

Statement of Lamar Smith
Former Chairman of the House Committee on the Judiciary,
Cosponsor of the Leahy-Smith America Invents Act,
and Senior Consultant, Akin Gump Strauss Hauer & Feld LLP

Before the Subcommittee on Intellectual Property
Committee on the Judiciary
United States Senate

Hearing on
Reforming the Patent Trial and Appeal Board –
The PREVAIL Act and Proposals to Promote U.S. Innovation Leadership
November 8, 2023

Chairman Coons, Ranking Member Tillis, and Members of the Committee, it's good to be with you this afternoon. I've sat where you are a hundred times but never on this side of the witness table. I think I prefer to be the one asking questions.

I'm tempted to say I'll give it the old college try. That time was long ago and far away though it reminds me of my freshman year. I planned to major in physics and so took the course taught by the chairman of the physics department. After the first semester I realized I was sitting next to the future Einsteins of the world, and I was not one of them. Today I readily acknowledge I'm in the company of real experts on patent law, and I don't pretend to be in their league.

Twelve years ago I was in the good company of Senator Patrick Leahy of Vermont when our joint effort – the Leahy-Smith America Invents Act – became law. We had been working on a patent bill for years but had not been able to get it out of committee. Then we both became chairs of our Judiciary Committees in the same Congress, and prospects for the bill markedly improved.

In the summer of 2011, the America Invents Act passed both the House and Senate by overwhelming margins. On September 16 of that year, President Obama signed it at the Thomas Jefferson High School for Science and Technology in Alexandria, Virginia. At the time, it was called the most significant reform of the patent system in nearly 60 years.

One of the centerpiece reforms of the AIA was the creation of the inter partes review system and the Patent Trial and Appeal Board to administer it. Our intention was to provide a quicker, more cost-effective alternative to litigation. The idea was to knock out patents that should not have been issued quickly and efficiently so that inventors could enjoy quiet title to their inventions. Inter partes review at the PTAB was never intended to operate as an addition to litigation or as a tool for those challenging patents to raise the cost for inventors seeking to enforce their patents against infringers. I knew we were creating a program that had the potential to be abused, but I trusted the AIA would be implemented in such a way to prevent any abuse.

The House Judiciary Committee Report on the AIA is illustrative on this point:

The Committee recognizes the importance of quiet title to patent owners to ensure continued investment resources. While this amendment is intended to remove current disincentives to current administrative processes, the changes made by it are not to be used as tools for harassment or a means to prevent market entry through repeated litigation and administrative attacks on the validity of a patent. Doing so would frustrate the purpose of the section as providing quick and cost effective alternatives to litigation. Further, such activity would divert resources from the research and development of inventions. As such, the Committee intends for the USPTO to address potential abuses and current inefficiencies under its expanded procedural authority.¹

Similarly, during the markup of the AIA in the House Judiciary Committee, I opposed an amendment to change a deadline in inter partes review that I thought would run counter to our central purpose of creating a quicker, cheaper alternative to challenge bad patents:

The inter partes proceeding in H.R. 1249 has been carefully written to balance the need to encourage its use while at same time preventing the serial harassment of patent holders. This bill represents a delicate balance, and making such a core change to the deadline may turn the inter partes program into a tool for litigation gamesmanship rather than a meaningful and less expensive alternative to litigation.²

Like all major pieces of legislation, the AIA has evolved since its passage as it has been subject to the tests of practical application. In particular, the inter partes review system has received numerous criticisms that it has not operated as the quicker, less expensive alternative to litigation we intended. Many critics claim, in fact, that it has been a vehicle for the very abuse that concerned me in 2011. I am told that something close to 80 percent of PTAB challenges are brought in addition to district court litigation, that large companies routinely use PTAB challenges as a litigation tactic, and that almost one-fourth of all PTAB challenges come from just 10 very large petitioners. That is not how we wanted or expected the program to operate.

If the goal of the PREVAIL Act is to respond to these criticisms, bring the inter partes review system more in line with our original intent, and prevent it from being used as a tool for litigation gamesmanship, I am fully in support. This would help ensure that start-ups and small businesses get a fair opportunity to enforce their patents and don't get beaten down by their powerful competitors.

¹ H.R. Rept. 112-98 (June 1, 2011), at 48, available at <https://www.congress.gov/112/crpt/hrpt98/CRPT-112hrpt98.pdf>. See also S. Rep. No. 110-259, at 20, available at <https://www.congress.gov/110/crpt/srpt259/CRPT-110srpt259.pdf> (the "post-grant review system . . . will give third parties a quick, inexpensive, and reliable alternative to district court litigation to resolve questions of patent validity").

² Markup of H.R. 1249, the America Invents Act, House of Representatives Committee on the Judiciary (Apr. 14, 2011), at 72, available at <https://web.archive.org/web/20110505040032/http://judiciary.house.gov/hearings/pdf/04142011MarkupTranscript.pdf>.

I would like to make one more point. I think there has been too much focus since the AIA on reducing the burden on patent defendants and nowhere near enough on what more we can do to support America's innovators. Like the Texas Rangers in their World Series win, we should not take our eye off the ball.

I believe strongly that our patent system is the key to our economy, and that it will help us compete with China and other countries. Any human system has inefficiencies. But if we lose sight of creating a system that truly rewards investment in innovation, we are really hurting ourselves in the long run.

Chairman Coons and Ranking Member Tillis, you have definitely never taken your eye off the ball. Thank you for your well-intentioned efforts on so many fronts to make the patent system more responsive and more predictable. I hope Congress will support efforts like yours to make sure our patent system continues to encourage and protect inventors. They are the ones who help drive the economic growth of our nation.

I appreciate your inviting me to testify.