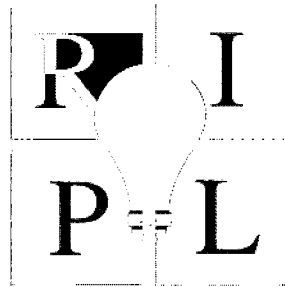


THE JOHN MARSHALL REVIEW OF INTELLECTUAL PROPERTY LAW



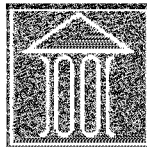
CHIEF JUDGE PAUL R. MICHEL'S ADDRESS TO THE FEDERAL CIRCUIT
JUDICIAL CONFERENCE ON THE STATE OF THE COURT

PAUL R. MICHEL

ABSTRACT

On May 15, 2008, Chief Judge of the United States Court of Appeals for the Federal Circuit Paul R. Michel delivered the annual State of the Court speech. Chief Judge Michel delivered this speech during the Federal Circuit Judicial Conference, held at the Grand Hyatt hotel in Washington. The text of that speech and the corresponding graphics appear here.

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MARSHALL REV. INTELL. PROP. L. 647 (2008).*

CHIEF JUDGE PAUL R. MICHEL'S ADDRESS TO THE FEDERAL CIRCUIT
JUDICIAL CONFERENCE ON THE STATE OF THE COURT

PAUL R. MICHEL*

Good morning and welcome, everyone! I report the State of the Court today.

The State of the Court is characterized by great experience, extraordinary diversity, intense engagement, national integration, growing efficiency and increasing expedition.

The Court still consists of 16 judges, 12 in regular active service and 4 in senior status. The last judge to take senior status created the first vacancy in four years; it was filled in September 2006. Although four *more* of us have been eligible for senior status for some time, all have so far preferred to remain in active service. In the next two years, four *more* colleagues become eligible for senior status. Their plans are unannounced, but if our recent history is any guide, several will remain active. Eventually, of course, there will be many new faces, but that may not occur for several more years. Meanwhile, our four very energetic senior judges help measurably to carry the caseload. Together, they increase our capacity by the equivalent of far more than one additional active judge.

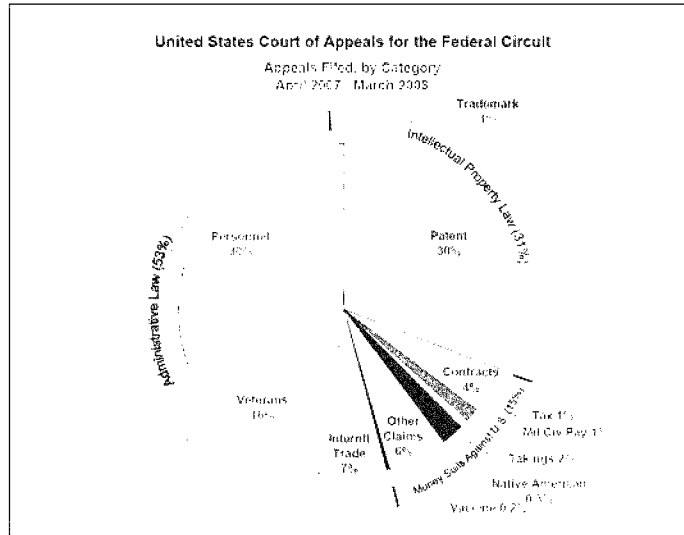
Consider the appellate experience of our 16 judges! All but one have served for more than six years, three-fourths for more than 12 years. Next year Judge Newman will reach the quarter-century mark; and Judge Friedman, *30* years. Our combined appellate experience is 257 years!

The experience is matched by the diversity of backgrounds: two former trial judges, two former patent examiners, two general litigators, three Justice Department officials, two corporate attorneys, two tenured law professors, two PhD

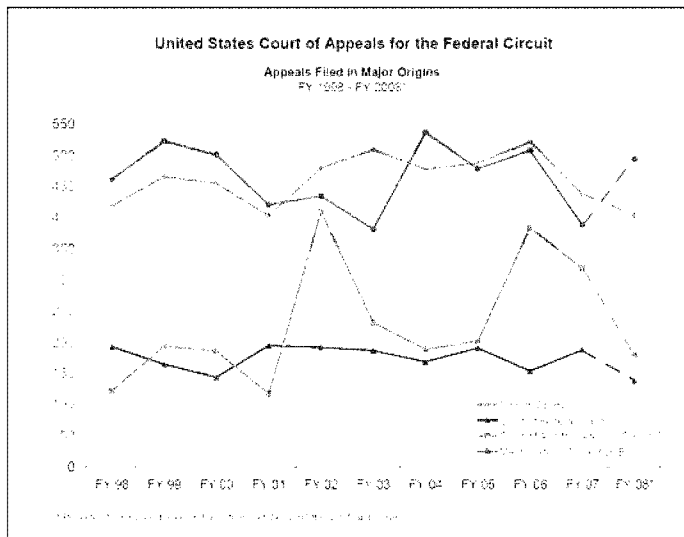
* Paul R. Michel was appointed as a Circuit Judge to the United States Court of Appeals for the Federal Circuit by President Ronald Reagan in 1988. On December 25, 2004, after 16 years on the court, he assumed the duties of Chief Judge. Chief Judge Michel has written over 300 opinions in patent, trademark, takings, contract, tax, veterans' rights, international trade and government personnel cases. He is the recipient of the Eli Whitney Prize, the Katz-Kiley Prize, and the Jefferson Medal for "outstanding contribution . . . to the progress of science and useful arts." In 2003, he was named by Managing Intellectual Property magazine as one of the 50 most influential people in the world in intellectual property. Prior to his appointment to the court, Chief Judge Michel served in the executive and legislative branches of government for 22 years. Following graduation from Williams College in 1963 and the University of Virginia Law School in 1966, he served as Assistant District Attorney and Deputy District Attorney for Investigations in Philadelphia under Arlen Specter; as Assistant Special Watergate Prosecutor under Leon Jaworski responsible for the Howard Hughes-Bebe Rebozo investigation; and under Dick Thornburgh as Deputy Chief of the Justice Department's Public Integrity Section directing the "Koreagate" investigation. In 1978 he was appointed by Benjamin Civiletti as Associate Deputy Attorney General, helping to supervise United States Attorneys, the FBI, and the Marshals Service. From April 1981 until his appointment to the court in March of 1988, he served on Senator Arlen Specter's staff, including as Chief of Staff. Since October 2005, he has been a member of the Executive Committee of the Judicial Conference of the United States, the governing body of the Judicial Branch. He has taught at George Washington and other law schools, made many presentations to various city, state, national and international bar associations and participated in the training of judges of other nations. With two co-authors, he helped produce a casebook for law students, entitled, *Modern Patent Litigation and Strategy*. He has published many articles on appellate advocacy.

chemists, three electrical engineers, two Senate staffers, and so forth. It sounds like Noah's Ark!

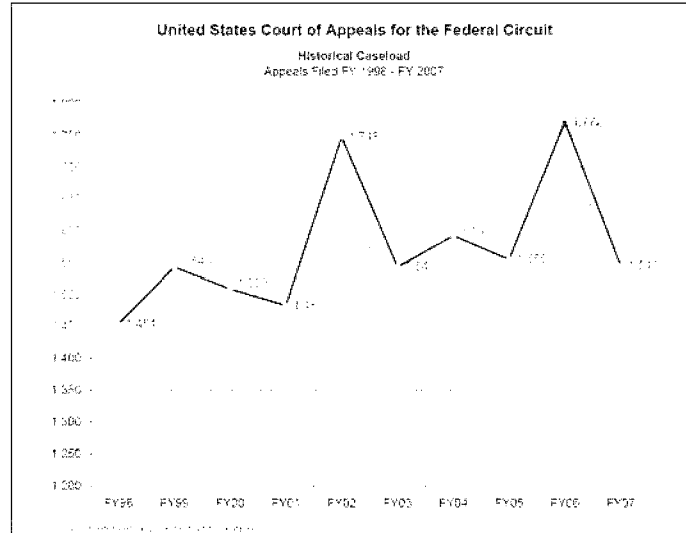
With so diverse a caseload, the diversity of pre-appointment legal experience is a great strength. Consider the distribution of types of cases.



By the way, all these charts will be on the website today. So will this address. Interestingly, about half the appeals filed settle or otherwise drop off the docket on their own. Note, too, that in each type of case, filings rise, then fall, then rise again.



Undulation is the enduring pattern. A pattern of slow, but steady increase over time is also discernable.



Although some numbers are down, we feel busier than ever; yet intense preparation remains our hallmark. Each judge prepares independently of the others on the panel. As can be observed even in run-of-the-mill cases, judges are fully versed on the issues, facts, authorities and arguments of the parties. Advocates are pressed with many and probing questions. Some of you may have heard the *Bilski* argument. Visiting judges often comment on the depth of preparation, as well as the diversity and difficulty of our cases. Review of draft opinions is equally intense with many comments and suggestions coming not only from other panel members, but from the rest of the judges as well. Because of the need for uniformity, all judges review each precedential opinion and have a week to seek changes. In addition, our Central Legal Office vets every such opinion for possible conflicts or inconsistencies with prior treatments of the same issues.

As a national court, we not only strive for clear, coherent, consistent decisions, but also to be well integrated with other courts and with counsel elsewhere, as well as in Washington. Therefore, in keeping with the legislative history of the Federal Courts Improvement Act that created our court, we travel every year to sit in a location remote from our courthouse in the nation's capital.

Last October we sat in New York City at the Court of International Trade and the Moynihan Courthouse and at the law schools of three universities: Columbia, Fordham, and NYU. This November, we will travel to Silicon Valley, sitting in the district courthouses in San Francisco and San Jose as well as the law schools at Stanford and Santa Clara universities. On these occasions, we also collaborate with local bar leaders to produce valuable continuing legal education programs. And we happily break bread with hundreds of practitioners, allowing informal exchange of value to all.

Since September 2006, we have invited those district judges from all around America who often try patent cases to sit with us on regular panels. They have

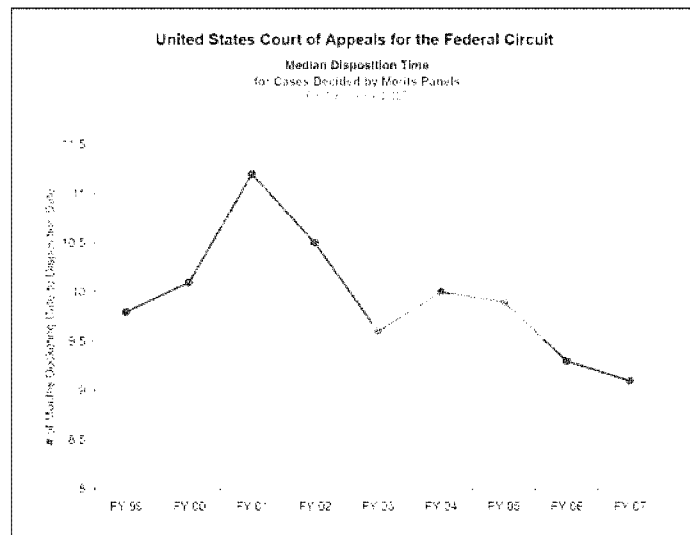
responded enthusiastically. Over lunch, we compare notes. More visitors are already scheduled each month through April 2009. Eventually, they will include selected circuit judges as well. Several have expressed an interest. For example, Judge Posner will join us next April; he regularly tries patent cases. These visitors increase our capacity by the equivalent of nearly another active judge.

In turn, our judges sit with other courts. Our senior judges do so routinely, and active judges as much as possible. Recently, our judges have sat with the First, Third, Sixth, and Ninth circuits, and this very month one colleague is trying a major patent infringement case in the Northern District of New York.

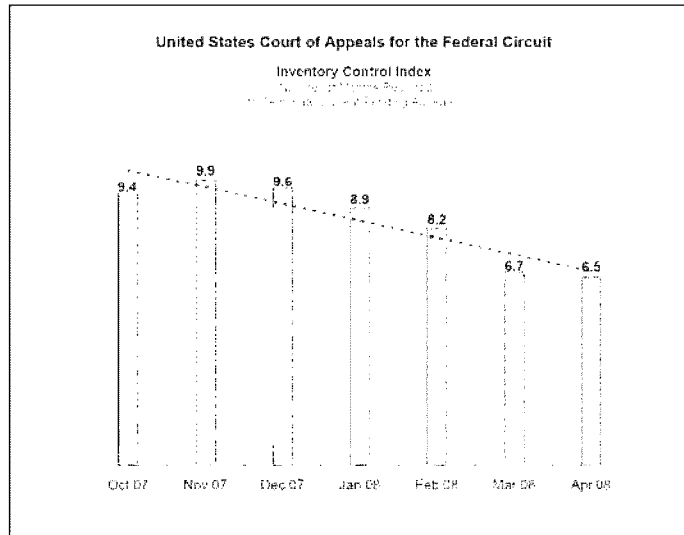
At this conference, 30 district judges join us, the largest number ever. Most have sat or will sit with us. We welcome them. In addition, scores of judges on other courts, Boards and Commissions also join us. They too are important to our work. We applaud their attendance. After all, the administration of justice is a team effort.

Steps to increase our output also include a strong mediation program. In 2007, after the program became mandatory and we hired an ace litigator, 39 cases were settled; 34 were patent cases. You will hear relevant details shortly from Chief Circuit Mediator Jim Amend. The success, however, is captured in just one number: of the cases selected for mediation by our staff, over 40% settle. This success rate equals or exceeds that of other circuits. Jim Amend and Wendy Dean, our two staff mediation officers, are assisted by 23 pro bono mediators, most of whom recently retired from active practice. We are grateful for their help. This program increases our capacity as much as if we had another active judge.

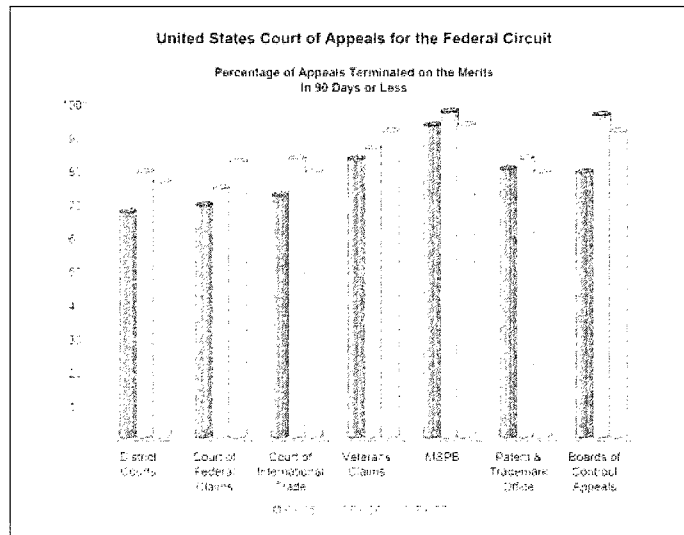
Expedition is a top priority with us. We have been faster than most other circuits. And we are getting even faster.



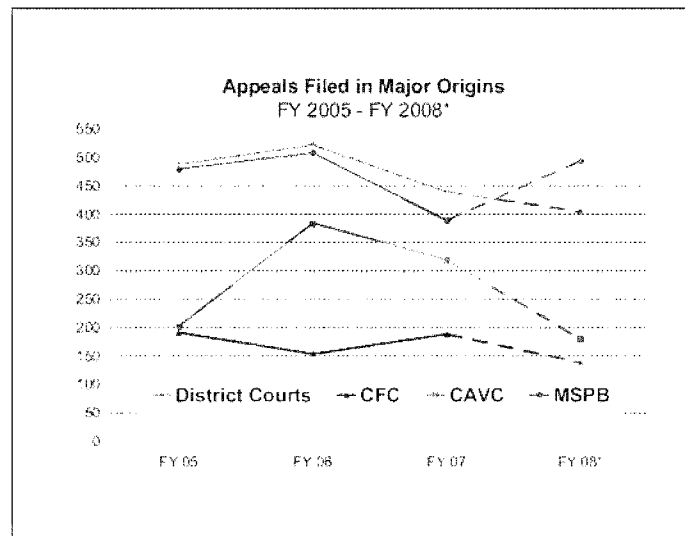
By one measure, we now approach the ideal of achieving a disposal rate such that if no new appeals were filed, we would conclude all pending appeals in just six months. This is the standard recommended by the ABA. Between our judges, visiting judges, and the mediation program, supplemented by a recent dip in filings in several major categories, we have accelerated under this Inventory Control Index from nine months to just over six.



When filings go up again as I expect, this rate will slow. But it shows we are at the ideal now and should remain close. And this despite hearing arguments in all counseled cases, which few other circuits do. We simply hear appeals sooner and issue opinions faster, 80% within three months of argument.



Future trends, however, are more difficult to predict.



Floods of veterans' cases and PTO filings still look likely, but have not yet materialized. MSPB appeals rose sharply in the last six months after a period of decline. International Trade Commission filings are rising and likely to continue to. Fortunately, the threat of 13,000 immigration cases has receded as has interlocutory claim construction appeals, both because Congress ultimately resisted outside suggestions, heeding workload concerns expressed in my testimony and letters.

As to our facilities, Courtroom 402 reopened in February after a major renovation in the mode of Courtroom 201, completed just three years ago. Our third courtroom, 203, will undergo a similar renovation next winter. We will, however, retain the ancient furniture that graced the courtroom when it was located in the Renwick Gallery.

Less visible improvements are also important to efficient operations and rapid dispositions. We recently upgraded the computers of our judges and will soon do so for law clerks and staff along with major IT infrastructure enhancements supporting greater computer speed, storage and security. Telecommunications devices such as phones, cell phones, and Blackberries are also being upgraded.

We probably will soon reach the potential for technology, mediation, and visitors to increase our capacity to decide cases well and fast enough. Yet, even if the filings rise further, I foresee little chance that in the next decade any judgeships will be added here. That is because caseloads are even more burdensome in nearly all other circuits. Therefore if, as expected, future filings along with complexity, keep increasing, we will have to employ new means to stay current. Accordingly, I have asked the Congress to support a Fourth Law Clerk for all active judges, as is the standard for all other circuits. When we went from two to three law clerks in the 1990's it took several years to gradually amass the funding. That may happen again, but at least the conversation has begun.

On the subject of human resources, I acknowledge with sadness the passing last October 28 of our esteemed colleague, Judge Wilson Cowen, at age 101. Many here

attended his moving funeral at Western Presbyterian Church. We note also the retirement last October of Administrative Services Officer Ruth Butler, after 42 years of Federal service, most of it with the Federal Circuit and the CCPA. She was most helpful; many of you knew her and miss her, as we do also.

The year ahead will include many highlights, but one should be emphasized: next April 19-21, we will participate in a conference of patent judges from around the world and patent practitioners here. Sponsored by the Intellectual Property Owners' Association, it will take place, once again, at the Mandarin Oriental Hotel here in Washington. Invitations will be sent out late this year. I encourage your attendance, for intellectual property law, like so much else, is becoming ever more global.

Meanwhile, in June, we will participate, as usual, in the annual Bench & Bar Conference of the Federal Circuit Bar Association, to be held this year in Monterey, California. Like our sittings in other cities, judges' attendance at this annual event is strictly voluntary. I therefore appreciate the willingness of so many colleagues to go to New York, to Monterey, and to Palo Alto. I also applaud the active involvement of our senior judges in internal administration, and indeed this very conference. You will note that each of the three panels this morning is organized and moderated by one of our senior judges. This afternoon, an active judge will moderate a panel at one of the breakout sessions. In addition, Senior Judge Friedman, at 92, will play the second game of a double header, appearing on an afternoon panel. Other judges, active and senior, serve on our three task forces: courtroom renovation, information technology and mediation. They also serve on our Rules Committee. Colleagues are most generous and cooperative. I am pleased and honored to serve as the Chief Judge.

Our relationships with the tribunals we review are important to us, and to you. Earlier, I mentioned the district judges. But today we are also joined by nearly all the judges of the Court of Federal Claims, the Court of Appeals for Veterans Claims, the Court of International Trade, members of the International Trade Commission, the Merit Systems Protection Board, and the chairmen and many judges of the three boards of Contract Appeals and administrative judges of both the Patent and Trademark Appeals Boards.

Finally, to give guidance to the courts and other tribunals we review, we sat en banc last summer to decide *In Re Seagate Technology*¹ on attorney-client privilege, sat to hear argument last week on patent-eligible subject matter in *In Re Bilski*,² and next month we will rehear en banc *Egyptian Goddess v. Swisa*³ on tests for design patent infringement. We in turn are reviewed by the Supreme Court, which heard arguments this term in *Quanta Computer*⁴ on patent exhaustion, and *Richlin Security Services*⁵ on paralegal fee-shifting. The Court decided *Clintwood Elkhorn Mining*⁶ on jurisdiction in tax refund cases involving exports. The Court also decided *John R. Sand & Gravel*,⁷ affirming our decision on the jurisdictional nature of

¹ *In re Seagate Tech., LLC*, 497 F.3d 1360 (Fed. Cir. 2007) (en banc).

² *See In re Bilski*, 264 F. App'x 896 (Fed. Cir. 2008) (order granting rehearing en banc).

³ *See Egyptian Goddess, Inc. v. Swisa, Inc.*, 256 F. App'x 357 (Fed. Cir. 2007) (order granting rehearing en banc).

⁴ *See Quanta Computer, Inc. v. LG Elecs., Inc.*, 128 S. Ct. 2109 (2008).

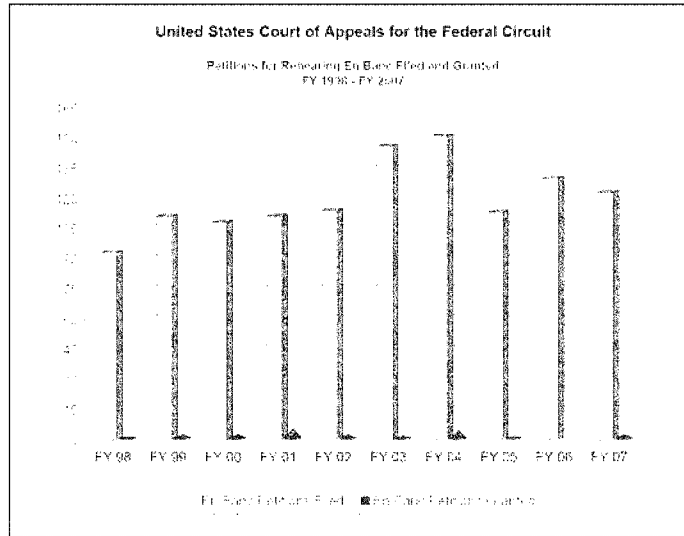
⁵ *See Richlin Sec. Serv. Co. v. Chertoff*, 128 S. Ct. 2007 (2008).

⁶ *U.S. v. Clintwood Elkhorn Mining Co.*, 128 S. Ct. 1511 (2008).

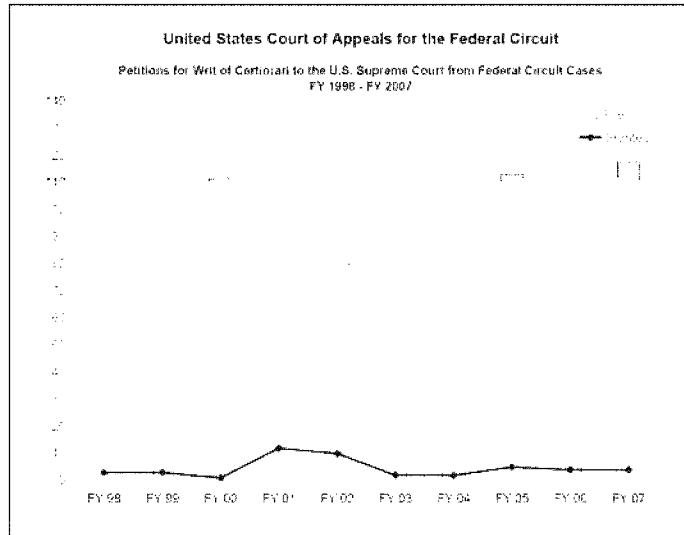
⁷ *John R. Sand & Gravel Co. v. U.S.*, 128 S. Ct. 750 (2008).

statutes of limitations in cases against the sovereign. The precise issues are well known to many of you, so I will not summarize them here.

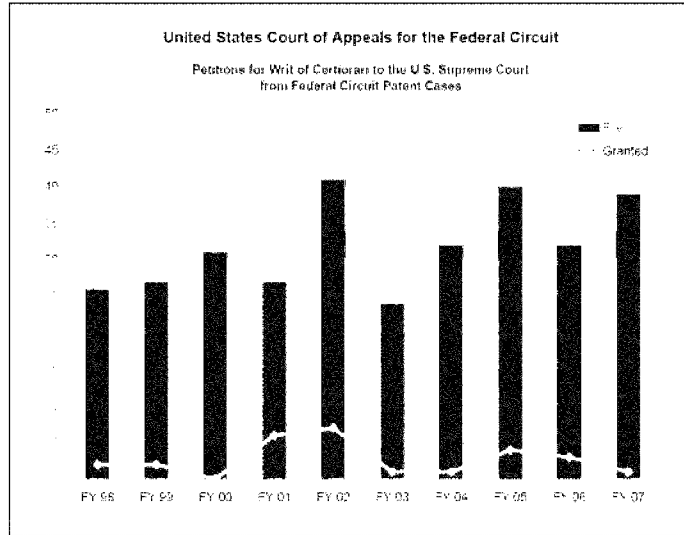
En bancs, however, are extremely rare.



Certiorari grants are also very rare.



Despite news reports of a surge in the last three years in the Supreme Court review of our patent cases, the data shows little change.



I believe these data illustrate how well our panels do in nearly all appeals. We can all be proud of the work of the Federal Circuit.

Thank you.