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Justice Delayed, Especially In Patent Litigation, Can Be Justice Denied

The Editor interviews Joshua Krumholz, Partner in Holland & Knight LLP's Boston office and leader of the firm's Intellectual Property Group.

Editor: Please describe your practice area.

Krumholz: My primary focus is on patent litigation, although I also handle trial work in other IP fields, as well as complex commercial matters. While patent litigation is my main area of concentration, I consider myself first and foremost a trial lawyer.

Editor: How does the IP group in Boston interface with Holland & Knight's attorneys in other offices?

Krumholz: The Boston IP Group interfaces with other Holland & Knight offices in three fundamental ways. One, as a practice area that is spread across the United States, lawyers within our group work closely with each other, bringing together the specific skills and knowledge that each project requires. Two, as a practice group within a large national firm, we work with lawyers from other practice areas to fully address our clients' needs – regardless of location. Finally, because IP litigation arises throughout the country, we often work with trial lawyers in particular offices where the litigation is located, tapping in on those lawyers who have a deep understanding of the local courts, judges and practices.

Editor: A number of changes are cur-

rently taking place in the realm of patent law. New rules are currently being proposed by the USPTO. Would you describe the rules in brief, and what is the likelihood these rules will go into effect?

Krumholz: While a number of rule changes have been proposed, three proposals are of particular import. One proposal would limit the number of total claims to five independent claims and 25 claims overall for an entire patent family. Another proposal would limit continuations to two. Finally, under the latest proposal, a patent holder would only be allowed to request one continuance after a final rejection. These proposals would substantially limit prosecution practice in all fields, and would be particularly burdensome in the biotech and pharmaceutical fields. It is unclear, however, whether these proposals will survive in their present form. A recent lawsuit has resulted in a court's enjoining the enforcement of the new rules and summary judgment was just argued.

Editor: Recent case law has also made for less hospitable treatment of patent holders. Have these decisions adversely affected your clients who are patent holders?

Krumholz: Four principal U.S. Supreme Court and Federal Circuit decisions in



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the past year or so have lessened the clout of a patent holder asserting a claim of infringement. In particular, it is now harder for a plaintiff to secure a permanent injunction, easier for those threatened with infringement to file their own declaratory judgment actions, more difficult for a plaintiff to prove willful infringement and, most fundamentally, easier for a defendant to invalidate a patent. These rulings have combined to diminish the overall strength of the cases at the fringes, although it remains clear that strong patents with strong infringement claims are still a potent combination.

Editor: How do you regard the change to a first-to-file system from a first-to-invent system as part of the new proposed rules?

Krumholz: The proposed change reconciles the United States with the rest of the world and also takes away some ambiguity regarding when an invention was conceived. As a practical matter, however, the impact is fairly limited. The change will impact interference actions and potentially some prior art situations, but is unlikely to have a demonstrable impact on either the allowance or enforcement of patents in the U.S.

Editor: You have conducted a number of cases in the Eastern District of Texas court. How do you regard this court as an arbiter of complex patent cases?

Krumholz: Perhaps the best aspect regarding the courts in Texas is the pres-

Please email the interviewee at joshua.krumholz@hklaw.com with questions about this interview.

ence of four knowledgeable and experienced judges who are interested in hearing patent cases and are rarely reversed on appeal. Historically, the Eastern District of Texas has been perceived as a forum friendly to patent holders, which explains in part its phenomenal growth in this field. Whether the data supports that perception is a matter of debate within the field. Other perceived benefits to plaintiffs have included a relatively open discovery process and, for a time, a “rocket docket” schedule. Regarding that last benefit, however, the east Texas courts have been a victim of their own success. Having attracted a large number of patent cases, their courts are more burdened than ever, resulting in a substantially slower time to disposition.

Editor: Under the proposed Patent Reform Act of 2007, there is a limitation on damages based on the economic damages attributable to the patent’s specific contribution over the prior art. With overcrowded dockets how can judges determine these arcane questions of fact?

Krumholz: The proposal raises serious procedural questions that threaten to further burden already overburdened courts. If the proposal requires judges to act as additional gatekeepers, requiring them to make threshold determinations of appropriate methodology, it is not at all clear that the courts can handle this additional burden. Regardless of the merits of the proposal, the present proposal appears to be placing substantial new burdens on the courts, which will have the ancillary effect of making patent cases even less appealing to certain judges. That lack of appeal could, in turn, affect the manner in which the cases are handled and the ultimate time to disposition. I am not yet convinced that the overall benefits of that provision outweigh the impact of the added complexity.

Editor: What has your experience been in terms of delays in hearing cases, failure by judges to invoke *Daubert*, judges not wishing to take time to rule on summary judgments, etc.? We have been working with DRI regarding court reform, in particular the low level of judges’ salaries, and apparently one of the things DRI is

decrying is the fact that there are not enough judges and the judges in the state courts are so poorly paid and their dockets are too crowded. Do you litigate in both federal and state courts and do you find this to be true?

Krumholz: Although I am primarily in the federal courts, I also practice before state courts. I fully understand the DRI’s concerns as I sit in a state court judge’s chambers that most closely resemble a converted janitor’s room. It is difficult for a jury to understand the importance of dispensing justice in such surroundings. In federal court patent cases, the time to disposition can vary radically between jurisdictions and even within jurisdictions. The Western District of Wisconsin, for example, has become an attractive forum in part because it takes only 10 to 11 months to get to trial. The Eastern District of Virginia, in contrast, was, like east Texas, a rocket docket that similarly became a victim of its own success. To stem the flow of cases, the court now randomly assigns a case to one of three locations, only one of which is a rocket docket. That has slowed the onslaught of patent filings in that district considerably. Other jurisdictions, meanwhile, particularly where the court has a heavy criminal docket, can be appreciably slower. These differences result in a great deal of forum shopping, which is one of the issues being addressed by the proposed legislation now before Congress.

Editor: Would you suggest that more judges be added to the court system?

Krumholz: There is no question that judges need more resources – whether it be more judges or more clerks or both. Some jurisdictions need additional resources more than others.

Editor: How well have the federal district courts fared in terms of interlocutory appeals to the Federal Circuit Court in patent cases?

Krumholz: Presently there are not many issues that are brought to the Federal Circuit on an interlocutory basis. One focus in the proposed legislation is whether a *Markman* decision (which defines key terms in the patent’s claims) should be appealed on an interlocutory basis before

trial. In many instances, parties may feel that a trial is a waste of time because the claim term definitions have such a substantial impact on the manner in which the trial would proceed. Studies also show that the Federal Circuit reverses a trial court’s claim construction anywhere from 30 percent to 50 percent of the time. The problem with a proposed interlocutory appeal system for *Markman* rulings, however, is that every losing party will immediately appeal the trial court’s ruling. That phenomenon will grossly increase the Federal Circuit’s caseload, and would add at least 18 months to the process of getting to trial. While the sentiment behind the proposed change is understandable, the actual impact would be impractical.

Editor: What in your opinion are the elements that should go into a model patent law for this country?

Krumholz: I believe that a system that is a bit more restrictive on venue may instill greater confidence in the judicial system. The present system promotes forum shopping, which in turn can create perception problems. If a jurisdiction decides that it wishes to be attractive to patent litigation – whether because of the economic stimulus it provides or otherwise – the jurisdiction has to be attractive to plaintiffs. One way to be attractive to plaintiffs is to move matters through the docket quickly; another way is to be a patent-holder friendly forum. Being perceived as patent-holder friendly, however, implies that the court is not adjudicating each case on its merits. That creates a perception problem and a credibility problem, even if it is not a fair perception. For example, in the Eastern District of Texas, which has been perceived by many as the most patent-friendly jurisdiction in the country, one study shows that plaintiffs’ win rate for 2007 is only 28 percent, and a combined 50 percent for 2006 and 2007 overall, whereas the national win rate is 59.2 percent. Nevertheless, many defendants do not perceive that forum to be a fair one. A tighter venue provision may help alleviate that lack of confidence.