

IS A JURY COMPOSED OF PEOPLE HAVING ORDINARY SKILL IN THE ART? REASONS WHY THE UNITED STATES SHOULD CHANGE ITS APPROACH TO THE OBVIOUSNESS QUESTION IN PATENT LITIGATION.

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INTRODUCTION

An inventor in the United States may not obtain a patent if his or her invention is obvious according to 35 U.S.C. § 103(a), which states:

A patent may not be obtained . . . if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.¹

Questioning the obviousness of an invention is one way to challenge the validity of a patent in a patent infringement lawsuit.² Disproving the validity of a patent is an affirmative defense to the alleged infringement and can be a useful tool for the alleged infringer.³

This Note will attempt to answer the question of who, as between a judge and a jury, should make the final determination of the obviousness analysis. Additionally, this Note analyzes whether a judge or a jury in the current system is capable of properly conducting the obviousness analysis. In answering these questions, this Note proposes that the United States adopt a patent litigation system similar to its technological peers in Japan and Germany in order to create both greater uniformity and more cognizable rights for intellectual property owners. To effectuate these goals, the United States should create a system of centralized district courts

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1. 35 U.S.C. § 103(a) (2010).

2. ROBERT P. MERGES ET AL., *INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE* 124 (rev. 4th ed. 2007).

3. Sue Ann Mota, *eBay v. MercExchange: Traditional Four-Factor Test for Injunctive Relief Applies to Patent Cases, According to the Supreme Court*, 40 AKRON L. REV. 529, 532 (2007).

with exclusive jurisdiction over patent litigation, implement restrictions on the use of special interrogatories by district courts, utilize district court judges with technical backgrounds, and undertake *de novo* review by the Court of Appeals for the Federal Circuit on the obviousness issue.⁴

On June 30, 2005, Kinetic Concepts, Inc. (Plaintiffs) filed its Fourth Amended Complaint against Blue Sky Medical Corporation (Defendants) alleging, among other counts, federal patent infringement of its negative pressure wound therapy devices.⁵ Pleading in the alternative, the Defendants asserted that the Plaintiffs' patents were invalid because they were obvious.⁶ The suit went to trial and the District Court in *Kinetic Concepts, Inc. v. Blue Sky Med. Group, Inc.* gave the jury thirty-seven special interrogatories regarding the obviousness question, which were all to be answered "yes" or "no."⁷ The jury returned the interrogatories with thirty-seven "no" answers. The district court entered final judgment accordingly without any reasoning or separate analysis.⁸ On appeal, the Federal Circuit "applied its highly deferential standard of review" and merely reviewed the jury's determination as opposed to articulating its own analysis.⁹

On August 13, 2009, the remaining defendants from *Kinetic Concepts* submitted a petition for certiorari to the United States Supreme Court with the following question: "Whether a person accused of patent infringement has a right to independent judicial, as distinct from lay jury, determination of whether an asserted patent claim satisfies the non-obvious subject matter condition for patentability."¹⁰ The more direct question is whether "the district court was required to conduct its own independent obviousness analysis and erred by simply reviewing the jury's verdict for substantial evidence."¹¹ The petition for certiorari pointed out how the Federal Circuit's treatment of the obviousness question conflicts with Supreme Court precedent.¹² The petition also outlined two *en banc* decisions on this issue, decided by the Seventh and the Ninth Circuit Courts of Appeals, that conflict with the current procedures of the Federal Circuit.¹³ Ultimately, the

4. See *infra* Part IV.

5. Plaintiffs' Fourth Amended Complaint at para. 46; *Kinetic Concepts, Inc. v. Blue Sky Med. Grp., Inc.*, No. SA-03-CV-832-WRF (W.D. Tex. Apr. 4, 2007), 2005 WL 5062888.

6. Petition for a Writ of Certiorari at 4, *Medela AG v. Kinetic Concepts, Inc.*, 130 S.Ct. 624 (2009) (No. 09-198), 2009 WL 2509227.

7. *Id.* at 6.

8. *Id.* at 6-7.

9. *Id.* at 8.

10. *Id.* at i.

11. *Kinetic Concepts, Inc. v. Blue Sky Med. Grp., Inc.*, 554 F.3d 1010, 1017 (Fed. Cir. 2009), *cert. denied*, 130 S. Ct. 624 (2009).

12. Petition for a Writ of Certiorari, *supra* note 6, at 11-19.

13. *Id.*

Supreme Court denied the petition for certiorari.¹⁴ However, the significance of the question posed is demonstrated by the fact that the petition drew briefs as *amici curiae* supporting the petitioner from some of the world's leading corporations, including Intel Corporation, Apple, Inc., Google, Inc., and Microsoft Corporation.¹⁵

Paralleling the significance of the question posed by the certiorari petition, the United States is faced with no longer being the singular authority in patent law.¹⁶ The growth of patents granted to foreign inventors is outpacing growth of patents granted to United States inventors.¹⁷ According to a United States Patent and Trademark Office (USPTO) report summarizing utility patent applications and grants from 1963 through 2010, 2008 marked the first year in which more utility patents were granted to foreign inventors than were granted to United States inventors.¹⁸ The two foreign countries with the most utility patents granted to their inventors by the USPTO were Japan and Germany.¹⁹

Although it is apparent that Japan and Germany are our peers in terms of inventiveness, had the issue in *Kinetic Concepts* been brought to a court in Japan or Germany, it would have been decided, not through special interrogatories to a jury, but by a technologically informed judge.²⁰ The question that presents itself is whether the United States should continue allowing a jury to answer the obviousness question, or whether the United States should adopt a different method that utilizes a technologically

14. *Medela AG, Inc. v. Kinetic Concepts, Inc.*, 130 S.Ct. 624 (2009).

15. Brief for Intel Corporation, SAP America, Inc., and Shoretel, Inc. as Amici Curiae Supporting Petitioners, *Medela AG*, (No. 09-198), 2009 WL 2979048; Brief for Apple, Inc., Cisco Systems, Inc., Google, Inc., Microsoft Corp., Symantec Corp., and Yahoo!, Inc. as Amici Curiae Supporting Petitioners, *Medela AG*, (No. 09-198), 2009 WL 2979049.

16. Kerry J. Begley, Note, *Multinational Patent Enforcement: What the "Parochial" United States Can Learn from Past and Present European Initiatives*, 40 CORNELL INT'L L.J. 521, 522 (2007). "Patent law, like all intellectual property law, has historically been based on national laws and the principle of territoriality. Individual national governments grant patents to inventors, and the territorial limits of sovereignty preclude a nation from giving extraterritorial effect to its patent laws." *Id.*

17. UNITED STATES PATENT AND TRADEMARK OFFICE, U.S. PATENT STATISTICS CHART [hereinafter USPTO STATISTICS REPORT], available at http://www.uspto.gov/web/offices/ac/ido/oeip/taf/us_stat.htm (last modified Jan. 25, 2011).

18. *Id.* In 2008, 77,501 utility patents were granted to U.S. inventors and 80,271, or 50.9% of all utility patents, were granted to foreign inventors. *Id.*

19. Patent Technology Monitoring Team (PTMT), *Patents by Country, State, and Year - All Patent Types*, UNITED STATES PATENT AND TRADEMARK OFFICE (Dec. 2009), available at http://patents.uspto.gov/web/offices/ac/ido/oeip/taf/cst_all.htm.

20. Toshiko Takenaka, *Comparison of U.S. and Japanese Court Systems for Patent Litigation: A Special Court or Special Divisions in a General Court?*, 5 CASRIP PUBLICATION SERIES 47, 48 (1999), available at <http://www.law.washington.edu/casrip/symposium/Number5/pub5atcl6.pdf>; IP CAMPENHAUSEN, PATENT NULLITY PROCEEDINGS AND COSTS FOR PATENT LITIGATION IN GERMANY 4 (2004), available at <http://ip-campenhause.de/Nullity.pdf>.

informed judge?

Part I of this Note begins with a brief history on the background of the obviousness question in United States case law. Two seminal United States Supreme Court cases on this issue are briefly introduced, followed by an analysis of how the U.S. circuit courts have reviewed district courts' determinations on the issue. Part II contains a brief introduction to the significance of global intellectual property. Part II also discusses the procedural aspects of patent infringement suits and the structure of the courts that address those suits in Japan and Germany. Part III compares the procedural and structural elements of patent infringement suits in Japan and Germany with the procedural and structural elements of patent infringement suits in the United States. Part IV contains recommendations for changes to the United States' patent litigation system, which draws from desirable aspects of all three countries' systems. Part V offers concluding remarks.

I. BACKGROUND INFORMATION ON THE OBVIOUSNESS QUESTION

A. Jurisdiction

The obviousness question stems from 35 U.S.C. § 103(a).²¹ Congress first codified the common law requirement of non-obviousness in the Patent Act of 1952.²² Obviousness is the most litigated of the three fundamental grounds for validity of a patent, which are utility, novelty, and non-obviousness.²³

According to 28 U.S.C. § 1338(a), federal district courts have exclusive original jurisdiction for all patent cases. It states that the "district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, plant variety protection, copyrights and trademarks. Such jurisdiction shall be exclusive of the courts of the states in patent, plant variety protection and copyright cases."²⁴ The Federal Courts Improvement Act of 1982 gave the Court of Appeals for the Federal Circuit exclusive appellate jurisdiction over all United States District Courts who derived their jurisdiction, "in whole or in part," from 35 U.S.C. § 1338.²⁵ The Federal Courts Improvement Act of 1982 took

21. 35 U.S.C. § 103(a) (2010).

22. Bradley G. Lane, Note, *A Proposal to View Patent Claim Nonobviousness from the Policy Perspective of Federal Rule of Civil Procedure 52(A)*, 20 U. MICH. J.L. REFORM 1157, 1160-61 (1987).

23. *Id.* at 1158-59.

24. 28 U.S.C. § 1338 (2010).

25. Federal Courts Improvement Act of 1982, Pub. L. No. 97-167, 96 Stat. 25 (1982).

effect on October 1, 1982, and is codified in 28 U.S.C. § 1295.²⁶ “A major purpose of the statute creating the Federal Circuit was to assure greater uniformity in patent law.”²⁷ Prior to October 1, 1982, the regional Circuit Courts of Appeal held appellate jurisdiction on patent cases brought in the district courts.²⁸

B. Current Supreme Court Case Law

The United States Supreme Court interpreted the new “obviousness” condition of the Patent Act of 1952 in *Graham v. John Deere Co. of Kansas City* in 1966.²⁹ In *Graham*, Justice Clark laid down what was to become the foundation of the obviousness inquiry:

While the ultimate question of patent validity is one of law, the [35 U.S.C.] § 103 condition, which is but one of three conditions, each of which must be satisfied, lends itself to several basic factual inquiries. Under [35 U.S.C.] § 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or non-obviousness of the subject matter is determined. Such secondary considerations as commercial success, long felt but unsolved needs, failure of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented. As indicia of obviousness or non-obviousness, these inquiries may have relevancy.³⁰

Unfortunately, the foundation for the analysis was impractical, and the debate began on how to apply a question ultimately of law but composed of three factual conditions and several secondary conditions.³¹

The United States Supreme Court further defined the inquiry into the obviousness question in *KSR International Co. v. Teleflex Inc.*³² This case revolved around a patented adjustable pedal assembly with an electronic

26. 2-5 DONALD S. CHISUM, CHISUM ON PATENTS § 5.04(3)(d) (2010); 28 U.S.C. § 1295 (2010).

27. CHISUM, *supra* note 26, § 5.04(3)(d).

28. *Id.* § 5.04(3)(d)(i)–(xiii).

29. *Graham v. John Deere Co. of Kan. City*, 383 U.S. 1 (1966).

30. *Id.* at 17–18 (citations omitted).

31. *Id.*

32. *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398 (2007).

sensor.³³ Teleflex held the patent and brought suit for infringement against KSR after KSR added an electronic sensor to a different adjustable pedal assembly.³⁴ KSR argued that the patent was invalid because the addition of an electronic sensor to a patented adjustable pedal assembly would have been obvious to a person having ordinary skill in the art.³⁵ Applying the Teaching, Suggestion, or Motivation (TSM) Test, the Court of Appeals for the Federal Circuit held, in the context of KSR's motion for summary judgment, Teleflex's patent was not obvious to a person having ordinary skill in the art.³⁶ According to the Court of Appeals for the Federal Circuit, it would not have been obvious from the prior teachings, suggestions, or motivations for a person ordinarily skilled in the art to add an electronic sensor to an already patented adjustable pedal assembly.³⁷

Writing for the majority, Justice Kennedy took exception to the Federal Circuit's rigid TSM Test and held that "[t]he obviousness analysis cannot be confined by a formalistic conception of the words teaching, suggestion, and motivation, or by overemphasis on the importance of published articles and the explicit content of issued patents."³⁸ Emphasizing the inquiry regarding the obviousness question, Justice Kennedy stated:

In determining whether the subject matter of a patent claim is obvious, neither the particular motivation nor the avowed purpose of the patentee controls. What matters is the objective reach of the claim. If the claim extends to what is obvious, it is invalid under [35 U.S.C.] § 103. One of the ways in which a patent's subject matter can be proved obvious is by noting that there existed at the time of invention a known problem for which there was an obvious solution encompassed by the patent's claims.³⁹

The most revealing part of the *KSR International Co. v. Teleflex Inc.* decision was expressed when Justice Kennedy stated that a court's obviousness analysis should be made explicit.⁴⁰ The court quoted the Court

33. *Id.* at 405–06.

34. *Id.* at 405–06, 410.

35. *Id.* at 412. *See id.* at 414. "That it might have been obvious to try the combination of Asano and a sensor was likewise irrelevant, in the [Federal Circuit's] view, because [o]bvious to try has long been held not to constitute obviousness." *Id.* (internal citations and quotation marks omitted; second set of brackets in original).

36. *Id.* at 413–414.

37. *Id.* at 414.

38. *Id.* at 419.

39. *Id.* at 419–420.

40. *Id.* at 418.

of Appeals for the Federal Circuit and stated that “[r]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.”⁴¹

C. Circuit Split

Regional circuit courts⁴² heard appeals of patent infringement suits prior to the creation of the Court of Appeals for the Federal Circuit.⁴³ Although these decisions are no longer legally binding when jurisdiction is based on 28 U.S.C. § 1338, they provide historical significance and guidance for the obviousness debate.⁴⁴ Professor Donald Chisum, in his treatise, *Chisum on Patents*, explains that when a court undertakes the obviousness analysis, the “function of adjudication is always a three-fold process: (1) ‘law declaration’; (2) ‘fact identification’, ‘the determination and statement of the relevant characteristics of the particular matter’ before the court; and (3) ‘law application’, ‘linking up the particular with the general.’”⁴⁵ Professor Chisum explains that “[t]he major controversy over law-versus-fact with the nonobviousness question is whether the appellate court should freely review the third task--i.e., whether the trial court correctly applied the legal standard to the facts.”⁴⁶ Professor Chisum further explains that actions of the Supreme Court in *Graham* reflect the view that the third task, applying the law, should be conducted by the judge.⁴⁷ However, subsequent Federal Circuit decisions have not found *Graham* as readily decipherable.⁴⁸

Using logic comparable to Professor Chisum’s analysis of the holding in *Graham*, the Seventh Circuit Court of Appeals in *Roberts v. Sears, Roebuck & Co.* held that the “responsibility for the ultimate determination of obviousness lies with the trial judge, who must determine whether the facts as found by the jury fall within the legislative standard.”⁴⁹ Similarly, the Ninth Circuit Court of Appeals in *Sarkisian v. Winn-Proof Corp.* held that “[t]he court must, in all cases, determine obviousness as a question of law independent of the jury’s conclusion.”⁵⁰

41. *Id.* at 418 (quoting *In re Kahn*, 441 F.3d 977, 988 (Fed. Cir. 2006)).

42. CHISUM, *supra* note 26, § 5.04(3)(d).

43. *Id.* § 5.04 (3)(d)(i)-(xiii).

44. *Id.* § 5.04 (3)(d).

45. *Id.* § 5.04 (3)(c).

46. *Id.*

47. *Id.*

48. *See Roberts v. Sears, Roebuck & Co.*, 723 F.2d 1324 (7th Cir. 1983) (en banc); *Sarkisian v. Winn-Proof Corp.*, 688 F.2d 647 (9th Cir. 1982) (en banc) (per curiam).

49. *Roberts*, 723 F.2d at 1335.

50. *Sarkisian*, 688 F.2d at 651.

Addressing whose role it is to make the law application step of an adjudication on the obviousness question, the Federal Circuit in *Richardson v. Suzuki Motor Co.* held that "the jury may decide the questions of anticipation and obviousness, either as separate special verdicts or en route to a verdict on the question of validity, which may also be decided by the jury."⁵¹ The Federal Circuit explained the reasoning behind this statement in *Richardson* in *Connell v. Sears, Roebuck & Co.* when it stated that:

No warrant appears for distinguishing the submission of legal questions to a jury in patent cases from such submissions routinely made in other types of cases. So long as the Seventh Amendment stands, the right to a jury trial should not be rationed, nor should particular issues in particular types of cases be treated differently from similar issues in other types of cases. Scholarly disputes over use of jury trials in technically complex cases relate to the right to trial by jury itself, and center on whether lay juries are capable of making correct fact determinations, not over the propriety of submitting legal questions to juries. The obviousness issue may be in some cases complex and complicated, on both fact and law, but no more so than equally complicated, even technological, issues in product liability, medical injury, antitrust, and similar cases. Indeed, though the analogy like most is not perfect, the role of the jury in determining obviousness is not unlike its role in reaching a legal conclusion respecting negligence, putting itself in the shoes of one "skilled in the art" at the time the invention was made in the former and in the shoes of a "reasonable person" at the time of the events giving rise to the suit in the latter.⁵²

Therefore, the question that presents itself is whether a judge or a jury should undertake the law application step of an obviousness analysis. If the various governmental bodies of the United States choose to address this question explicitly in the future, they can find guidance in the court systems of our technological peers in Japan and Germany.

51. *Richardson v. Suzuki Motor Co.*, 868 F.2d 1226, 1234 (Fed. Cir. 1989) (citing *Connell v. Sears, Roebuck & Co.*, 722 F.2d 1542, 1547 (Fed. Cir. 1983)).

52. *Connell*, 722 F.2d at 1547.

II. COMPARABLE FOREIGN STANDARDS

A. *Foreign Intellectual Property*

According to a United States Patent and Trademark Office report summarizing utility patent applications and grants from 1963 through 2010, 2008 marked the first year in which the office granted more utility patents to foreign inventors.⁵³ Of the 80,271 utility patents granted to foreign inventors, inventors from Japan and Germany received the most with 36,679 and 10,086 grants, respectively.⁵⁴

Additionally, according to the World Intellectual Property Organization, Japan granted 32.6% of the world's patents in 2000, more than any other country.⁵⁵ The United States was second with 25.9% and Germany was third with 7.9%.⁵⁶ By 2006, Japan still led the world in granting patents, with a total of 29.9% of the world's patents.⁵⁷ The United States remained in second, granting 21.3%.⁵⁸ Germany fell to fourth, granting 7.7% of the world's patents, but remained the leading European grantor of patents.⁵⁹ Combined, Japan and Germany grant over one-third of the world's patents.⁶⁰ Based on the volume of patents granted, the Japanese and German patent systems are substantial and well developed.⁶¹ Therefore, if the United States should choose to address its system for patent litigation, it should look to the systems of Japan and Germany for guidance.

B. *Japan*

Like the United States' patent law, Japan's patent law is statutorily created and requires that a patent be non-obvious to a person skilled in the art.⁶² A translation of the Japanese Patent Act states:

53. USPTO STATISTICS REPORT, *supra* note 17.

54. Patent Technology Monitoring Team, *supra* note 19.

55. WORLD INTELLECTUAL PROPERTY ORGANIZATION, WORLD PATENT REPORT - A STATISTICAL REVIEW 22 (2008), available at http://www.wipo.int/export/sites/www/ipstats/en/statistics/patents/pdf/wipo_pub_931.pdf.

56. *Id.*

57. *Id.*

58. *Id.*

59. *Id.*

60. *Id.*

61. *Id.*

62. Tokkyohō [Patent Act], Law No. 121 of 1959, art. 29, para. 2 (Japan), translated in *Japanese Law Translation*, MINISTRY OF JUSTICE, JAPAN (Apr. 1, 2009), <http://www.japaneselawtranslation.go.jp/law/detail/?id=42&vm=04&re=02&new=1>. Japan operates under a civil law system, as opposed to the U.S. common law system. Thus, Japan does not primarily rely on its case law as the United States does. For that reason, this Note will not address Japanese case law. See generally Carl E. Schneider, *Reform in Japanese*

Where an invention could easily have been made, prior to the filing of the patent application, by a person with ordinary skill in the art to which the invention pertains, on the basis of an invention or inventions referred to in any of the paragraphs of subsection (1), a patent shall not be granted for such an invention notwithstanding subsection (1).⁶³

Patent protection in Japan is granted by the Japan Patent Office, which employs procedures similar to the United States' procedures.⁶⁴ The validity of a patent may initially be challenged in the Japan Patent Office through an opposition proceeding, but the opposition must be filed "within six months from the publication of the Gazette containing the patent."⁶⁵ Standing for these proceedings is addressed in Article 113 of the Japanese Patent Act, which states that any person may file an opposition proceeding with the Commissioner of the Patent Office.⁶⁶ The opposition proceeding is conducted "by a collegial body of three or five appeal examiners."⁶⁷ Appeals of opposition proceedings are heard before Japan's Intellectual Property High Court in Tokyo.⁶⁸

In Japan, patent infringement suits are brought in a Japanese District Court.⁶⁹ Japan is divided into fifty districts. Proper jurisdiction for the suit is the district where the defendant is domiciled.⁷⁰ However, Article 6 of

Legal Education: On American Legal Education, 2 ASIAN-PAC. L. & POL'Y J. 76 (2001) (explaining that Socratic teaching in Japan would look different because "[c]ivil law systems, of course, rely less centrally than ours on cases").

63. Tokkyohō art. 29, para. 2. See *id.* para. 1 (discussing Japan's novelty requirement, stating, "An inventor of an invention that is industrially applicable may be entitled to obtain a patent for the said invention, except for the following: (i) inventions that were publicly known in Japan or a foreign country, prior to the filing of the patent application; (ii) inventions that were publicly worked in Japan or a foreign country, prior to the filing of the patent application; or (iii) inventions that were described in a distributed publication, or inventions that were made publicly available through an electric telecommunication line in Japan or a foreign country, prior to the filing of the patent application.").

64. *Procedures for Obtaining a Patent Right*, JAPAN PATENT OFFICE, http://www.jpo.go.jp/cgi/linke.cgi?url=/tetuzuki_e/t_gaiyo_e/pa_right.htm (last visited Mar. 27, 2011).

65. Tokkyohō art. 29, para. 2.

66. *Id.* art. 113.

67. *Procedures for Obtaining a Patent Right*, *supra* note 64; Tokkyohō art. 114, para. 1.

68. *Procedures for Obtaining a Patent Right*, *supra* note 64; Tokkyohō art. 178, para. 1. Further, a discussion of proceedings before Japan's Intellectual Property High Court in Tokyo can be found later in this section of this Note.

69. Ryu Takabayashi, *Practices of Patent Litigation in Japanese Courts*, 5.2 CASRIP NEWSL. (Toshiko Takenaka trans., 1998), available at <http://www.law.washington.edu/Casrip/Newsletter/default.aspx?year=1998&article=newsv5i2jp2>.

70. *Id.*; MINJI SOSHŌHŌ [MINSOHŌ] [C. CIV. PRO.], 1996, art. 4, para. 1 (Japan), translated in *Japanese Law Translation*, MINISTRY OF JUSTICE, JAPAN (Apr. 1, 2009), <http://www.japaneselawtranslation.go.jp/law/detail/?id=1940&vm=04&re=02&new=1>.

Japan's Code of Civil Procedure grants concurrent jurisdiction to the Tokyo or Osaka District Courts for lawsuits involving patents.⁷¹ Japan created this exception "because patent cases involve complex technology issues and these courts have a special section dedicated to intellectual property cases due to the complexity of technologies involved in patent cases."⁷²

An infringement lawsuit in Japan begins with the filing of a complaint.⁷³ The complaint is served upon the defendant and the defendant is required to provide an answer.⁷⁴ After the issues and allegations have been established before the court, the court enters into proceedings for arranging the issues and evidence.⁷⁵ There are three different types of preliminary proceedings permitted by Japan's Code of Civil Procedure: preliminary oral arguments, preparatory proceedings, and preparatory proceedings by means of documents.⁷⁶ The court uses preliminary oral arguments for the "arrangement of issues and evidence."⁷⁷ Preparatory proceedings are similar to preliminary oral arguments in that the court uses both types of proceedings to confirm facts with the parties.⁷⁸ However, unlike preliminary oral arguments, preparatory proceedings are not required to be open to the public, and are therefore most often conducted in an office with the presiding judge and the parties.⁷⁹

Preparatory proceedings by means of documents require the parties to submit briefs relevant to the material issues to the presiding judge.⁸⁰ In Japan, parties are not limited in their filings to a specific number of briefs, which are also not limited in size.⁸¹ "The exchange of briefs ceases when a judge decides that the case has been fully tried, with both parties having exhausted their arguments, and the parties so agree."⁸² The battle in Japanese intellectual property cases is mostly fought on paper. "In Japan, intellectual property-related cases are essentially argued and tried in briefs, and oral arguments are made only as a matter of formality in most cases."⁸³

71. *Id.* art. 6.

72. Takabayashi, *supra* note 69.

73. *Outline of Civil Litigation in Japan*, SUPREME COURT OF JAPAN, http://www.courts.go.jp/english/proceedings/civil_suit.html#iii_a (last visited Mar. 27, 2011); MINSOHŌ art. 133, para. 1.

74. *Outline of Civil Litigation in Japan*, *supra* note 73; MINSOHŌ art. 138.

75. *Outline of Civil Litigation in Japan*, *supra* note 73.

76. *Id.*; MINSOHŌ arts. 164, 168, 175.

77. *Outline of Civil Litigation in Japan*, *supra* note 73.

78. *Outline of Civil Litigation in Japan*, *supra* note 73; MINSOHŌ art. 175.

79. *Id.*

80. *Outline of Civil Litigation in Japan*, *supra* note 73.

81. Setsuko Asami, *Japan-U.S. Patent Infringement Litigation Practice: A Visit to the United States Court of Appeals for the Federal Circuit*, 5.3 CASRIP NEWSL. (Shoko Leek trans., 1998), available at <http://www.law.washington.edu/Casrip/Newsletter/default.aspx?year=1998&article=newsv5i3asami>.

82. *Id.*

83. *Id.*

There are no juries in Japanese civil courts, and judges resolve both factual and legal issues.⁸⁴

After the presiding judge concludes proceedings for arranging the issues and evidence, the trial then proceeds to oral argument for the examination of witnesses.⁸⁵ Parties are responsible for choosing which witnesses testify.⁸⁶ Lay witnesses and expert witnesses are examined by the party that called them, the opposing party, and the presiding judge.⁸⁷ In addition, the court is permitted to examine one or both of the parties.⁸⁸ The Code of Civil Procedure allows Technical Advisers and Judicial Research Officials to question the parties, witnesses, and expert witnesses during oral argument in intellectual property cases.⁸⁹

Following the conclusion of the examination of the witnesses, the court renders its judgment on the case.⁹⁰ The Code of Civil Procedure requires that the court's judgment be in writing and contain, among other items, the facts the judge relied on and the reasoning the judge used in making his or her decision.⁹¹

Japan amended its Code of Civil Procedure in 2003 to introduce a Technical Advisor system to better facilitate its courts' understanding of complex technological issues inherent in intellectual property suits.⁹² Article 92-2 of the Code of Civil Procedure provides that courts may have Technical Advisers participate in various capacities throughout proceedings.⁹³ More directly, "[t]echnical advisors are appointed by the Supreme Court as part-time officials, from among experts such as university professors and researchers of public research institutes who have expertise in various scientific fields."⁹⁴ The Technical Adviser may participate by giving an explanation of the evidence based on their expert knowledge and by asking questions directly of the witnesses, parties, or expert witnesses.⁹⁵ One of the goals of the Technical Adviser system, aside from providing technical expertise from a fair and neutral viewpoint to the

84. *Id.*

85. *Outline of Civil Litigation in Japan*, *supra* note 73.

86. *Id.*

87. MINJI SOSHŌHŌ [MINSOHŌ] [C. CIV. PRO.], 1996, art. 202 (Japan), *translated in Japanese Law Translation*, MINISTRY OF JUSTICE, JAPAN (Apr. 1, 2009), <http://www.japaneselawtranslation.go.jp/law/detail/?id=1940&vm=04&re=02&new=1>; *id.* art. 215, para. 2.

88. *Id.* art. 207.

89. *Id.* art. 92, paras. 2, 8.

90. *Outline of Civil Litigation in Japan*, *supra* note 73.

91. MINSOHŌ art. 252, para. 53.

92. *Id.* art. 92, para. 8.

93. *Id.* para. 2.

94. *Organization*, INTELLECTUAL PROPERTY HIGH COURT, <http://www.ip.courts.go.jp/eng/aboutus/organization.html> (last visited Mar. 27, 2011).

95. MINSOHŌ art. 92, para. 2.

judge (still the ultimate decision maker) is “to enhance public confidence in judicial determination[s] on intellectual property issues.”⁹⁶ Technical Advisors “cover a wide range of scientific fields, including electronics, machinery, chemicals, information communication, and biotechnology. Courts select the most suitable technical advisors from a wide range of candidates, on a case-by-case basis, considering the nature and content of the dispute.”⁹⁷

Another recent addition to intellectual property cases in Japan is the use of Judicial Research Officials.⁹⁸ Article 92-8 of the Code of Civil Procedure provides that courts, in cases involving intellectual property, may use Judicial Research Officials to ask questions of the parties in order to clarify issues of the suit.⁹⁹ In addition, Judicial Research Officials may examine the parties, lay witnesses, or expert witnesses, and may give explanations based on their expert knowledge.¹⁰⁰ The “officials have expertise in various technical fields such as machinery, chemicals and electronics, and as ordered by judges, carry out necessary research on technical matters involved in patent . . . cases.”¹⁰¹ In a technically complex case, Judicial Research Officials, who are well versed in patent prosecution procedure, work with Technical Advisers, who are experts in the technical field at issue in the case, in order to assist the judge.¹⁰² As of July 2009, the Intellectual Property High Court, the Tokyo District Court, and the Osaka District Court have been permanently assigned twenty-one Judicial Research Officials.¹⁰³

All appeals of patent infringement claims are heard before Japan’s Intellectual Property High Court.¹⁰⁴ Central to the debate undertaken in this Note, the Intellectual Property High Court reviews both legal and factual issues *de novo*.¹⁰⁵ Generally, cases appealed to the Intellectual Property High Court are heard before a three-judge panel, but in special instances Japan’s Code of Civil Procedure permits that a five-judge panel may

96. *Technical Advisors in Intellectual Property Lawsuits*, INTELLECTUAL PROPERTY HIGH COURT, <http://www.ip.courts.go.jp/eng/documents/expert.html> (last visited Mar. 27, 2011).

97. *Id.*

98. *Id.*

99. *Id.*

100. MINSOHŌ art. 92, para. 8.

101. *Technical Advisors in Intellectual Property Lawsuits*, *supra* note 96.

102. *Id.*

103. *Id.*

104. MINSOHŌ art. 6, para. 3; *Jurisdiction*, INTELLECTUAL PROPERTY HIGH COURT, <http://www.ip.courts.go.jp/eng/aboutus/jurisdiction.html> (last visited Mar. 27, 2011).

105. Takenaka, *supra* note 20, at 48.

conduct the trial.¹⁰⁶ Trials before the five-judge panel are known as Grand Panel cases, and although the trials are conducted by only a five-judge panel, “in practice, [its decisions are] based on discussions by the whole court.”¹⁰⁷ The Grand Panel system was introduced because of a desire by the industrial circle for “the formation of satisfactorily reliable rules and consistency of judicial decisions prior to the final judgment made by the Supreme Court.”¹⁰⁸

The trial before the appellate court is conducted procedurally in a similar fashion to the trial before the Japanese district court.¹⁰⁹ However, the appellate trial is considered to be a continuation of the trial at first instance, and therefore the appellate court focuses its attention on the decision of whether to overturn the district court.¹¹⁰ After the Intellectual Property High Court conducts its trial, it renders a written opinion.¹¹¹ Similar to the district court, the High Court is required to state its factual determinations and legal reasoning in its opinion following the appeal.¹¹²

Final appeals in Japan are heard before Japan’s Supreme Court.¹¹³ However, in general, appeals before the Supreme Court are limited to constitutional issues and are therefore not relevant to this Note.¹¹⁴ As stated previously, the Grand Panel system was created in an attempt to facilitate uniformity by the Intellectual Property High Court without the need for review by the Supreme Court.¹¹⁵

Japanese judges have noticed increasing complexity in patent infringement cases directly related to the issues of *Kinetic Concepts*.¹¹⁶ For example, Judge Ichiro Otaka of the Intellectual Property High Court remarked in an article that:

106. MINSOHŌ art. 310, para. 2; *Overview of the Judicial System in Japan*, SUPREME COURT OF JAPAN, <http://www.courts.go.jp/english/system/system.html> (last visited Mar. 27, 2011).

107. *Current Status of the IP High Court*, INTELLECTUAL PROPERTY HIGH COURT (Mar. 2010), <http://www.ip.courts.go.jp/eng/aboutus/current.html>.

108. ICHIRO OTAKA, RECENT DEVS. IN INTELLECTUAL PROP. LAW & POLICY IN ASIA, RECENT DEVELOPMENTS REGARDING THE INTELLECTUAL PROPERTY HIGH COURT OF JAPAN 8 (2006), available at <http://www.ip.courts.go.jp/eng/documents/pdf/conference/060420.pdf>.

109. *Outline of Civil Litigation in Japan*, *supra* note 73.

110. *Id.*

111. *Id.*

112. MINJI SOSHŌHŌ [MINSOHŌ] [C. CIV. PRO.], 1996, arts. 53, 252 (Japan), translated in *Japanese Law Translation*, MINISTRY OF JUSTICE, JAPAN (Apr. 1, 2009), <http://www.japaneselawtranslation.go.jp/law/detail?id=1940&vm=04&re=02&new=1> (stating that a “final appeal” can only be filed on a judgment that contains some sort of constitutional issue).

113. *Id.* art. 311.

114. See generally *id.* art. 312.

115. OTAKA, *supra* note 108, at 8.

116. *Id.* at 7–8.

[A]fter the so-called *Kilby* decision (*Texas Instruments v. Fujitsu*, Supreme Court Third Petty Bench Decision of April 11, 2000, Minshu 54-4, 1368), patent infringement cases have been arguing the existence of the reason for invalidating a patent, and with the increase of the district court making decisions on the “defense of abuse due to obvious invalidity”, the appeal trials on infringement have become more and more complicated and difficult to render a decision.¹¹⁷

Fortunately, the Japanese have developed a system designed to address technically complex issues. With the involvement of Technical Advisors and Judicial Research Officials at both the District Court and High Court levels, judges are in a position to apply legal conclusions to a technology they fully understand.

C. Germany

Like the United States and Japan, Germany’s patent law requires that a patent be non-obvious to a person skilled in the art.¹¹⁸ This requirement is a combination of § 1 of the German Patent Act, which requires an “inventive step,” and § 4 of the German Patent Act, which defines an “inventive step.”¹¹⁹ A translation of these sections reads as follows:

§ 1.-(1) Patents shall be granted for inventions that are new, involve an inventive step and are susceptible of industrial application. . . . § 4.-An invention shall be considered to involve an inventive step if, having regard to the state of the art, it is not obvious to a person skilled in the art.¹²⁰

German patent protection is provided by either the German Patent and Trademark office or the European Patent Office.¹²¹ Germany breaks down the patent litigation system into three different types of proceedings.¹²²

117. *Id.*

118. PATENTGESETZ [PATG] [PATENTS LAW], Dec. 16, 1980, BUNDESGESETZBLATT [BGBL. I], as amended, § 4 (Ger.), translated in WORLD INTELLECTUAL PROP. ORG., WIPO DATABASE OF INTELLECTUAL PROPERTY LEGISLATIVE TEXTS, GERMANY: PATENT LAW, available at http://www.wipo.int/wipolex/en/text.jsp?file_id=126259 (last visited Mar. 27, 2011).

119. PATG §§ 1, 4.

120. *Id.*

121. *Id.* § 2.

122. CAMPENHAUSEN, *supra* note 20, at 1.

These proceedings are referred to as opposition, nullity, and infringement proceedings.¹²³

i. Opposition Proceedings

Opposition proceedings for German patents granted by the German Patent and Trademark Office and the European Patent Office are proceedings that challenge the validity of a newly issued patent and must be brought within a specified time period after publication of that patent.¹²⁴ “In [the] case of a German national patent, the opposition [proceeding] must be filed within three months from the publication of the grant of the patent.”¹²⁵ After the expiration of the three month period to bring an opposition proceeding, the obviousness of an invention may then only be challenged in a nullity proceeding.¹²⁶

The European Patent Office conducts opposition proceedings for German patents granted by the European Patent Office while the German Patent Office conducts opposition proceedings for German patents granted by the German Patent Office.¹²⁷ During times of increased workload for the German Patent Office, opposition proceedings of German patents granted by the German Patent Office may take place before the German Federal Patent Court.¹²⁸ Opposition proceedings and appeals of decisions by the German Patent Office are heard before the German Federal Patent Court Technical Boards of Appeal.¹²⁹ The Technical Boards of Appeal are composed of three judges who are technically qualified, and one judge who is legally qualified.¹³⁰ The presiding judge of a Technical Board of Appeal is technically qualified and, in the event of a split decision, is given the deciding vote.¹³¹

123. *Id.* Unlike the United States, Germany is a civil law country where judicial opinions do not carry the same precedential authority and are therefore not addressed in this Note. N. Thane Bauz, *Reanimating U.S. Patent Reexamination: Recommendations for Change Based Upon a Comparative Study of German Law*, 27 CREIGHTON L. REV. 945, 963 (1994).

124. *Id.*

125. *Id.*

126. PATG §§ 59, 81, para. 2.

127. CAMPENHAUSEN, *supra* note 20, at 1. Because this Note focuses on German and not European patent law, opposition proceedings for German patents granted by the European Patent Office will not be addressed.

128. *Id.* at 2; FED. PATENT COURT OF THE FED. REPUBLIC OF GER., 2007 INFORMATION BROCHURE 25 (Dep't for Int'l Affairs and Pub. Relations: Fed. Patent Court, 2007) [hereinafter 2007 INFORMATION BROCHURE].

129. 2007 INFORMATION BROCHURE, *supra* note 128, at 13, 24–25.

130. *Id.* at 13; PATG § 67, para. 1. See *infra* Part II.C.iii. (further developing the requirements for being considered technically qualified to sit as a judge on the Federal Patent Court).

131. 2007 INFORMATION BROCHURE, *supra* note 128, at 13; PATG § 70, para. 2.

The German Patent Act requires that an opposition proceeding only be based on the requirements of § 21 of the Act.¹³² Section 21 of the Act states that a patent may be revoked if it is shown that the patent fails to meet the requirements of §§ 1–5 of the Act.¹³³ As discussed above, the obviousness step is required by § 1 of the Act; therefore, it may be challenged in an opposition proceeding under § 59.¹³⁴

The German Patent Act gives very broad standing to potential plaintiffs who seek to bring opposition proceedings.¹³⁵ Section 59 states that “any person, but only the injured party in the case of usurpation, may give notice of opposition to the patent.”¹³⁶ Hence, opposition proceedings in Germany are available to all litigants except in a case where the complaining party is attempting to allege the infringement of rights.¹³⁷ In that case, only the party whose rights have allegedly been infringed may bring the opposition proceeding.¹³⁸

The general procedure of an action or an appeal before a Technical Board of Appeal begins when a party submits the action or appeal to the Federal Patent Court’s central filing office.¹³⁹ The parties to the proceedings submit briefs, which are then reviewed and decided by one of the board’s judges.¹⁴⁰ This judge then circulates his or her opinion for further comment from the other judges of the Board.¹⁴¹ Section 76 of the German Patent Act provides that the President of the Patent Office may submit a brief in appeal proceedings before the Board of Appeals in order to safeguard the public’s interest.¹⁴² After the judges have had a chance to review the submissions and the initial opinion, the presiding judge schedules a date for *in camera* debate, or an oral hearing.¹⁴³ Again, the President of the Patent Office may take part if there is an oral hearing on appeal.¹⁴⁴ In general, the Boards of Appeal make their decisions on appeal without an oral hearing.¹⁴⁵ Throughout the process, the Boards of Appeal are not bound by the offerings of facts by the parties and are free to conduct their own investigation into the facts of the case.¹⁴⁶ After the judges

132. PATG § 59.

133. *Id.* § 21.

134. *Id.* §§ 1, 21, 59.

135. *Id.* § 59.

136. *Id.*

137. CAMPENHAUSEN, *supra* note 20, at 2.

138. PATG § 59.

139. 2007 INFORMATION BROCHURE, *supra* note 128, at 20.

140. *Id.*

141. *Id.*

142. PATG §§ 76–77.

143. 2007 INFORMATION BROCHURE, *supra* note 128, at 20.

144. PATG §§ 76–77.

145. 2007 INFORMATION BROCHURE, *supra* note 128, at 19.

146. PATG § 87, para. 1.

conduct their final deliberation, the Board issues a written decision that is delivered to the parties.¹⁴⁷

In 2008, the Technical Boards of Appeal of the Federal Patent Court processed 610 appeals proceedings and 452 opposition proceedings.¹⁴⁸ At the conclusion of 2008, the Boards had 2118 appeals proceedings pending and 1289 opposition proceedings pending.¹⁴⁹

Appeals of opposition proceeding decisions of the German Federal Patent Court Technical Boards of Appeal are heard before the German Federal Court of Justice, the court of last resort for issues regarding patents in Germany.¹⁵⁰ The Federal Court of Justice is bound by the finding of facts of the Technical Boards of Appeal, but reviews the points of law *de novo*.¹⁵¹ The assessment of the issue of inventive step or obviousness of a patent is considered a question of law and is reviewed *de novo* by the Federal Court of Justice.¹⁵²

ii. Infringement Proceedings

In Germany, unlike the United States, a defendant cannot raise the invalidity of the patent as an affirmative defense in an infringement proceeding.¹⁵³ An infringement proceeding in Germany would be an improper stage to raise invalidity as a defense.¹⁵⁴ Infringement proceedings are heard before civil courts of general jurisdiction; thus, if a defendant wishes to raise a nullity defense during the infringement proceeding, a special request to the Federal Patent Court may be made for a declaration on the nullity of the patent.¹⁵⁵ “[I]f the civil court estimates the prospects of success of [the nullity] proceedings as good the civil court may suspend temporarily the infringement proceedings until the final decision is rendered in the nullity proceedings.”¹⁵⁶ Otherwise, a judge in a German infringement

147. 2007 INFORMATION BROCHURE, *supra* note 128, at 20.

148. THE FEDERAL PATENT COURT 17 (Regina Hock ed., 2009) [hereinafter 2009 INFORMATION BROCHURE], available at http://www.bpatg.de/cms/media/Oeffentlichkeitsarbeit/Veroeffentlichungen/Informationsbroschueren/englische_Broschuere_2009.pdf.

149. *Id.*

150. 2007 INFORMATION BROCHURE, *supra* note 128, at 21. See PATG § 100; FEDERAL COURT OF JUSTICE, THE FEDERAL COURT OF JUSTICE 4 (2010), available at <http://www.bundesgerichtshof.de/cae/servlet/contentblob/758306/publicationFile/51136/brochure.pdf>.

151. 2007 INFORMATION BROCHURE, *supra* note 128, at 21. See generally PATG §§ 100–109 (providing statutory language of the same).

152. CAMPENHAUSEN, *supra* note 20, at 17.

153. THOMAS BOPP & MICHAEL TRIMBORN, GLEISS LUTZ, PATENT LITIGATION IN GERMANY 4 (2004), available at <http://www.bundesgerichtshof.de/cae/servlet/contentblob/758306/publicationFile/51136/brochure.pdf>.

154. *Id.* at 4.

155. 2007 INFORMATION BROCHURE, *supra* note 128, at 6–7.

156. *Id.* at 7.

proceeding must “proceed on the basis of the patent as granted, [and] counterclaims of invalidity are not admitted in infringement proceedings.”¹⁵⁷ Because Germany separates infringement and nullity proceedings, and because the defense of obviousness would be addressed in a nullity proceeding, infringement proceedings will not be further addressed in this Note.¹⁵⁸

iii. Nullity Proceeding

Nullity proceedings are different from opposition proceedings and are heard only before a Nullity Board of the German Federal Patent Court, regardless of whether it was the German Patent Office or the European Patent Office that originally granted the patent.¹⁵⁹ As opposed to other proceedings before the Federal Patent Court, nullity proceedings are heard in first instance rather than on appeal before the court.¹⁶⁰ Nullity proceedings may begin “[o]nce opposition proceedings have been terminated or after the opposition period has expired, [and] may only be challenged in a [German] nullity proceedings [sic] before the [German] Federal Patent Court.”¹⁶¹

One of the most intriguing aspects of the German Federal Patent Court is the composition of the panel of judges that presides over a nullity proceeding. The panel is composed of three judges with technical backgrounds and two judges who have legal backgrounds.¹⁶² The panel is better equipped to assess the validity of a particular patent at issue because there are judges on the panel with technical backgrounds.¹⁶³ The judges with technical backgrounds are “technical experts with full-fledged academic formation in science or engineering.”¹⁶⁴ Upon completion of their studies, technical judges must have passed a final state or academic examination, have five years of practical experience, and “have acquired the necessary legal knowledge.”¹⁶⁵ Technical judges gain their practical experience and legal knowledge from the German Patent and Trademark

157. BOPP & TRIMBORN, *supra* note 153, at 4.

158. 2007 INFORMATION BROCHURE, *supra* note 128, at 6–7.

159. CAMPENHAUSEN, *supra* note 20, at 2, 7.

160. 2007 INFORMATION BROCHURE, *supra* note 128, at 21.

161. CAMPENHAUSEN, *supra* note 20, at 2; PATENTGESETZ [PATG] [PATENTS LAW], Dec. 16, 1980, BUNDESGESETZBLATT [BGBL. I], as amended, § 81, para. 2 (Ger.), *translated in* WORLD INTELLECTUAL PROP. ORG., WIPO DATABASE OF INTELLECTUAL PROPERTY LEGISLATIVE TEXTS, GERMANY: PATENT LAW, *available at* http://www.wipo.int/wipolex/en/text.jsp?file_id=126259 (last visited Mar. 27, 2011).

162. CAMPENHAUSEN, *supra* note 20, at 4. *See* PATG § 67, para. 2; 2007 INFORMATION BROCHURE, *supra* note 128, at 15.

163. CAMPENHAUSEN, *supra* note 20, at 4.

164. 2007 INFORMATION BROCHURE, *supra* note 128, at 8.

165. *Id.* at 9.

Office and are recruited exclusively from this office.¹⁶⁶ “The technical members of the Federal Patent Court have a particular expertise in one specialist technical field and are used in cases where a decision needs to be taken regarding a property right in their technical specialism.”¹⁶⁷

The judges with legal backgrounds must meet the same studies and training requirements as other federal judges, which includes years of professional experience gleaned from administrative agencies or various courts.¹⁶⁸ The Federal Patent Court seeks to achieve judicial independence for both technically qualified and legally qualified judges by the privilege of lifetime appointments.¹⁶⁹ Unlike the opposition proceedings heard before the Technical Boards of Appeal, the presiding judge in cases before the Nullity Boards is legally qualified.¹⁷⁰ There are no juries in a nullity proceeding; therefore, judges determine both questions of fact and law in such proceedings.¹⁷¹

The ability to file suit in a German nullity proceeding is not limited to the patent holder and mirrors the standing requirements of an opposition proceeding.¹⁷² “[A] party which considers a patent an obstacle to his business activities in Germany does not have to wait until he is sued for infringement in order to challenge the validity of that patent. Instead, this party may take the initiative and file a nullity action.”¹⁷³

Procedurally, nullity proceedings work differently than opposition proceedings.¹⁷⁴ Both opposition proceedings and nullity proceedings begin with the filing of an action and other written statements.¹⁷⁵ Generally, “the action for a declaration of nullity of a patent is . . . the consequence of patent infringement proceedings.”¹⁷⁶ The court informs the defendant of the action, and the defendant is then invited by the court to reply or face default.¹⁷⁷ Upon the reply of the defendant, the court informs the plaintiff of the reply and schedules and conducts a hearing unless the parties consent

166. *Id.*

167. 2009 INFORMATION BROCHURE, *supra* note 148, at 11.

168. 2007 INFORMATION BROCHURE, *supra* note 128, at 9.

169. *Id.* at 8.

170. *Id.* at 13, 15.

171. CAMPENHAUSEN, *supra* note 20, at 6.

172. *Id.* at 4, 7; PATENTGESETZ [PATG] [PATENTS LAW], Dec. 16, 1980, BUNDESGESETZBLATT [BGBL. I], as amended, § 81, para. 3 (Ger.), translated in WORLD INTELLECTUAL PROP. ORG., WIPO DATABASE OF INTELLECTUAL PROPERTY LEGISLATIVE TEXTS, GERMANY: PATENT LAW, available at http://www.wipo.int/wipolex/en/text.jsp?file_id=126259 (last visited Mar. 27, 2011). See *supra* Part II.C.i.

173. CAMPENHAUSEN, *supra* note 20, at 4.

174. See generally 2007 INFORMATION BROCHURE, *supra* note 128, at 20–21 (explaining the procedure before a nullity board).

175. PATG § 81, para. 4.

176. 2007 INFORMATION BROCHURE, *supra* note 128, at 20.

177. PATG § 82.

to a ruling without a hearing.¹⁷⁸ The presiding judge conducts the hearing and receives any evidence.¹⁷⁹ During the hearing, the judges are in charge of questioning and may examine witnesses, experts, and both parties to the proceeding.¹⁸⁰ The Nullity Board is entitled to make inspections of the evidence, and the presiding judge discusses with the parties both questions of law and questions of fact.¹⁸¹ The parties to the proceedings are also given a chance to speak to the court in the hopes of substantiating their motions.¹⁸²

Like opposition proceedings, the Nullity Board is not bound by the offerings of facts of the parties and the court is free to conduct its own investigation into the facts of the case.¹⁸³ However, the decision of the court “may be based only on facts and the results of evidence on which the parties have had an opportunity to state their views.”¹⁸⁴ Final decisions of the court are either pronounced in court or by a written decision which is served upon the parties.¹⁸⁵ Section 93(1) of the German Patent Act specifically requires that the judges’ “decision[s] shall state the grounds which led the judges to form their conclusions.”¹⁸⁶ In 2008, the Nullity Boards of the Federal Patent Court processed 237 cases, while 388 cases remained pending at the conclusion of 2008.¹⁸⁷

Similar to appeals of opposition proceedings, appeals of nullity proceedings are heard before the German Federal Court of Justice.¹⁸⁸ However, in nullity proceedings the Federal Court of Justice is not bound by the findings of fact of the Nullity Boards and reviews both points of law and points of fact *de novo*.¹⁸⁹ Unlike the nullity boards, the Federal Court of Justice is not staffed with technically qualified judges and therefore relies on technical experts for evidentiary purposes to fulfill its functions.¹⁹⁰

178. *Id.* § 83.

179. *Id.* §§ 88, 90.

180. *Id.* § 88, para. 1.

181. *Id.* §§ 88, para. 1; 91, para. 1.

182. *Id.* § 90, para. 3.

183. *Id.* § 87, para. 1.

184. *Id.* § 93, para. 2.

185. *Id.* § 94, para. 1.

186. *Id.* § 93, para. 1. “The Patent Court shall take its decisions on the basis of its own conclusions freely reached in the light of the results of the proceedings as a whole. The decision shall state the grounds which led the judges to form their conclusions.” *Id.*

187. 2009 INFORMATION BROCHURE, *supra* note 148, at 17.

188. 2007 INFORMATION BROCHURE, *supra* note 128, at 29; PATG §110, para. 1. *See generally* FEDERAL COURT OF JUSTICE, *supra* note 150, at 7 (explaining that the Federal Court of Justice hears appeals of patent cases regarding revocation and performs the duties of a trial judge).

189. PATG § 115, para. 1.

190. 2007 INFORMATION BROCHURE, *supra* note 128, at 29. *See generally* PATG § 115, para. 2 (explaining that the Federal Court of Justice may take evidence through an intermediary of the German Federal Patent Court).

As of January 1, 2008, the Federal Court of Justice staffed 127 judges comprising 17 total panels, but uniformity among decisions was guaranteed by the fact that only one of those panels, the Tenth Civil Panel, was responsible for patent law cases.¹⁹¹ The structure of Germany's system permitted its court of last resort to process sixty-one nullity proceeding appeals in 2008.¹⁹²

III. COMPARISON OF THE U.S. SYSTEM WITH THOSE OF ITS TECHNOLOGICAL PEERS

A. Japan

Although the complexities of both the U.S. and Japanese systems would allow for comparisons at any number of levels, this Note will focus primarily on (i) the types of courts that are granted jurisdiction in a patent litigation lawsuit, (ii) who has the responsibility of performing the law application step, and (iii) the differing aspects of appellate review and procedure of the initial judicial decision.

i. Jurisdiction

An important element in the adjudication of patent litigation is the expertise and subject matter knowledge of the court.¹⁹³ Although Japan, like the United States, has a large number of district courts,¹⁹⁴ Japan has created a system more likely to provide uniformity simply by its lack of diversity.¹⁹⁵ By contrast, the United States has ninety-four federal districts, and 28 U.S.C. § 1338(a) grants jurisdiction for patent infringement suits to all of these courts without a preference for one over another.¹⁹⁶ Although a major purpose of the Federal Courts Improvement Act of 1982 and the creation of the Court of Appeals for the Federal Circuit was to create greater uniformity in patent law,¹⁹⁷ the United States could have accomplished that goal more easily by implementing a system like Japan's where the uniformity comes at both the district court and appellate court

191. FEDERAL COURT OF JUSTICE, *supra* note 150, at 7, 11.

192. 2009 INFORMATION BROCHURE, *supra* note 148, at 19.

193. The procedural mandates of Japan's Grand Panel system require that the judges "be aware of the cases presided over by other judges at all times." OTAKA, *supra* note 108, at 9.

194. Japan is divided into fifty districts. Takabayashi, *supra* note 69.

195. Bauz, *supra* note 123, at 963 ("U.S. [federal district] courts . . . typically have a lottery system for assigning a judge to a particular case."); MINJI SOSHŌHŌ [MINSOHŌ] [C. CIV. PRO.], 1996, art. 6 (Japan), translated in *Japanese Law Translation*, MINISTRY OF JUSTICE, JAPAN (Apr. 1, 2009), <http://www.japaneselawtranslation.go.jp/law/detail/?id=1940&vm=04&re=02&new=1>.

196. 28 U.S.C. § 1338(a) (2010).

197. CHISUM, *supra* note 26, § 5.04(3)(d).

level.¹⁹⁸

ii. Law Application

Application of the law in an obviousness determination is done differently in the United States than in Japan. “In Japanese courts, judges, not juries, resolves [sic] both factual and legal issues,” and therefore would be charged with the responsibility of the law application step in a patent litigation suit.¹⁹⁹ Japan’s Code of Civil Procedure permits Technical Advisers and Judicial Research Officials to aid judges in this process.²⁰⁰ In a particular case, a Judicial Research Official, who is an official of the court, would conduct research, question witnesses and parties, provide explanations based on his or her expert analysis, and inform the judge(s) about his or her opinion on a given case.²⁰¹ Similarly, a Technical Advisor, knowledgeable in the specialized field of the particular suit, would provide the court with expert explanations and might also question lay witnesses, expert witnesses, and the parties.²⁰² Japan has implemented such a system in order to mitigate discrepancies between decisions in order “to enhance public confidence in judicial determination on intellectual property issues.”²⁰³

In contrast, the Court of Appeals for the Federal Circuit affirmed in *Kinetic Concepts* that a jury of twelve individuals, meeting the minimum requirements for jury service, are sufficiently capable of determining obviousness of a particular patent through thirty-seven “yes” or “no” interrogatories.²⁰⁴ Some of the seven general requirements for jury service in the federal district courts of the United States include that an individual must be a United States citizen, eighteen years of age, proficient in English, and have not been convicted of or subjected to felony charges.²⁰⁵ There are no minimum education requirements for jury service in the United States.²⁰⁶ Had *Kinetic Concepts* been brought in Japan before either the Tokyo or

198. A 2006 United States House of Representatives Bill proposed “a pilot program in certain United States district courts to encourage enhancement of expertise in patent cases among district judges . . . which [was] intended to improve the adjudication of patent disputes.” H.R. REP. NO. 109-673 (2006) (internal quotation marks omitted), available at <http://thomas.loc.gov/cgi-bin/cpquery/T?&report=hr673&dbname=109&>.

199. Takenaka, *supra* note 20, at 48.

200. MINSOHŌ art. 92, paras. 2, 8.

201. *Id.* para. 8.

202. *Id.* para. 2.

203. *Technical Advisors in Intellectual Property Lawsuits*, *supra* note 96.

204. See *Kinetic Concepts, Inc. v. Blue Sky Med. Grp., Inc.*, 554 F.3d 1010 (Fed. Cir. 2009), *cert. denied*, 130 S. Ct. 624 (2009).

205. *Juror Qualifications, Exemptions and Excuses*, U.S. COURTS, <http://www.uscourts.gov/jury/qualifications.html> (last visited Mar. 27, 2011).

206. *Id.*

Osaka District, the technical expertise of the persons charged with the responsibility of the law application step would have been drastically different.

In addition, the judge's analysis would have been made explicit because he or she would have been required to record the basis for the decision in the judgment document.²⁰⁷ Article 253, paragraph 1 of Japan's Code of Civil Procedure states that the judgment document shall include both the facts of the case and the judge's reasons for his or her decision.²⁰⁸ Analysis of this comparison cuts to the core of the issue both in this Note and in the petition for certiorari and *amici* briefs in *Kinetic Concepts*.²⁰⁹ The comparison also determines whether the district court's submission of special interrogatories to the jury is sufficient to make the court's obviousness analysis *explicit*,²¹⁰ as required by the Supreme Court's recent precedent on the issue.²¹¹ Justice Kennedy's opinion in *Teleflex Inc.* supports the requirement that the court's obviousness analysis be *explicit*. He states:

Often, it will be necessary for a court to look to interrelated teachings of multiple patents; the effects of demands known to the design community or present in the marketplace; and the background knowledge possessed by a person having ordinary skill in the art, all in order to determine whether there was an apparent reason to combine the known elements in the fashion claimed by the patent at issue. To facilitate review, this analysis should be *made explicit*.²¹²

At first blush, the Supreme Court's requirement that a court's obviousness analysis be made explicit infers that a judge must personally conduct the analysis leading to a legal determination. Additionally, it appears as though the standard announced in *KSR International Co. v. Teleflex Inc.* has come in line with both the Seventh and Ninth Circuit en banc holdings of *Roberts v. Sears, Roebuck & Co.* and *Sarkisian v. Winn-Proof Corp.*,²¹³ and parallels the written judgment document requirements of the Japanese Code

207. MINSOHŌ art. 253, para. 1.

208. *Id.*

209. *See supra* Part I.

210. *Id.*

211. *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 418 (2007).

212. *Id.* at 418 (emphasis added).

213. *Roberts v. Sears, Roebuck & Co.*, 723 F.2d 1324, 1335 (7th Cir. 1983) (en banc).

of Civil Procedure.²¹⁴ However, the District Court's reliance on Federal Circuit precedent in *Kinetic Concepts*,²¹⁵ as well as the Supreme Court's denial of certiorari after the Federal Circuit upheld the District Court's procedure,²¹⁶ suggests that acceptable *explicit analysis*²¹⁷ and *articulated reasoning*²¹⁸ may merely consist of "yes" or "no" answers to the special interrogatories submitted to a jury.²¹⁹

One reason that District Courts punt the obviousness analysis to the jury by way of special interrogatories and a general verdict may be that the District Courts typically have fewer clerks as compared to the Federal Circuit and that the law clerks are no more likely than the District Court judges to possess a technical degree.²²⁰ This is bolstered by the fact that of the 256,354 civil cases commenced in United States District Courts between June 30, 2007, and June 30, 2008, only 2951, or approximately 1.15% of the suits, involved patent law issues.²²¹ Unfortunately, this places District Court judges in the position of making judicial determinations on increasingly complex subject matters without any assurances that they possess any basic understanding of the subject matter at issue.

iii. Appellate Review

Like jurisdiction, appellate review of a judicial decision largely relies on the expertise of the appellate court. However, an additional aspect is the breadth of the appellate court's review. When it comes to appellate review of judicial decisions in Japan, the Intellectual Property High Court reviews

214. MINJI SOSHŌHŌ [MINSOHŌ] [C. CIV. PRO.], 1996, art. 253, para. 1 (Japan), translated in *Japanese Law Translation*, MINISTRY OF JUSTICE, JAPAN (Apr. 1, 2009), <http://www.japaneselawtranslation.go.jp/law/detail/?id=1940&vm=04&re=02&new=1>.

215. *Richardson v. Suzuki Motor Co.*, 868 F.2d 1226, 1234 (Fed. Cir. 1989) (citing *Connell v. Sears, Roebuck & Co.*, 722 F.2d 1542, 1547 (Fed. Cir. 1983) ("It is established that the jury may decide the questions of anticipation and obviousness, either as separate special verdicts or en route to a verdict on the question of validity, which may also be decided by the jury."); *Connell*, 722 F.2d at 1547 (holding "that it is not error to submit the question of obviousness to the jury. No warrant appears for distinguishing the submission of legal questions to a jury in patent cases from such submissions routinely made in other types of cases.")).

216. Petition for a Writ of Certiorari, *supra* note 6, at i.

217. *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 418 (2007).

218. *Id.* (quoting *In re Kahn*, 441 F.3d at 988).

219. See *Kinetic Concepts*, 554 F.3d 1010 (Fed. Cir. 2009).

220. Wendy K. Tam Cho & Albert H. Yoon, *Strange Bedfellows: Politics, Courts, and Statistics: Statistical Expert Testimony in Voting Rights Cases*, 10 CORNELL J. L. & PUB. POL'Y 237, 249 (2001).

221. U.S. COURTS, TABLE C-2 28, available at <http://www.uscourts.gov/uscourts/Statistics/StatisticalTablesForTheFederalJudiciary/2008/jun08/C02jun08.pdf> (last visited Mar. 27, 2011).

both legal and factual conclusions *de novo*,²²² whereas the Court of Appeals for the Federal Circuit only reviews questions of law *de novo*.²²³ In terms of the law application task, Japan's High Court reviews this analysis under the *de novo* standard, like all other decisions made by its district courts.²²⁴ In contrast, the United States' Court of Appeals for the Federal Circuit's separate standards of review for questions of facts and questions of law muddy the waters.²²⁵

In regard to special interrogatories, as were given to the jury in *Kinetic Concepts*, it is difficult to distinguish the fully reviewable questions of law from the questions of fact,²²⁶ with the questions of fact being "reviewed only for reasonableness under the substantial evidence test."²²⁷ As a result, when a jury is permitted to render a general verdict on obviousness, the Federal Circuit's review "entails 're-creating the facts as they may have been found by the jury,' and determining whether such hypothetical facts would be sufficient to support a legal conclusion of validity on any theory."²²⁸ Such a review hardly seems to be an *explicit* analysis, and yet this was the extent of the analysis by the Federal Circuit in *Kinetic Concepts*.²²⁹

The United States and Japan ensure a relative expertise on intellectual property issues by granting a singular court jurisdiction for all appeals of

222. *Takenaka*, *supra* note 20, at 48.

223. *Jurgens v. McKasy*, 927 F.2d 1552, 1557 (Fed. Cir. 1991).

224. *Takenaka*, *supra* note 20, at 48.

225. *Jurgens*, 927 F.2d at 1557 ("In general, the judge decides issues of law and issues committed to his discretion, and the jury decides issues of fact that are material to the case and in genuine dispute. . . . Between these simple extremes of issues decided by the judge and issues decided by the jury are issues of law submitted to the jury upon disputed facts. When an issue of law has been submitted to the jury upon disputed facts—for example, a jury special verdict on patent claim obviousness where the underlying facts have been disputed—the standard of review has two parts. We first presume that the jury resolved the underlying factual disputes in favor of the verdict winner and leave those presumed findings undisturbed if they are supported by substantial evidence. Then we examine the legal conclusion *de novo* to see whether it is correct in light of the presumed jury fact findings.") (internal citations omitted).

226. CHISUM, *supra* note 26, § 5.04(3)(d)(xiv)(B) ("Federal Circuit decisions have oscillated on how issues concerning obviousness should be presented to a jury and on the standard of review of jury verdicts on obviousness.").

227. *Structural Rubber Products Co. v. Park Rubber Co.*, 749 F.2d 707, 719 (Fed. Cir. 1984).

228. *Petition for a Writ of Certiorari*, *supra* note 6, at 4 (quoting *McGinley v. Franklin Sports, Inc.*, 262 F.3d 1339, 1351 (Fed. Cir. 2001) (emphasis in original)). See *Kinetic Concepts, Inc. v. Blue Sky Med. Grp., Inc.*, 554 F.3d 1010, 1021 (Fed. Cir. 2009), *cert. denied*, 130 S. Ct. 624 (2009) ("[W]e must assume that the jury found that the prior art does not disclose 'treating a wound with negative pressure' within the meaning of the patents.").

229. *Kinetic Concepts*, 554 F.3d at 1020–21 (Fed. Cir. 2009).

patent infringement lawsuits.²³⁰ In Japan, Technical Advisors and Judicial Research Officials play a vital role in helping the High Court understand the complexities of the technology at issue.²³¹ The Court of Appeals for the Federal Circuit addresses this issue by providing its judges with four law clerks and a judicial assistant.²³² The judges on the Federal Circuit generally require that their clerks possess a technical background.²³³ In addition, the court provides a senior technical assistant and three technical assistants with technical degrees for the judges' use.²³⁴ Finally, some of the judges themselves have earned advanced technological degrees.²³⁵

The Federal Circuit's level of expertise is necessitated by the fact that forty-one percent of the appeals heard before the court in fiscal year 2010 dealt with intellectual property issues.²³⁶ However, in a case like *Kinetic Concepts*, where the District Court charged the jury with a general verdict, the Federal Circuit's review is limited to "'re-creating the facts as they may have been found by the jury,' and determining whether such hypothetical facts would be sufficient to support a legal conclusion of validity on any theory."²³⁷ It seems unlikely that a strong technical background is needed in attempting to recreate the facts found by the jury. However, a strong technical background would likely be useful in determining whether the *hypothetical facts* support a legal conclusion.

230. MINJI SOSHŌHŌ [MINSOHŌ] [C. CIV. PRO.], 1996, art. 6, para. 3 (Japan), translated in *Japanese Law Translation*, MINISTRY OF JUSTICE, JAPAN (Apr. 1, 2009), <http://www.japaneselawtranslation.go.jp/law/detail/?id=1940&vm=04&re=02&new=1>; 28 U.S.C. § 1295 (2010).

231. *Technical Advisors in Intellectual Property Lawsuits*, *supra* note 96.

232. *Court Jurisdiction*, U.S. COURT OF APPEALS FOR THE FED. CIRCUIT, <http://www.cafc.uscourts.gov/the-court/court-jurisdiction.html> (last visited Mar. 27, 2011).

233. Kimberly A. Moore, *Are District Court Judges Equipped to Resolve Patent Cases?*, 15 HARV. J.L. & TECH. 1, 18 (2001).

234. Brooke Terpening, Comment, *Practice Makes Perfect? An Empirical Analysis of H.R. 5418*, 4 FIU L. REV. 287, 294 (2008) ("The technical assistants assist the judges in reviewing cases before oral argument, by doing legal research, drafting memoranda, and participating in the court's process for avoiding conflicts in published opinions.").

235. *Id.* "As of 2001, four of the twelve Federal Circuit judges had technical backgrounds." *Id.*

236. *Appeals Filed, by Category FY 2010*, U.S. COURT OF APPEALS FOR THE FED. CIRCUIT, http://www.cafc.uscourts.gov/images/stories/the-court/statistics/Caseload_by_Category_Appeals_Filed_2010.pdf (last visited Mar. 27, 2011).

237. Petition for a Writ of Certiorari, *supra* note 6, at 4 (quoting *McGinley v. Franklin Sports, Inc.*, 262 F.3d 1339, 1351 (Fed. Cir. 2001) (emphasis in original)). See *Kinetic Concepts, Inc. v. Blue Sky Med. Grp., Inc.*, 554 F.3d 1010, 1021 (Fed. Cir. 2009), *cert. denied*, 130 S. Ct. 624 (2009) ("[W]e must assume that the jury found that the prior art does not disclose 'treating a wound with negative pressure' within the meaning of the patents.").

B. Germany

This section compares (i) German opposition proceedings and their U.S. equivalent, (ii) the jurisdiction elements of infringement and nullity proceedings, and (iii) the expertise of the jurists for patent infringement lawsuits in both countries.

i. Opposition Proceedings

German opposition proceedings are somewhat equivalent to reexamination proceedings before the United States Patent and Trademark Office (USPTO).²³⁸ Like German opposition proceedings, reexamination proceedings are commenced by the submission of a request for reexamination to the USPTO.²³⁹ Similar to opposition proceedings, any person may file a request for reexamination because there is no standing requirement for a reexamination.²⁴⁰ However, the United States does not limit the filing of a request for reexamination to a three-month time frame after publication. (A request for reexamination may be filed at any time.)²⁴¹

Similar to appeals of opposition proceedings heard before the German Federal Patent Court,²⁴² appeals of reexaminations are heard before the Court of Appeals for the Federal Circuit.²⁴³ However, the Court of Appeals for the Federal Circuit reviews the factual determinations of the Board of Patent Appeals and Interferences under the substantial evidence standard,²⁴⁴ which is the same standard that it uses for review of District Court factual determinations.²⁴⁵ Additionally, the Court of Appeals for the Federal

238. See generally Edited & Excerpted Transcript, Symposium, *Ideas into Action: Implementing Reform of the Patent System*, 19 BERKELEY TECH. L.J. 1053 (2004) (generally speaking about the U.S. reexamination procedure and potential reforms that can be undertaken by learning from both European and Japanese Opposition Proceedings).

239. 35 U.S.C. § 302 (2010) (requests for *ex parte* reexamination proceedings); 35 U.S.C. § 311 (2010) (requests for *inter partes* reexamination proceedings).

240. 35 U.S.C. § 302; 35 U.S.C. § 311 (subject to the limitation that the party requesting the reexamination may not have previously filed a request which rendered a decision favorable to patentability, or that the requestor has a final decision entered against them in a civil action brought under 28 U.S.C. § 1338 for failure to meet their burden on invalidity).

241. 35 U.S.C. § 302; 35 U.S.C. § 311.

242. 2007 INFORMATION BROCHURE, *supra* note 128, at 13, 24–25.

243. 35 U.S.C. § 314 (2010) (permits that *inter partes* reexamination appeals may first be heard before the Board of Patent Appeals and Interferences under 35 U.S.C. § 134 (2010), and an appeal of that decision may be heard before the Court of Appeals for the Federal Circuit under 35 U.S.C. § 141 (2010)).

244. *In re Gartside*, 203 F.3d 1305, 1316 (Fed. Cir. 2000) (“Although we have previously reviewed the Board's factual determinations in an obviousness analysis for clear error, we now review them for substantial evidence.”) (internal citation omitted).

245. *Structural Rubber Products Co. v. Park Rubber Co.*, 749 F.2d 707, 719 (Fed. Cir. 1984).

Circuit reviews the USPTO's decisions on questions of law *de novo*.²⁴⁶ In contrast, the German Federal Patent Court reviews both questions of law and questions of fact *de novo* and is not susceptible to the problems that arise in the United States' dual-standard system.²⁴⁷

ii. Jurisdiction in Infringement and Nullity Proceedings

Germany exclusively grants jurisdiction for claims of invalidity due to non-obviousness to its Federal Patent Court in nullity proceedings, after the opposition period expires.²⁴⁸ By contrast, the United States grants jurisdiction to ninety-four separate district courts,²⁴⁹ and Japan merely grants concurrent jurisdiction to its specialized district courts.²⁵⁰ Germany's exclusive standard promotes efficiency and consistency because of the judges' familiarity with the proceedings.²⁵¹ The current system in the United States does not ensure that judges are equally familiar with patent cases.²⁵² A House of Representatives report by the 109th Congress discussing a Pilot Program for Patent Judges reported:

Given this background--the relative infrequency of patent litigation, early settlement of most suits, and random assignment of cases--district court judges generally receive little exposure to actual patent claim trials. One judge from the U.S. District Court in Chicago, historically one of the top five busiest district courts in terms of patent case

246. *Gartside*, 203 F.3d at 1316 (“Whether a claimed invention is unpatentable as obvious under § 103 is a question of law based on underlying findings of fact. . . . The Board's legal conclusion of obviousness is reviewed *de novo*.”) (internal citations omitted).

247. See *supra* Part III.A.ii.

248. CAMPENHAUSEN, *supra* note 20, at 2; PATENTGESETZ [PATG] [PATENTS LAW], Dec. 16, 1980, BUNDESGESETZBLATT [BGBL. I], as amended, § 81, para. 2 (Ger.), translated in WORLD INTELLECTUAL PROP. ORG., WIPO DATABASE OF INTELLECTUAL PROPERTY LEGISLATIVE TEXTS, GERMANY: PATENT LAW, available at http://www.wipo.int/wipolex/en/text.jsp?file_id=126259 (last visited Mar. 27, 2011).

249. 28 U.S.C. § 1338(a) (2010) (granting jurisdiction to all U.S. District Courts for patent infringement suits).

250. MINJI SOSHŌHŌ [MINSOHŌ] [C. CIV. PRO.], 1996, art. 6 (Japan), translated in *Japanese Law Translation*, MINISTRY OF JUSTICE, JAPAN (Apr. 1, 2009), <http://www.japaneselawtranslation.go.jp/law/detail/?id=1940&vm=04&re=02&new=1>.

251. See H.R. REP. NO. 109-673 (2006), available at <http://thomas.loc.gov/cgi-bin/cpquery/T?&report=hr673&dbname=109&> (purposing that restricting the judges who hear patent cases promotes the expertise of the judges and the improvement of the adjudication).

252. See *supra* Part III.A.ii.

filings, reported his personal patent case workload never exceeded five percent of his calendar.²⁵³

The disparity in expertise between a judge with a small percentage of his overall caseload in the area of patent litigation, and a five-judge board that exclusively hears cases regarding the validity of patents is clear.²⁵⁴

However, the current U.S. system not only calls upon its district court judges to conduct an inquiry into the validity of the patent at issue, but also requires the district court to conduct an infringement trial concurrently.²⁵⁵ Germany addresses this requirement of separate skill sets by giving jurisdiction for infringement trials to its civil courts of general jurisdiction and not the Federal Patent Court.²⁵⁶ Infringement proceedings before the civil courts of general jurisdiction are conducted under the assumption of validity of the patent.²⁵⁷ If the validity is challenged, that challenge is heard before a Nullity Board of the Federal Patent Court; as a result the proceeding before the civil court for general jurisdiction may be suspended.²⁵⁸ The separation of infringement from nullity proceedings in the German system creates a venue for nullity proceedings where not all of the judges need be judicially qualified and technical experts of the German judicial system are also allowed to have a vote in the proceedings.²⁵⁹

iii. Jurists

One significant difference between United States' patent litigation suits and German nullity proceedings is the expertise of the jurists trying the suit. A German Nullity Board is composed of three judges with technical backgrounds and two judges with law-based backgrounds.²⁶⁰ The three technically qualified judges of the Board have technical expertise in the subject matter at hand and are able to objectively weigh the substance of the propositions offered by the parties.²⁶¹ Like the fact finder in Japan, the German judges are not forced to base their decision on the subjective

253. H.R. REP. NO. 109-673 (2006), available at <http://thomas.loc.gov/cgi-bin/cpquery/T?&report=hr673&dbname=109&>.

254. *Id.*

255. See *Kinetic Concepts, Inc. v. Blue Sky Med. Grp., Inc.*, 554 F.3d 1010, 1013–14 (Fed. Cir. 2009), cert. denied, 130 S. Ct. 624 (2009) (Medela, Inc. and Blue Sky Medical Group, Inc. appealed the district court's ruling on both obviousness and infringement.).

256. 2007 INFORMATION BROCHURE, *supra* note 128, at 6–7.

257. BOPP & TRIMBORN, *supra* note 153, at 4.

258. 2007 INFORMATION BROCHURE, *supra* note 128, at 7.

259. CAMPENHAUSEN, *supra* note 20, at 4.

260. *Id.*

261. 2007 INFORMATION BROCHURE, *supra* note 128, at 8.

trustworthiness of a particular witness.²⁶² Instead, the judges are permitted to question the witnesses while conducting their own investigation into the relevant facts,²⁶³ which allows the judges the opportunity to fully examine the witnesses' propositions on their technical merits.²⁶⁴ These procedures allow the Board to fulfill the German Patent Law requirement that judges document the reasoning for their decisions.²⁶⁵

In contrast, when a jury in the United States is asked to determine the obviousness of a claimed invention, the jury's understanding is likely restricted by the proficiency of the parties' expert witnesses' presentations.²⁶⁶ Again, this was the case in *Kinetic Concepts*.²⁶⁷ There, the Court of Appeals for the Federal Circuit quoted Fifth Circuit precedent in stating that "in case[s] of conflicting expert testimony, the jury is entitled to make credibility determinations and believe the witness it considers more trustworthy."²⁶⁸ The current system relies on the subjective trustworthiness of the expert witnesses whereas the German system relies on the objective understanding of the technology at issue by the court's own technical experts.²⁶⁹ The German system better promotes uniformity as compared to that of the United States.

In the current U.S. system, preventing the jury from answering the obviousness question through special interrogatories is unlikely to help. The minimal requirements for jury service in the United States' federal courts²⁷⁰ are no more technically demanding than the requirements to be a federal judge.²⁷¹ The criteria does not include a full-fledged academic formation in science or engineering,²⁷² passage of an academic examination and five years practical experience,²⁷³ and recruitment exclusively from the United States Patent and Trademark Office.²⁷⁴ As such, it is unlikely that a district court judge in the United States' current system would be in as

262. PATENTGESETZ [PATG] [PATENTS LAW], Dec. 16, 1980, BUNDESGESETZBLATT [BGBL. I], as amended, § 87, para. 1 (Ger.), *translated in* WORLD INTELLECTUAL PROP. ORG., WIPO DATABASE OF INTELLECTUAL PROPERTY LEGISLATIVE TEXTS, GERMANY: PATENT LAW, *available at* http://www.wipo.int/wipolex/en/text.jsp?file_id=126259 (last visited Mar. 27, 2011).

263. *Id.*

264. *Id.*

265. *Id.* § 93, para. 1.

266. *Kinetic Concepts, Inc. v. Blue Sky Med. Grp., Inc.*, 554 F.3d 1010, 1018–20 (Fed. Cir. 2009), *cert. denied*, 130 S. Ct. 624 (2009).

267. *Id.*

268. *Id.* at 1020 (*quoting* *Streber v. Hunter*, 221 F.3d 701, 726 (5th Cir. 2000)).

269. 2007 INFORMATION BROCHURE, *supra* note 128, at 8.

270. *See supra* Part III.A.ii.

271. *Frequently Asked Questions*, U.S. COURTS, <http://www.uscourts.gov/faq.html> (last visited Mar. 27, 2011).

272. 2007 INFORMATION BROCHURE, *supra* note 128, at 8.

273. *Id.* at 9.

274. *Id.*

strong a position as a similarly situated judge in Germany to make an objective determination on the technology at issue in a patent suit.²⁷⁵

IV. POSSIBLE SOLUTIONS IN ADDRESSING THE OBVIOUSNESS QUESTION IN PATENT LITIGATION

The pleas of some of the largest patent holders in the United States, in the form of *amici curiae* briefs supporting the petition for certiorari in *Kinetic Concepts*, signify that the United States is in need of a new patent litigation system that is capable of better promoting uniformity at the district court level and broader review at the appellate court level.²⁷⁶ An underlying theme of uniformity has been the driving force behind the evolution of the patent litigation systems in Germany, Japan, and the United States. In Germany, this is evident through the creation of the Federal Patent Court and the court's jurisdiction over issues involving patent validity.²⁷⁷ It is also seen through the fact that there is only one civil panel on the Federal Court of Justice that hears appeals of patent cases.²⁷⁸ In Japan, the Code of Civil Procedure's grant of concurrent jurisdiction for the Tokyo and Osaka District courts in patent proceedings²⁷⁹ and creation of the Intellectual Property High Court increases uniformity.²⁸⁰ Finally, in the United States, a driving force behind the creation of the Court of Appeals for the Federal Circuit was the assurance of greater uniformity in patent law.²⁸¹ The most notable difference between the U.S. solution and the solutions in Japan and Germany is that in the United States nothing has been done at the district court level to assure uniformity of the law as applied.²⁸²

Generally, there are four key elements of the current U.S. system that are most in need of change. Drawing from the comparisons against Japan and Germany, three of the elements can be addressed by changes in the U.S. patent litigation system at the district court level. These changes include centralized district courts that possess sole jurisdiction on issues of patent law, restrictions on the use of special interrogatories in patent law cases,

275. See generally H.R. REP. NO. 109-673 (2006), available at <http://thomas.loc.gov/cgi-bin/cpquery/T?&report=hr673&dbname=109&>.

276. Brief for Intel Corporation, *supra* note 15; Brief for Apple, Inc., *supra* note 15.

277. 2009 INFORMATION BROCHURE, *supra* note 148, at 2.

278. *Id.* at 22.

279. MINJI SOSHŌHŌ [MINSOHŌ] [C. CIV. PRO.], 1996, art. 6 (Japan), translated in *Japanese Law Translation*, MINISTRY OF JUSTICE, JAPAN (Apr. 1, 2009), <http://www.japaneselawtranslation.go.jp/law/detail/?id=1940&vm=04&re=02&new=1>.

280. *Id.* para. 3; *Jurisdiction*, *supra* note 104.

281. CHISUM, *supra* note 26, § 5.04(3)(d).

282. See generally H.R. REP. NO. 109-673 (2006), available at <http://thomas.loc.gov/cgi-bin/cpquery/T?&report=hr673&dbname=109&> (proposing a means for creating greater uniformity at the U.S. district court level).

and jurists at the district courts with scientific expertise. The final element is *de novo* review of the law application step by the Court of Appeals for the Federal Circuit.

A. Centralized District Courts

The sheer size of the United States makes it impractical to propose a solution similar to Germany or Japan where the district court proceedings would be centralized in one or two districts.²⁸³ In contrast, there are too few patent lawsuits commenced in a given year to justify having a judgeship solely devoted to patent law in all ninety-four districts.²⁸⁴ In addressing a similar problem, the United States' federal judicial system operates through thirteen federal circuit courts at the appellate level,²⁸⁵ located in twelve different regions throughout the country.²⁸⁶ A similar method of regional location could be adopted for a district court with exclusive jurisdiction over patent rights because "[p]atents are exclusively governed by federal law",²⁸⁷ and there is no need for the court's jurisdiction to be constrained by state boundaries.

Placement of a district court with exclusive jurisdiction over adjudication of patent rights in each of the twelve different regions for the federal circuit courts would be a viable option for the given problem.²⁸⁸ Of course, there may be some regions where patent lawsuits may be more frequent, which could be addressed with the creation of a second or third

283. The total area of the United States is 9,826,675 square kilometers. *The World Factbook: United States*, CENTRAL INTELLIGENCE AGENCY, <https://www.cia.gov/library/publications/the-world-factbook/geos/us.html> (last updated Mar. 23, 2011) (click on "Geography" tab). Japan has a total area of 377,915 square kilometers. *The World Factbook: Japan*, CENTRAL INTELLIGENCE AGENCY, <https://www.cia.gov/library/publications/the-world-factbook/geos/ja.html> (last updated Mar. 23, 2011) (click on "Geography" tab). Germany has a total area of 357,022 square kilometers. *The World Factbook: Germany*, CENTRAL INTELLIGENCE AGENCY, <https://www.cia.gov/library/publications/the-world-factbook/geos/gm.html> (last updated Mar. 23, 2011) (click on "Geography" tab). The United States is over twenty-six times larger geographically than Japan and over twenty-seven times larger geographically than Germany.

284. There were 2,937 lawsuits commenced in United States district courts in 2007 where the nature of the suit dealt with patent rights and there were 2,951 lawsuits commenced for the same reason in 2008. U.S. COURTS, *supra* note 221, at 30.

285. 28 U.S.C. § 41 (2010).

286. *Court Locator*, U.S. COURTS, http://www.uscourts.gov/court_locator.aspx (last visited Mar. 27, 2011).

287. *Patent Overview*, LEGAL INFO. INST., CORNELL UNIV. LAW SCH. (Aug. 19, 2010, 5:21 PM), <http://topics.law.cornell.edu/wex/Patent>.

288. Both the District of Columbia Circuit Court of Appeals and the Circuit Court of Appeals for the Federal Circuit are located in Washington D.C. Therefore, a district court with exclusive jurisdiction over patent law need only be located at one of the two circuit courts in Washington, D.C. *Court Locator*, *supra* note 286.

judgeship. The U.S. Congress creates new judgeships through legislation; therefore, the creation of this proposed system would be done through an act of the legislative branch of the U.S. government.²⁸⁹

Both the district court judges and party participants in a given lawsuit would reap the benefits of the change. The district court judges would gain expertise through experience, which is critical in any form of adjudication.²⁹⁰ Additionally, the judges' gained expertise would provide greater certainty to the parties, and in turn, reduce litigation costs via lower reversal rates.²⁹¹ Overall, such a system would increase a patent's value through decreased expected litigation costs and would increase judicial efficiency through familiarity.

B. Restriction on the Use of Special Interrogatories

Japan's and Germany's requirement that their district courts and nullity boards specifically state the reasoning used when making determinations on obviousness significantly aids the appellate court's review by increasing the decision's clarity.²⁹² In comparison, although the United States Supreme Court held in *KSR International Co. v. Teleflex Inc.* that a court's obviousness analysis must be made explicit,²⁹³ *Kinetic Concepts*, which followed Federal Circuit precedent,²⁹⁴ determined that special interrogatories coupled with a jury's subjective determinations of expert witnesses was sufficient to satisfy the Supreme Court's explicit

289. *Frequently Asked Questions*, *supra* note 271.

290. Moore, *supra* note 233, at 30 ("While it may be true that district court judges see more patent cases than the average juror, generally they do not adjudicate enough patent cases to develop expertise with the law and certainly not with the technology which changes from case to case.").

291. A study by current Court of Appeals for the Federal Circuit Judge Moore showed that from 1983–1999, 22% of patent validity issues appealed to the court were reversed. *Id.* at 17. In comparison, a House of Representatives report on a pilot program for patent judges states that the national reversal rate for civil and criminal appeals to the federal circuit courts is less than ten percent. H.R. REP. NO. 109-673 (2006), available at <http://thomas.loc.gov/cgi-bin/cpquery/T?&report=hr673&dbname=109&>.

292. MINJI SOSHŌHŌ [MINSOHŌ] [C. CIV. PRO.], 1996, art. 253, para. 1 (Japan), translated in *Japanese Law Translation*, MINISTRY OF JUSTICE, JAPAN (Apr. 1, 2009), <http://www.japaneselawtranslation.go.jp/law/detail/?id=1940&vm=04&re=02&new=1>; PATENTGESETZ [PATG] [PATENTS LAW], Dec. 16, 1980, BUNDESGESETZBLATT [BGBl. I], as amended, § 93, para. 1 (Ger.), translated in WORLD INTELLECTUAL PROP. ORG., WIPO DATABASE OF INTELLECTUAL PROPERTY LEGISLATIVE TEXTS, GERMANY: PATENT LAW, available at http://www.wipo.int/wipolex/en/text.jsp?file_id=126259 (last visited Feb. 18, 2011).

293. *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 418 (2007).

294. See *Richardson v. Suzuki Motor Co.*, 868 F.2d 1226, 1234 (Fed. Cir. 1989); *Connell v. Sears, Roebuck & Co.*, 722 F.2d 1542, 1547 (Fed. Cir. 1983).

analysis requirement.²⁹⁵ A requirement that United States district court judges perform the law application step outside of special interrogatories would provide clarity for the Federal Circuit's review and eliminate the need for the Federal Circuit to speculate on a jury's subjective determination.²⁹⁶

Although the United States Supreme Court's call for explicit analysis of an obviousness determination has already solidified the requirement that a district court judge perform the law application step,²⁹⁷ as stated in *Kinetic Concepts*,²⁹⁸ further action by the Supreme Court is necessary to enforce the requirement. The Court, through its denial of certiorari, passed on a prime opportunity to do so in *Kinetic Concepts*. However, should the Court choose to hear a similar case in the future, a holding disallowing the use of special interrogatories as they apply to the law application step of the obviousness analysis would create such a precedent.

The benefits of such a precedent would be recognized foremost by the Federal Circuit and the parties to patent litigation. The Federal Circuit's review of the district court's reasoning would be facilitated by explicit analysis found in the form of a written opinion. The guesswork of determining subjective inferences would be eliminated. Parties would see benefits in the form of greater certainty, eventually translating into reduced expected litigation costs, which correlate to an overall increase in the value of society's intellectual property.

C. *Jurists with Scientific Expertise*

One of the most significant aspects of both the Japanese and German patent litigation systems is the expertise of the individuals involved in the adjudication process.²⁹⁹ Although the systems differ in that German judges possess technical expertise³⁰⁰ whereas Japanese judges rely on judicial research officials and technical advisors with technical expertise,³⁰¹ both systems center around a philosophy of increased understanding of complex technical issues.³⁰² In order for United States district courts to better adjudicate patent rights, the United States must adopt a similar philosophy of understanding complex technical issues. An ideal system would adopt elements of both the Japanese and German systems and would require

295. See *Kinetic Concepts, Inc. v. Blue Sky Med. Grp., Inc.*, 554 F.3d 1010 (Fed. Cir. 2009), cert. denied, 130 S. Ct. 624 (2009).

296. *Id.* at 1018–20.

297. *KSR Int'l Co.*, 550 U.S. at 418.

298. See *Kinetic Concepts*, 554 F.3d at 1010.

299. See *supra* Parts II.B–C.

300. See *supra* Part II.C.iii.

301. See *supra* Part II.B.

302. See *supra* Parts II.B–C.

greater technological expertise from both district court judges and their clerks.

The United States presently has a vast system of technical expertise in place through the United States Patent and Trademark Office. Like Germany, the United States can recruit judges with technical expertise exclusively from the USPTO.³⁰³ At the end of the fiscal year 2009, the USPTO employed 6,243 patent examiners.³⁰⁴ The USPTO currently provides its patent examiners with technology-specific legal and technical training.³⁰⁵ Were the United States to adopt a system like Germany's, further practices and training could be implemented within the USPTO to create an environment where patent examiners could be prepared for service on the federal judiciary.

Appointments to the federal judiciary come from the President of the United States with confirmation by the Senate.³⁰⁶ Although the United States Constitution requires appointment in this fashion, there are no constitutional criteria for appointments to the federal judiciary.³⁰⁷ A requirement that a federal patent judge must have technical expertise would merely be an additional criterion in the vetting process of the Department of Justice and Congress. If such a criterion were implemented into the vetting process, it would pay substantial dividends in terms of the technical expertise of U.S. district courts for patent cases.

Qualifications for law clerks are decided by the hiring judge within the bounds of the mandated parameters of the Judicial Conference of the United States.³⁰⁸ However, requiring jurists to have scientific expertise would only make sense in a system of centralized district courts that possess exclusive jurisdiction over patent rights.³⁰⁹ As such, it would seem implicit that those judges would require some form of technical expertise from their clerks.

The benefits of requiring judges with technical expertise at the district court level would fall upon all of those involved in the litigation and even those outside of it. The district judges would have confidence in their own understanding of the issue at hand,³¹⁰ the parties would not be prisoners to

303. *See supra* Part II.C.iii.

304. UNITED STATES PATENT AND TRADEMARK OFFICE, PERFORMANCE AND ACCOUNTABILITY REPORT FISCAL YEAR 2009 11 (2009), *available at* <http://www.uspto.gov/about/stratplan/ar/2009/2009annualreport.pdf>.

305. *Id.* at 107.

306. U.S. CONST. art. II, § 2.

307. *Frequently Asked Questions, supra* note 271.

308. *Qualifications, Salary, and Benefits*, OSCAR, U.S. COURTS, <https://oscar.uscourts.gov/drupal/content/qualifications-salary-and-benefits> (last visited Mar. 27, 2011).

309. *See supra* Part IV.A. There could be an argument that having jurists with scientific expertise would be useful in a system that only centralized exclusive jurisdiction over patent rights implicitly.

310. *See supra* Part II.C.iii.

the jury's subjective determinations on the credibility of expert witnesses,³¹¹ and the Federal Circuit would likely receive more well-reasoned and objective opinions.³¹² However, the largest beneficiary would be society as a whole. Patent rights would be better defined because the percentage of reversals at the Federal Circuit would likely decrease.³¹³ This phenomenon would lead to reduced expected litigation costs, correlating to an overall increase in the value of society's intellectual property.

D. De Novo Review of the Law Application Step

Current Federal Circuit Judge Kimberly Ann Moore³¹⁴ stated it best when she posited that, in addressing a better patent litigation system, "[i]deally, the solution lies in increasing the accuracy at the trial level."³¹⁵ In addition to increasing accuracy at the trial level, the systems of Japan and Germany also give their appellate courts *de novo* review of the lower court's determination.³¹⁶ *De novo* review by the Federal Circuit of the law application step in patent litigation would provide both clarity and certainty to the U.S. district courts and to patent rights holders. As such, it is an essential element for the advancement of the United States' patent litigation system.

De novo review of the law application step directly correlates to any restriction on the use of special interrogatories that the Supreme Court might create through its decisions.³¹⁷ Current Supreme Court precedent dictates that the ultimate question of a patent's validity is one of law.³¹⁸ Therefore, technically, the Federal Circuit's current review of the law application step is a *de novo* review.³¹⁹ However, in combination with a restriction on the use of special interrogatories, the true benefit of the Federal Circuit's review will be in the form of its explicit analysis of the law application step as required by *KSR International Co. v. Teleflex Inc.*³²⁰

311. See *supra* Part III.A.ii.

312. See H.R. REP. NO. 109-673 (2006), available at <http://thomas.loc.gov/cgi-bin/cpquery/T?&report=hr673&dbname=109&> (seeking to promote the expertise of district court judges and the improvement of their adjudication).

313. The district court reversal rate on patent claim terms is 33% as compared to just 10% for all other types of cases. *Id.*

314. Kimberly A. Moore, *Circuit Judge*, UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT, <http://www.ca9.uscourts.gov/judges/kimberly-a-moore-circuit-judge.html> (last visited Mar. 27, 2011).

315. Moore, *supra* note 233, at 38.

316. See *supra* Parts II.B.; II.C.iii.

317. See *supra* Part IV.B.

318. *Graham v. John Deere Co. of Kan. City*, 383 U.S. 1, 17-18 (1966).

319. *Id.*

320. *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 418 (2007).

Many different groups will recognize the benefits of such a requirement. The district courts will receive guidance in conducting the law application step through Federal Circuit precedent. The Federal Circuit's review will be aided by the added consistency in application at the district court level. Ultimately, society will benefit by the increased value afforded to intellectual property through the certainty created within the patent litigation system.

CONCLUSION

The patent litigation systems of Japan and Germany are designed to promote confidence and efficiency in the adjudication of patent rights. If the United States adopted procedures and systems similar to those of Japan and Germany, it would provide better protection for the intellectual property of some of the most complex U.S. industries. Also, it would foster an environment where patent rights are well defined and would inspire increased creativity in the United States. An environment that inspires increased creativity is necessary for growth in today's global economy. Therefore, it would be detrimental for the United States to fall behind its peers in terms of intellectual property if it seeks to maintain its significant place in the world's economy. Accordingly, decisions addressing the U.S. patent litigation system in the near term will have a significant effect on the technological importance of the United States for decades to come.