

**Chief Judge Paul R. Michel's
2009 STATE OF THE COURT SPEECH
As prepared for delivery at the
Federal Circuit Bar Association Annual Bench-Bar Conference
White Sulphur Springs, WV
June 19, 2009**

Welcome from the Court to the 11th annual Bench-Bar Conference of the Federal Circuit Bar Association. The bar depends on the court, and vice versa. We depend on your input not only in briefs, but also panel discussions at conferences like this, articles you write, and even informal hallway conversations. We all have different roles, but the same goals of justice, of efficiency, expedition, precision, clarity, consistency... No other circuit enjoys such a close relationship with its bar nor receives such good support. How fortunate we are.

The state of the court is very good. Our membership is highly stable and highly experienced. New judges have been added only gradually: 1997, 2000, 2000, 2001, 2006. Our newest judge has served almost three years and all others nearly a decade. The majority have served upwards of two decades, and in five cases have over two decades of experience. Our most experienced judge, Judge Daniel Friedman, has begun his fourth decade of service.

Our caseload is also stable, with only minor changes in most subject areas over the course of recent years. Overall, our docket is manageable in an expeditious manner. There were, however, some noteworthy changes: Contract board, trade court, and veterans appeals went down substantially for the year ending May 31, 2009 compared to the year ending May 31, 2008. Claims court cases, however, rose 50% and the Trade Commission cases 83%.

Fortunately, we avoided the tidal wave of 13,000 immigration appeals. While no such threats can be seen, still some prospects concern me. For example, we may soon see a major increase in appeals from the Patent Board. I base this on the dramatic rise in ex parte patent examination appeals within the patent office. In just the first half of fiscal year 2009, the number of such appeals filed at the Board has already exceeded the total filed in the entire previous year. Typically, about one percent of those cases are appealed to our court, meaning that the current rate of filing at the Board could send over a 100 appeals per year to this court, as opposed to the roughly 30 to 40 we have averaged in the recent fiscal years.

We have also recently seen more petitions for writs of mandamus from denial of motions to transfer patent infringement cases to a more convenient venue. These petitions relied on our decision last December in TS Tech. There, we held that a district court's refusal to transfer, despite that district's lack of meaningful ties to the case, was a clear abuse of discretion. In just the first three months following that decision, we received three more mandamus petitions to direct transfer, and more since.

Despite all increases, we remain one of the fastest circuits in the nation and the one hearing argument in the highest percentage of cases. We aim to maintain both attributes. It may soon prove more challenging.

The greatest threat to speedy dispositions appears in the patent reform bills pending in Congress. They would entitle the parties to an interlocutory appeal apparently from every claim construction ruling even without summary judgment. By one study, this could double the number of patent cases filed from more than 400 per year to more than 800. Potentially, the average delay in disposition of these and all other cases would increase and perhaps even double. Now, on average the delay in patent cases is already a year from filing to disposition. The bills would add appeals from bare Marksman rulings, simply at the option of the trial judge. Contrary to present law, our court would have no say. And, later revisions of a construction could add a second interlocutory appeal, each taking about a year to conclude. A partial summary judgment grant could then lead to yet another interlocutory appeal. The prospect of multiple pre-trial appeals in each infringement case is worrisome. I hope the Association and the entire patent bar will advise and caution Congress on this issue. Otherwise, I fear we might be inundated.

RULES CHANGES

A number of changes to our local rules became effective earlier this year. Most important, en banc filing times have been doubled. Specifically, the time for the filing of a petition for panel rehearing, or rehearing en banc, in non-government cases has been extended from 14 to 30 days. Amicus briefs related to a petition for rehearing will now have 14, rather than only 7, calendar days from the filing date of the submission they support. I hope they will result in even more and even better amicus participation. This change resulted from input from bar leaders, especially from amicus committee chairs with whom I met. It exemplifies our close working relationship with this and other bar associations.

Regarding rules, one word of caution for our former law clerks and those hiring them. Former law clerks are permanently barred from numerous cases even though they never worked on them. A new practice note to local Rule 50 clarifies that the rule bars participation in all of appeals that were pending in the court at any time during their employment. Attention to the rule is advisable.

A summary of all these changes, as well as the text of the updated rules, can be found on our website at the "Rules and Forms" link.

WEBSITE

The website has been repeatedly expanded over the last several years. It now includes opinions, rules and forms, statistics, announcements of activities of the court and individual judges, practice tips on both motions and appeals, calendars, dockets, information on the mediation program, biographies of our judges, and much more useful

information. This spring, we began posting precedential orders that decided motions, and also selected non-precedential motion orders.

PRO BONO PROGRAMS

We have a program for appointing counsel in selected MSPB cases. Attorneys are chosen at random from a list of several dozen volunteers. Thus far, seven cases have been selected, six of which have been resolved in the employee's favor. The seventh remains pending.

We recently instituted a similar screening procedure for pro se veterans appeals. If you or your firm would accept pro bono appointment in such cases, please provide your business card to Pam Twiford. If you have a preference for either the MSPB or Veterans cases, please let Pam know. This is a great opportunity for all, but especially for younger litigators who can get valuable experience briefing and arguing appeals.

We thank the individual attorneys and their law firms for their generous assistance in both personnel and veterans cases.

Of course, our new veterans program merely supplements the major efforts on behalf of veterans by the Federal Circuit Bar Association and the Finnegan Henderson law firm. We appreciate their generous work as well. It is difficult to imagine litigants more deserving of counsel than disabled veterans.

INTERNATIONAL JUDGES CONFERENCE

On April 19-21, our judges once again participated in the International Judges Conference on Intellectual Property Law, the fifth since 1989. Sponsored by the Intellectual Property Owners' Association, this year's conference gathered more than 60 judges from the U.S. and more than 30 foreign countries in Washington. As international aspects of patent law are becoming increasingly important, this valuable conference should, I believe, continue and perhaps occur even more often than every four or five years.

INSIDE THE COURTHOUSE

Last year I reported to you that in pursuit of speed, we asked Congress to fund a fourth law clerk for each active judge. Active judges of all other circuits have had this option for over a decade. I am pleased to report that the funding is now being provided and most judges are hiring fourth clerks starting July 1. We hope you will continue to send us some of your best, young associates.

We continue to upgrade our courtrooms, installing state of the art audio-video conferencing and computer-related equipment. We hope to begin the renovation of the final courtroom, Courtroom 203, before the end of 2009.

We have also added Wi-Fi internet access for attorneys coming for arguments in both the lobby areas and at the counsel table in our renovated courtrooms.

OUT OF TOWN SITTINGS

Last November, we held hearings in Silicon Valley, California, at local law schools and the district courthouses in San Jose and San Francisco. Our judges participated in a very fine CLE program co-sponsored by the Federal Circuit Bar Association and three area law schools.

This year, we will be sitting in Houston during the first week of November, at the University of Houston Law School on Tuesday, November 3 and at the District Court on Wednesday, November 4. The Houston Intellectual Property Law Association will sponsor a CLE Program on Wednesday afternoon at The Houstonian Hotel. We know the Federal Circuit Bar Association will once again assist, for which we are grateful.

In 2011, possibly Atlanta will be the site. They are pressing to host us. Others may also apply.

VISITING JUDGES; FEDERAL CIRCUIT JUDGES SITTING BY DESIGNATION

This past year, we have continued our practice of inviting judges from district courts to hear cases with us. From September 2006 through June of this year, 40 visiting judges have sat with the Federal Circuit. A list of those judges is available on our website. Similarly, several Federal Circuit judges, both active and senior, sat by designation in several other circuits, and last year, one, Judge Rader, tried a major patent case in Syracuse. This information is also on the website. We value the opportunity to work with and learn from our colleagues around the country.

MEDIATION

The court's mandatory mediation program continues to grow. It increases our output as much as if we had at least one more active judge. In calendar 2008, 42 cases were settled; 32 were patent cases. Chief Circuit Mediator Jim Amend and his deputy, Wendy Dean, are assisted by approximately 20 volunteer pro bono mediators, all of whom are trained, experienced mediators with expertise in one or more of the court's subject matter areas. Many are here. We are grateful for these volunteers, their skill, and their dedication to the court. Their biographies are also on our website. Jim Amend will provide additional details tomorrow morning.

EN BANC

On September 22, 2008, the en banc court decided Egyptian Goddess v. Swisa, rejecting the "point of novelty" test for design patent infringement in favor of the ordinary

observer test. On October 30, 2008, we held in In re Bilski that the machine-or-transformation test is, at least for now, the applicable test to determine whether a claim drawn to a process is patent-eligible under Section 101. Now the Supreme Court will conduct further review.

In May we resolved the confusion over product-by-process claims in Abbott v. Sandoz, holding that infringement requires meeting the process limitations. On May 29, 2009, we sat en banc in Cardiac Pacemaker v. St. Jude Medical to consider whether 35 USC § 271(f) covering overseas infringement applies to method claims as well as product claims. A decision will follow. We also decided to hear en banc a case involving spent nuclear fuel and alleging a breach of contract by the Energy Department. Briefing is now underway in Nebraska v. Energy.

AMICUS BRIEFS

We appreciate the amicus briefs submitted on behalf of the Association, as well as individual members and their clients. Usually they helpfully address the merits. I also favor amicus briefs in selected cases supporting or opposing rehearing en banc. At that stage amicus briefs, presently rare, can be especially helpful.

VACANCIES

I noted earlier how stable our membership has been. However, that could soon change. Today, five of our twelve active judges are eligible to retire or assume senior status; either option creates a vacancy. By your next Bench-Bar Conference, it will be six, and by September of next year, eight. We thus face the potential of a generational reconstitution of the membership of the court. I hope the Association will continue its growing efforts to assure strong qualifications and a minimum of pure politics in these selections.

Thanks to the Association for its on-going support of the court and to all of you for your kind attention.