OPENING STATEMENT:

Testimony before the United States House of Representatives Sub-Committee on the Courts, Intellectual Property and the Internet

"The Patent Trial and Appeal Board After 10 years, Part II: Implications of Adjudicating in an Agency Setting"

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Chairman Johnson, Ranking Member Issa, esteemed members of the Committee:

Good morning. Thank you for the privilege of being able to say a few words. Perhaps I can offer some unique historical perspective that might be useful. I will be brief and target the remarks to two areas we might all agree are relevant and which areas likely provide context as to the perspective the Administrative Patent Judges (the "APJs") might hold, even today, with respect to their judicial independence in the carrying out of their duties.

In 2011, at the recommendation of then Under Secretary and Director David Kappos, I was appointed by then Secretary of Commerce Gary Locke to serve as the Chief Administrative Patent Judge of the Board of Patent Appeal and Interferences of the United States Patent and Trademark Office - the BPAI. I was the last person to serve in that role. And as you all know, the BPAI was transformed by enactment of the America Invents Act of 2011 to become the Patent Trial and Appeal Board - the PTAB. With that change, I was asked to serve as the first inaugural Chief Judge of the PTAB.

The task of overseeing the Board's transition was not small. At the time of the AIA's enactment, the BPAI had an *ex parte* case backlog that eventually rose (in 2013) to 27,000 appeals arising from within the PTO. And with the task of reducing that backlog, also came the task of equipping the PTAB to handle new AIA trial jurisdiction. We expected to be added to our workload about 400 new trials every year.

The predicted rate of 400 new trials per year turned out to be in excess of 1,500 new trials – or at least that many trial petitions – every year for the next several years.

At the time of this transition "situation" the new PTAB comprised about 90 APJs, and because of strict preclusions on hiring in the federal government at that time, only those 90 judges were supposed to reduce a 27,000-case *ex parte* case backlog - even as 7,000 new *ex parte* appeals were being filed every year, and then also adjudicate 400 new trial proceedings annually, which actually turned out to be 1,500 new trial matters per year.

David Kappos, Under Secretary and Director, petitioned for and, quite fortunately, received permission from Congress and the White House Budget Office for us to be allowed to expand the Board. We needed at least 150 additional first-rate patent judges, and we needed them to be nominated, selected, and appointed quickly. Accordingly, the Chief APJ – to whom oversight of such selection and nomination duties fall – needed to oversee and drive the necessary process, while also ensuring that the regular judicial duties of the tribunal proceeded smoothly.

In consultation with Director Kappos, we constructed a process that endeavored to select for nomination to the Secretary of Commerce the people thought best by us to discharge the APJ duties. As mandated by the statute, we sought to add to the fine judges already on the Board 150 individuals who were of unquestionable technical and legal qualification. We looked for the best PTO employees qualified to serve, and we heavily recruited from outside the PTO, including by looking to the ranks of former judicial

clerks who had served earlier in their careers under Article III judges at federal district courts and courts of appeal.

We took in about 2,500 applications. Approximately 1,500 applicants survived initial screening; 650 made it to the interview stage with the further stages of advancement including the review of writing samples, detailed interviews of the individuals recommending the candidates, interviews with the candidates themselves, criminal and academic background checks, and an appearance or appearances at mini-appointment hearings by everyone of the candidates. From this process emerged the 150 judges, who with the pre-existing APJ contingent yielded a fit-for-battle PTAB, as of Spring 2015, comprised of about 250 judges.

Time does not allow us this morning to undertake a comprehensive review of all the requirements that guided our nomination/hiring process, nor is such a full recounting relevant today. One requirement only might be sufficient to discuss. And the mention of it well may be highlighted – and fully so – by sharing one question we asked every potential nominee. Here is the question.

It is early evening one day in the work week, and the Under Secretary or one of his representatives has slipped into your office to discuss an opinion you are drafting for a case which was heard – is being heard – by the three-judge panel on which you are serving, and which panel was selected to adjudicate this particular case. This person says to you that, because of political considerations, or the Director's own prior and personal acquaintance with the parties, or because of some facts in the case known only to the Director, or because of some impact the decision might have on the marketplace, the Director wishes you to decide the case in a particular way. And that way of deciding the case is contrary to what you and your panel members are set to decide. What are you going to do?

The several APJs involved in guiding the interview process were unanimous in every instance in removing from consideration any judge candidate who offered one kind of answer to this question, and as a selection group, we were all fully supportive of candidates putting forward another type of answer.

We never forwarded to the Under Secretary any nomination for a candidate who said: "I am a lawyer who can argue any side of a case; and as an APJ I merely am a scribe. If the Director wants it written up and decided another way, that is what I am here to do. All organizations are hierarchical, and I groove to the commands of my bosses. No problem. Just tell me what the Director wants me to say, whether he has participated in hearing the case or not."

The candidates who were advanced said this instead: "Hmm. Is this a trick question? I thought I was interviewing for a job as a judge. And doesn't the statute say that panels of not fewer than three judges are impaneled to decide cases fairly, independently, and in a way designed to afford full due process to the litigants? If it is necessary for me to look over my shoulder to find out from somebody else how to decide the case, I am not really a judge, and I am not sure I want the job. Also, I believe that the Federal Circuit and the US Supreme Court are provided ample opportunity to tell us we are wrong. And the Director also can impanel another independent panel on rehearing, where a review of the record on the merits makes rehearing appropriate."

Those candidates advanced. At least in the time period from 2011 to 2015, we sought not only to enshrine due process and lack of interference, but to select administrative patent judge colleagues who were believers in such principles.

Let me now finish by jumping to another small part of the actual history.

The record establishes that there was an internal review process carried out by an AIA Review Committee – the ARC. I also remember my work serving on the ARC and reading line-by-line every one of the first 150 or so AIA decisions of the PTAB.

There is the worry that the ARC represented a first attempt by PTAB management to monitor and influence the decisions of the judge panels. Nothing could be less true.

The ARC emerged from a discussion involving myself and several other APJs – some APJs in management and some not – about the Senior Technical Assistant's Office at the United States Court of Appeals for the Federal Circuit. Some of you will know of its existence and its purpose. That office reviews, I believe – or at least used to review – every published decision of the Federal Circuit prior to issuance. It made sure that the decisions were consistent, and that the intention of the judges with respect to their decisions – whatever those decisions may be – hold together in form, and in the uniform use of precedent as between different decisions. That office never intended nor undertook to influence decisions substantively.

We sought exactly that same type of consistency mechanism in the creation of the ARC. The ARC's purpose was to ensure consistency, and to drive fastidious rigor in the presentation of a kind of work product that warrants a place in the federal judicial record in a way that cannot be pointed to as being representative of written mediocrity or haphazard rendering.

We charged one group of people – including myself – with the task of reading all the decisions to help recommend and urge what we hoped would be a certain elegant commonality. The knowledge base of the different decisions had to exist in the same brains so that the necessary comparisons could be made. No changes of decisions were urged or coerced. Indeed, in some instances, ARC members who indicated that they would decide a case the other way, recommended better, cleaner, and more uniform language for the authoring judge to use in the opinion setting forth the decision of the authoring judge exactly as the authoring judge's panel had decided.

In sum, I think it fair and accurate to say that, as we come to consider the degree to which APJs do or do not feel free to decide cases solely on the merits, we at least can be 100% sure of this: that the launching pad for the service of the PTAB rests on a solid foundation of commitment to judicial independence. This commitment was, and probably still is in the heart and soul of the judges, and it was in the foundational processes of judge selection and woven into any original decision scrutiny by board management.

I sincerely appreciate being able to share these historical snippets for whatever value the Committee may deem them to possess.