, North Carolina ZOE LOFGREN, California SHEILA JACKSON LEE, Texas MAXINE WATERS, California STEVE COHEN, Tennessee HENRY C. "HANK" JOHNSON, JR., Georgia PEDRO R. PIERLUISI, Puerto Rico MIKE QUIGLEY, Illinois JUDY CHU, California TED DEUTCH, Florida LINDA T. SANCHEZ, California DEBBIE WASSERMAN SCHULTZ, Florida

SEAN MCLAUGHLIN, Majority Chief of Staff and General Counsel PERRY APELBAUM, Minority Staff Director and Chief Counsel

SUBCOMMITTEE ON INTELLECTUAL PROPERTY, COMPETITION, AND THE INTERNET

BOB GOODLATTE, Virginia, Chairman<br/>BEN QUAYLE, Arizona, Vice-ChairmanF. JAMES SENSENBRENNER, JR.,<br/>WisconsinMELVIN L. WATT,<br/>JOHN CONYERS,<br/>HOWARD COBLE, North CarolinaJOHN CONYERS,<br/>HOWARD L. BERN<br/>JUDY CHU, Califor<br/>DARRELL E. ISSA, CaliforniaSTEVE CHABOT, OhioJUDY CHU, Califor<br/>DARRELL E. ISSA, CaliforniaTED DEUTCH, Flo<br/>DEBBIE WASSERN<br/>JENCD POE, TexasTED DEO, TexasJERROLD NADLEI<br/>JASON CHAFFETZ, UtahZOE LOFGREN, CA<br/>SHEILA JACKSON<br/>TIM GRIFFIN, ArkansasTOM MARINO, Pennsylvania<br/>SANDY ADAMS, FloridaMAXINE WATERS

MELVIN L. WATT, North Carolina JOHN CONYERS, JR., Michigan HOWARD L. BERMAN, California JUDY CHU, California TED DEUTCH, Florida LINDA T. SÁNCHEZ, California DEBBIE WASSERMAN SCHULTZ, Florida JERROLD NADLER, New York ZOE LOFGREN, California SHEILA JACKSON LEE, Texas MAXINE WATERS, California

BLAINE MERRITT, Chief Counsel STEPHANIE MOORE, Minority Counsel

(II)

DOCKET

#### CONTENTS

#### MARCH 30, 2011

### TEXT OF THE BILL

H.R. 1249, the "America Invents Act"	3
OPENING STATEMENTS	
The Honorable Bob Goodlatte, a Representative in Congress from the State of Virginia, and Chairman, Subcommittee on Intellectual Property, Com- petition, and the Internet	1 39 42
WITNESSES	
The Honorable David J. Kappos, Under Secretary of Commerce for Intellec- tual Property and Director, the United States Patent and Trademark Office Oral Testimony Prepared Statement The Honorable Steve Bartlett, President and Chief Executive Officer, The Financial Services Roundtable Oral Testimony	44 46 56
Prepared Statement Steven W. Miller, Vice President and General Counsel for Intellectual Prop- erty, Procter & Gamble Company	59
Oral Testimony Prepared Statement Mark Chandler, Senior Vice President, General Counsel, and Secretary, Cisco Systems, Inc.	65 67
Oral Testimony Prepared Statement John C. Vaughn, Executive Vice President, Association of American Univer- sities	79 82
Oral Testimony Prepared Statement	$92 \\ 94$

#### LETTERS, STATEMENTS, ETC., SUBMITTED FOR THE HEARING

#### APPENDIX

#### MATERIAL SUBMITTED FOR THE HEARING RECORD

(III)

DOCKET

Α

LARM

	Page
Response to Post-Hearing Questions from the Honorable David J. Kappos, Under Secretary of Commerce for Intellectual Property, Director of the	
United States Patent and Trademark Office	127
Prepared Statement of the Generic Pharmaceutical Association (GPhA)	132

IV

#### AMERICA INVENTS ACT

#### WEDNESDAY, MARCH 30, 2011

HOUSE OF REPRESENTATIVES, SUBCOMMITTEE ON INTELLECTUAL PROPERTY, COMPETITION, AND THE INTERNET, COMMITTEE ON THE JUDICIARY, Washington, DC.

The Subcommittee met, pursuant to call, at 1:32 p.m., in room 2141, Rayburn House Office Building, the Honorable Bob Goodlatte (Chairman of the Subcommittee) presiding.

Present: Representatives Goodlatte, Smith, Coble, Sensenbrenner, Chabot, Chaffetz, Reed, Griffin, Marino, Adams, Quayle, Watt, Conyers, Berman, Chu, Deutch, Sánchez, Lofgren, and Waters.

Staff Present: (Majority) Blaine Merritt, Subcommittee Chief Counsel; Vishal Amin, Counsel; Olivia Lee, Clerk; and Stephanie Moore, Minority Subcommittee Chief Counsel.

Mr. GOODLATTE. Folks, we are going to just make an announcement. We will begin the hearing after this series of votes. We want to spend a little bit of time on our opening statements. So it is probably not enough time to get it in before the votes.

Also, at 2:30 p.m., there is a briefing by some of our country's leaders regarding the situation in Libya, and so that all Members can participate, we are going to recess the hearing at 2:30 p.m. And then we will come back later on.

So this is going to be a herky-jerky afternoon, it sounds like. But we will get this hearing done, and we will welcome the testimony of all our witnesses.

So the Committee will stand in recess.

[Recess.]

DOCKE.

Mr. GOODLATTE. Take two. The Subcommittee will come to order, and I recognize myself for an opening statement.

For the better part of the past decade, this Committee has been working to update our patent laws to ensure that the incentives our Framers envisioned when they wrote article 1, section 8 of our Constitution remain meaningful and effective. The U.S. patent system must work efficiently if America is to remain the world leader in innovation.

It is only right that as more and more inventions with increasing complexity emerge, we examine our Nation's patent laws to ensure that they still work efficiently and that they still encourage and not discourage innovation.

(1)

# DOCKET A L A R M



# Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

# **Real-Time Litigation Alerts**



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

# **Advanced Docket Research**



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

# **Analytics At Your Fingertips**



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

# API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

#### LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

#### FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

# E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.