



Chief Judge Paul Michel, CAFC (ret.)

Judge Michel says *Alice* Decision ‘will create total chaos’

Recently I had the opportunity to sit down with private citizen Paul Michel, who we know in the patent community as the former Chief Judge of the United States Court of Appeals for the Federal Circuit. Judge Michel left the Federal Circuit several years ago now, choosing to retire rather than take senior status. Michel told me back then that he wanted to step down so he could say what needed to be said on behalf of the patent system, something he felt he couldn't do while a member of the federal judiciary.

Judge Michel has been true to his promise. He keeps an active speaking schedule, he continues to appear on Capitol Hill to discuss matters of concern for the patent system, he continues to attend numerous industry events, and he has freely given of his time on the record for us at IPWatchdog.com.

In our latest conversation we talked about a great many things, [including the seemingly inevitable nomination of Phil Johnson](#) as Director of the USPTO, which [now seems very unlikely](#). We also spent considerable time talking about the Supreme Court's decision in [Alice v. CLS Bank](#). As you will read in the interview below, Michel thinks the decision was terrible and will lead to nothing short of chaos because there is simply no workable, repeatable test that can evenly and predictably be applied by the numerous decision makers in the patent world.

Without further ado, here is part 1 of my interview with Judge Michel.

QUINN: Thanks, Your Honor, for taking the time to chat with me again today. There are lots of interesting things going on in the patent world and I appreciate your willingness to chat with me about them. One of the things I thought we could talk about would be the Supreme Court's recent decision in *Alice*. Maybe we can also talk about the Federal Circuit, some patent office stuff, and if have time perhaps we can get to patent reform. So let's just jump right into it. I think one of the last times you and I chatted we were talking

about 101 and *Bilski*, and now the Supreme Court has just issued another 101 decision, which I'm not thrilled with. I know some people think I'm overreacting and I'd like to get your take on it. What did you think?

MICHEL: Well, I think that the *Alice* decision is very problematic for a number of reasons. One is that it is so unclear how the standards announced can be applied by all the different decision makers. And there are other problems with it. Of course, it could have been much more worrisome. It could have broadly invalidated all software related patents or all business method related patents or all computer implemented patents and things of that sort and it didn't do that. But it did, in my view, create a standard that is too vague, too subjective, too unpredictable and impossible to administer in a coherent consistent way in the patent office or in the district courts or even in the federal circuit. And as a result the people who depend on the system, not the decision makers but what I'll call the "users," the business people, the inventors, the investment community, and those who advise them, the patent prosecutors, and the general counsel, the chief patent counsel, and companies, all those people are now put to sea with no chart. And I think it risks deterring the investment that the country desperately needs in R&D and commercialization. So it looks harmless on its face but I think actually it's a very harmful and completely unnecessary departure from a sensible patent policy.

QUINN: That was my reading of it, I am concerned because of the subjective nature of the text. And it made me think about all the texts in the past that we've had particularly dealing with computerized or computer implemented methods. One of the reasons so many of the previous tests have failed is because of the way they ultimately wind up being applied, they turn out to be purely subjective and then we're on to the next test. And I just wonder how is the patent office going to apply this. I think I know how the PTAB is going to apply it. They don't seem to like patents very much. And many in the district court are skeptical of patents.

MICHEL: Well, it's bad news at least for the reason that it will create total chaos. No one will know what is eligible and what is not eligible so there will be no predictability, no consistency, and that by itself will create delays and costs and discourage progress that the Constitution was trying to promote by encouraging Congress to create the patent system. Consider the decision makers. You've got 9,000 patent examiners, 250 or so board members, approximately 1,000 district judges, and a few other people, the International Trade Commission, the Federal Circuit, and so on. So you're talking about 10,000 decision makers. I don't see any way they can apply the *Alice* standard in a way that's fair or consistent or predictable. And all the other people who are involved in advising economic actors and business leaders are similarly faced with chaos and uncertainty, delay and extra costs. That is the worst thing that could happen. We need to be reducing delay, reducing uncertainty, promoting greater incentives to invest in R&D and

commercialization. And it looks to me like the result will be exactly the opposite. Everything will be slower, more uncertain, less encouraging to invest. So I think it's a problem. Look, my hope for *Alice* was that they would not apply the *Mayo* framework, the 2-step framework that depends on inventive concept, whatever that means. And instead of distinguishing *Mayo* on the grounds that it was in a very peculiar technological environment and very specific facts, the court in *Alice* wholeheartedly embraced the *Mayo* idea. So now we have a new form of non-obviousness which they call, you know, not conventional, well known, used in the past, et cetera. And it's way too subjective, and it mixes up obviousness notions with eligibility notions, and it's impossible to make sense out of it. You can't tell whether inventive concept is exactly the same as the 103 or it's a lower hurdle, or it's a higher hurdle. So if it's the same then it doesn't add anything. If it's a lower hurdle, how meaningful is it? If it's a higher hurdle, how unfair is it because it's now made ineligible all sorts of things, hundreds of thousands of patents that were eligible before *Alice* and issued before *Alice*. So I think it's a very unfortunate decision and instead of limiting the harmful effects of *Mayo* or the chaos created by *Bilski* it's actually made those effects even worse.

QUINN: I would agree with that. There's so much to say, so much that bothers me. One, we have a doctrine, the "Abstract Idea doctrine" without a definition of what it means to be "abstract." And I don't know how legally you could do that. If this were a real property situation the Supreme Court would get the implications of changing the rules in midstream because our real property system is based on the understanding that today I own this property and tomorrow I'm going own this property as well. So the thing that bothers me most about this decision is what about those patents that have been issued? What about those applications that are in process? You can't just go back and change them. I mean, could you have defined these inventions, many of them, so that they could meet this amorphous test? I think the answer is yes. But that wasn't the test when the applications were filed and now you can't just file or reissue and add new information or go back to add to the application without getting a new filing date which means all kinds of new prior art. This is going to be a mess for many applications that are in process and for patents that have already been issued.

MICHEL: It's ironic that in *i4i* the Supreme Court strongly emphasized the reliance interest that people had invested in the elevated burden of proof required to invalidate an issued patent. But when it comes to 101 apparently reliance interests aren't important any more. So I'm shocked that they didn't seem to be worried about that. I think that one of the problems is that the Supreme Court is apparently eager to be the policymaker in the patent arena at the expense of Congress. Now if Congress changes the policy it only applies going forward. So everybody can adjust. But when the Court changes patent policy, and patent standards, and patent rules it affects all the 2 million patents that are out there with still unexpired life. And I think it's very unfortunate that the Court seems to give very little concern to the reliance on the existing

law of all of the users of the system and all of the decision makers in the system. So I think we're in for a lot of trouble. You know, to me another problem is that the Court can't make good policy because it doesn't know enough facts. So in *Mayo* when Justice Breyer writes and all the others agreed with him, that the concern was that patents were going to deter more innovation and invention than they were going to incentivize, he has no basis at all to say that. It's a pure assumption. I think it's a completely incorrect assumption. I think the opposite is accurate. But here's the Supreme Court making policy based on a wild guess that they have no factual foundation for.

QUINN: Well, the facts would suggest Justice Breyer wrong. If you look at, for example, the smart phone which is this current generation's great new device. It's only been around since 2007 and it took very little time, very little time to achieve 50% market penetration in the U.S. in terms of number of households. And look at the advances? We're doing this interview right now recording it on a smart phone. You know? There is no evidence that the smart phone industry has at all been negatively affected by patents. And everybody talks about that patent thicket and so forth. I'll just throw it out there and you can talk about whichever direction you want to go with this for now. But I think *Mayo* is famously going to be looked at as being a horrible decision by the Supreme Court. It's wrong. If a law student wrote it they would get an "F" because it conflates so many different issues. And then also in *Myriad*, I'll throw this in there as well. There's a point in *Myriad* where Justice Thomas says discoveries no matter how wonderful they are just are not patent eligible. And that's not what the text of 101 actually says. So I think we have the Court that isn't looking at the statutes. They're ignoring the 1952 changes to get rid of flagship creative genius. And we're back somewhere in the early part of the 1900s in terms of Supreme Court patent jurisprudence.

MICHEL: That's why I say it's a power struggle between the Court and the Congress. In 1952 the great innovation of the Act that passed then was the addition of non-obviousness as an objective prior art based way to determine patentability. And that test was clearly intended to do away, as you say, with a flash of genius inventive concept notions in the pre-1952 Supreme Court cases. So Congress passes this bold new innovation to make it objective, to make it fact based. And now the Court is undoing all that. It would seem to me to be not productive but destructive and completely unnecessary and really not the right way to be making patent policy. And what are they relying on? They're relying on assumptions about economics like when Breyer says it's deterring more innovation or risk deterring more innovation than it's encouraging or promoting. And what else did they rely on? They rely on dicta in their own cases going back into the 1800s. Well most of those cases and most of those dicta were called into doubt if not outright repealed by the 1952 act instituting the obviousness, non-obviousness regime. So now the Court has trapped the country into economic policy making without factual basis on the one hand. And on the other hand trapped the country with old Supreme Court dicta. So in cases like *Gottschalk*, and *Fluke*, and more recently in *Bilski*,

and *Mayo*, and *Myriad*, and now *Alice*, it's littered with these statements from old Supreme Court case law about inventive concept and the rest of the very things that 103 was enacted to wipe away. So, yes, we're back where we were in the 30s and 40s and it's not a good place to be. I think the consequences are astonishingly worrisome for our prosperity, for our global competitiveness, for our technological leadership, for job creation, and for the astounding advances that are being sacrificed. You talk about the cell phones. Certainly the cell phones and computers in general have proliferated like crazy, been improved at an astonishing rate month by month. Have gotten better, and cheaper, as well as more pervasive. So the innovation has been astronomically successful, not impeded. But consider the medical area, the biotech area. All this new individualized medicine based on more advanced organic chemistry and based on using things in the body's mechanisms as a way to prevent or cure disease, a huge amount of that is going to be shut down with this ever expanding notion of things being ineligible because they're quote "mere discoveries." The Constitution talks about discoveries. So I don't understand why discoveries per se are thought to be clearly not eligible for patenting. And the same thing with things derived from nature. So many current medicines are derived from things from nature. So these categories are problematic because they're unscientific, they're unclear, they're overlapping, they're indefinite, and they keep making up new ones. Some people say well there are only three exceptions to eligibility. But they're really about eight or nine if you look at all the different articulations of them. And none of them are clear or objective.

QUINN: No, none of them are. And I worry because it seems that we have collectively forgotten that the United States was not historically the frontrunner in the biotech industry. It was the UK. And there's a reason why that changed. And that reason was Dr. Chakrabarty and that Supreme Court decision that said yes to patent eligibility for genetically modified bacteria.

MICHEL: Right. And you know, it's so ironic some people are calling for the abolition of the Federal Circuit at the very time that many other countries, Japan is an example, but there are many others are moving quickly to create things modeled on the Federal Circuit. Many countries are trying to strengthen their patent system and clarify to make it more efficient at the very time when people here are trying to weaken it.

QUINN: That's the real reason to be worried about all these decisions. And the Federal Circuit is repeatedly talked about whenever dealing with a 101 issue. Patent eligibility is supposed to be very carefully administered because we're making a decision at the very beginning before we know where any of this is ever going to lead us. Cutting off patent eligibility at the very beginning is scientifically very dangerous and legally naive.

MICHEL: Also the way it's going to play in national litigation is very worrisome to me. If I'm accused of infringing your patent and you sue me for infringement the first thing I'm going to do is file a summary judgment motion or even a motion to dismiss alleging that your patent is invalid because it was for an invention that as claimed is ineligible to even be considered for patentability. So then the district judge is going to have to decide that motion with almost no factual basis because at that point there's been little or no discovery. There's been little or no analysis by anybody. So the district judge is going to be forced to look at these kind of verbal formulations of the Supreme Court inventive concept, adding enough—they don't even say it right. It's not a question of whether the claim covers something more than the abstract idea, the question is whether the claim covers something less than the abstract idea. So even the way they talk about it is backwards.

QUINN: Yeah. That is funny. I hadn't really thought about it that way. But from a conceptual standpoint they're just looking at it completely incorrectly.

MICHEL: You know, people talk about unintended harmful consequences of things that Congress does. But the unintended harmful consequences of things the Supreme Court is capable of doing are even worse because the Supreme Court acts without the basis of hearings and submissions and testimony and questioning by members and analysis by congressional research service, or the GAO, and so forth. And it's just doubly bad when it's going to affect all the issued patents that were issued under a different understanding of the laws. So the Supreme Court doesn't have the factual basis that Congress has when it acts. And everything it does effects the past as well as the future unlike legislation.

Judge Michel says Congress May Have to Revise 101

On July 3, 2014, I had the opportunity to interview Judge Michel, former Chief Judge of the United States Court of Appeals for the Federal Circuit. The interview took place at the University Club in Washington, DC. Our conversation was wide ranging, dealing with all the pressing issues of the moment in the patent world. In [part 1 of the interview](#) Judge Michel explained exactly why the Supreme Court's decision in [Alice v. CLS Bank](#) was terrible, saying that he thought the decision would lead to "total chaos" because there is no repeatable, predictable test that can be objectively applied.

In part 2 of the interview, which appears below, we continue our discussion of *Alice*, but focus on how the Supreme Court is importing considerations that historically (and correctly) are matters of obviousness under 35 U.S.C. 103.

QUINN: Well, I know one of the things that we've talked about in the past as a concern is with all these decisions patents have gotten a lot longer, a lot more difficult to read, and really almost in some ways hide the innovation. And it's not necessarily a conscious "I want to hide it," sometimes it may be, but patents from 50, 60 years ago used to be a couple pages long and that included the drawings. What do you think the *Alice* decision is going to do to the complexity of patent applications moving forward?

MICHEL: Well, it's hard to imagine that it will encourage shorter or simpler applications. But I don't really know. I can't predict. And part of what worries me is the extent of the harm is difficult to gauge. I think there will be harm. My concern is that it's likely to be massive harm. But it can be equally argued that the harm will be very small because really nobody knows. So we're taking a huge gamble here where nobody knows what the risks and harms can be. Also consider this you talk about the stability of property regimes in the law, how about the right of a property owner as to who's going to decide things? In our lawsuit where you sued me if I claim your patent's invalid as obvious I've got to prove it. I've got to prove it to an elevated burden with admissible evidence to a jury. But in a 101 matter it looks to me like there's no role for the jury it's all going to be up to the district judge to decide whether to invalidate the patent by declaring it ineligible. So there's a lurking issue here of right to jury trial because the Supreme Court has now shifted the center of gravity of an invalidity case from the trial and the jury to a pretrial motion with no jury and probably very limited factual records.

QUINN: And there seems to be absolutely no presumption of validity.

MICHEL: Well, even if there is a presumption of validity what does it really mean in practice if a judge has to make a decision based on whether something's a discovery or whether it's derived from something in nature, or whether it's abstract?

QUINN: That's true. But what concerns me is that it seems like, as you were saying earlier, so much of the 103 jurisprudence is peeling off and now becoming a part of 101. Now if we were going to address this under 103 there are safeguards in place, there are standards in place, there's the *KSR* rationales and the prohibition against hindsight and the *Graham* factors and secondary considerations, so whether we agree with the current state of obviousness law or not, at least they are safeguards and standards there. We know there's not a moving target, and we know that there would also be the presumption of validity. So it seems like we have none of the safeguards, none of the development of the law, none of the presumptions when the Supreme Court forces obviousness considerations into 101. So it's all the bad with none of the protections.

MICHEL: It's kind of ironic that the Supreme Court has so expanded notions of ineligibility starting with *Bilski* and now the *Mayo*, *Myriad*, and *Alice*, meanwhile the Congress is talking about patent reform and made numerous major changes in the America Invents Act in the patent statute but said nothing about 101. If the Supreme Court's four cases result in the kind of chaos and harm that I fear they may, I expect that the demand of vast segments of the industry will be so great that Congress will have to get back in the act and start revising 101 to basically cut back on these Supreme Court ineligibility laws.

QUINN: Well, I think that is really a potential. I don't know how soon they're going to have to get back in, but I think as these things are going to start to play out they likely will have to before all our domestically invented commercially relevant innovations won't be patent eligible. If the Supreme Court is so interested in their own old cases, why don't they just go back to *Hodgkiss*? They never seem to go back to *Hodgkiss* because that would be the one ancient case in our area that would seem to be relatively applicable because they were really struggling with these issues and what it meant to have an innovation that could and should be patented. But again that's a 103 issue and they're trying to pound a square peg into a round hold with 101, I'm afraid. And I don't know that they really understand what they're doing. And I think Congress, the last time they opened up the act with AIA, they excluded tax strategies but they said but if the tax strategy is a part of the computer related process the computer related process may still be patent eligible if it satisfies all the other requirements. So I expected a *Bilski* framework within the *Alice* decision where they say business methods, at least some, are patent eligible. Did it surprise you that they didn't even use the word "software?"

MICHEL: No. I think the Supreme Court is torn. You could almost maybe say schizophrenic, where they want to slap down with the Federal Circuit has done because their gut feeling is it's too rigid or it's too pro patent or it's too something. But then on the other hand they're afraid that they may hugely mess up the whole patent system if they rule very broadly. So they slap down what the federal circuit did. They don't substitute clear tests of their own because they want to be cautious and not create harm. So the net effect is to create more uncertainty. So every time they intervene the patent law gets less clear in my opinion.

QUINN: Yes. Well, now let's move forward with patent reform. I guess there are a couple things we can talk about – patent reform that just died to the never-ending state of patent reform that we find ourselves in. And patent reform is already coming back with the demand letter proposals. And it will be back in 2015 with the new Congress, no doubt. What does this mean for the future?

MICHEL: Well, I think it's somewhat similar to many other controversial issues far afield from patent law. The reason I say that is there is in my perception an issue of the 1% who have big lobbyists versus everybody else, most of whom don't have big lobbyists or big campaign contribution war chests or

bundlers or law firms, and PR firms, and vast campaigns that go on for years and years to get what they want. So to my way of thinking the question is whether Congress will hear and heed all players, all stakeholders, which I hope they will. I think they will. They need to because patent reform has to be balanced and sensible and practical and productive for the country, for everybody, for every technology, for small companies, for big companies, for new companies, for old companies, for startups, for inventors, for investors. It's got to work for all the players in this vast thing that we're referring to when we use the phrase "patent system." So balance and fairness and hearing all the viewpoints and stakeholders is the key. And there was a risk that that wasn't going to happen. And it looked to me like, with the lead up in the House to the Goodlatte Bill passing by such an overwhelming margin, it looked to me like most of the voices weren't heard. Only the voices of those wanting radical change were heard. The Senate did much better and the fact that they didn't rush something through modeled on the Goodlatte Bill I thought was a great achievement. What they'll do in the future hard to know. You know, there's a much greater ability on the part of Congress in my opinion to do something with regard to demand letters than to try to micromanage patent litigation through legislation. Patent litigation management by its nature has to be done by the district judge. It cannot fairly and effectively be dictated by micromanaging by the Congress. And even on the demand letter issue I see a huge potential to stop true abuses right now under existing law. If I buy up a bunch of patents and send thousands of letters to local coffee shops and movie theaters and so forth on patents I don't own or patents that are plainly invalid or patents that aren't being infringed, or patents that have expired I can be shut down right now by the Federal Trade Commission under the existing statutes. So I would think that enforcement against true abuses under current law ought to be step one before we change the law.

QUINN: I agree with that, too. And I think district court judges have a lot more authority than some of them let on. I mean I don't know that I've ever met a district court judge that didn't understand the power that they have. Not to say that in a bad way. I think almost all of them, at least the ones I'm familiar with, approach it in a very solemn way. They understand. But it seems in this space that some district court judges almost feel like there's nothing that they can do and I don't know whether it's because these companies that are complaining about the problem are settling so early and not really giving the district courts an opportunity to take a look.

MICHEL: But now the district judges have had considerable power of discretion and leeway to slap down and punish and deter true abuses. It may be that they didn't always use it as vigorously as they could have, as they should have. It's hard to know because there's no factual record that would really let you assess that rationally, empirically, numerically. But it could be. Now I've been critical of the Supreme Court with you in the 101 area, very critical. I'll probably offend every one of the nine justices since they've been

unanimous on these cases. But I have to compliment the Supreme Court in the recent decisions dealing with fee shifting and the appellate review standard for fee shifting, and on claim indefiniteness, which was a dead letter in the patent law that would almost never apply and had no real meaning.

I think in these recent three decisions the Supreme Court has vastly helped the patent system by clearly empowering and in effect encouraging the district judges to sanction, that is punish true abusive practices. It doesn't matter whether it's the bringing of a lawsuit that's bogus or whether it's bad conduct in the course of the litigation by either party. By defendant or a plaintiff. And so now the district judges can have no doubt that they have ample power to shift fees, to invalidate indefinite patent claims, and they no longer have to worry about the federal circuit reversing them. It's now clear the discretion they have is very broad and I think it will be, it would take the most extreme case of fee shifting to get reversed by the Federal Circuit. So it's now clear the district judges have a very free hand. And I think that's very appropriate.

As I said in all ways only they can really at the end of the day manage patent litigation effectively. Not the Congress, not the Federal Circuit, not the Supreme Court beyond setting up the ground rules, which the Supreme Court has now done. So I am predict you will see a sharp increase in the district judges punishing truly bad behavior. Now, I think there are a lot of people who are claiming that bad behavior is the norm. I don't agree with them. I think there is some truly abusive behavior. I think it's actually quite limited.

My guess is it's somewhere around 2% or 4% of all the thousands of patent cases filed every year. But still it should be slapped down and future temptations to be abusive either in filing bogus lawsuits or litigating them abusively need to be discouraged and deterred. And I think that's going to happen now. I must say, too, the federal judges are stepping up very effectively. I just came back from a two day training course put on by the Federal Judicial Center for some 39 or so district judges from all around the country. And I participated with a group of very seasoned litigators and also Phil Johnson, coincidentally, sort of representing the industry viewpoint as well as from his litigator days. [See our [discussion of Phil Johnson here](#)] So there were about 12 of us running a seminar for district judges. We did it about a year ago in Charleston. We just finished doing it in Silicon Valley. And the district judges are intensely well prepared. They're very interested in this. They're very eager. They ask very good questions. They're trying very hard to do the right thing. And I think you'll increasingly see good results from not only that seminar training but also various manuals that the Federal Judicial Center has made available to district judges who are handling patent cases. The patent pilot program is beginning to really kick in and show very good effects. Those judges are communicating with one another so that if a judge in northern Illinois tries something that works really well that gets communicated around to all the other pilot judges and also the non-pilot judges, too. If somebody in the southern district of Texas tries something and it doesn't work well, that equally gets broadcast all around the circuits to—I don't mean the regional circuits I mean the informal discussion

among trial judges. So a lot is happening through the pilot program, a lot is happening through the Federal Judicial Center, and a lot is happening just among the judges themselves because they all realize this is very important. Congress is hyped up about this, the Supreme Court is hyped up about this, the legal press and the general press are hyped up about this. Everybody knows patents are very important to the economy and to the future of the country. And so the district judges I think are highly motivated to play their role, play it to the hilt, play it properly and I think they will.

QUINN: Yes. I hope that is what happens. And I did agree with a number of the Supreme Court cases that came out this term and I think that that raised my expectations for *Alice*. So maybe that's one of the reasons why my initial reading was this is just awful. Because it does seem like in a lot of areas the Supreme Court got it and they certainly gave district courts a lot of discretion, which I think is necessary. And hopefully that will be enough—because they have the statutory tools. They have 285 and then they have the general vexatious litigation statute I think it's 1927. So the statutory help has already been there. And now that they've got the ability to actually use their discretion and not have to be looking over their shoulder and second guessed I think will allow them a lot more latitude.

MICHEL: Definitely.

Judge Michel Speaks on the Future of the Federal Circuit

This is the third and final installment of my recent interview with former Federal Circuit Chief Judge Paul Michel. In this installment of the interview we discuss the future of the Federal Circuit now that Judge Rader is a private citizen. We discuss the type of candidate that should be appointed to replace him, and the always concerning panel dependency.

QUINN: So now we still have one topic still to discuss. Perhaps, if you have the time, we could talk about the Federal Circuit. I don't want to get into any of the touchy subjects, which some people are diving into. I'm more interesting in talking about moving forward, you know, Judge Rader is now a private citizen and he was clearly one of the champions of the patent system and a believer in the power and the importance of patents. And now he's not on the Court any more. I wonder what that's going to mean moving forward. I wonder—and then I can't help but wonder about panel dependency, which is a problem that a lot of people talk about. And particularly in light of the fact that the Supreme Court has remanded *Ultramercial* to the Federal Circuit. And Judge Rader was on that panel. So you already have people talking about whether that outcome in what could be a very important case will become panel dependent.

MICHEL: Right. Well, first of all I think Judge Rader will continue to play a very constructive role as a vocal spokesman now in the private citizen realm. And in fact being a private citizen he can be much more frank and candid than he was able to be as a sitting judge. So his voice may get even more interesting and even louder as a part of the overall debate. His replacement will be very important. So just as people are focused on is Phil Johnson going to become the new patent director, will he get nominated, can he get confirmed, how will he do? All those interesting very important questions, people should also be asking who will replace Judge Rader? Who will get nominated, can that person get confirmed, can they get confirmed as fast as they need to get confirmed so the Court is at full strength?

It seems to me obvious that the replacement for Rader needs to be a patent star and not a non-patent person. I was a non-patent person. There are lots on the court. I'm not against that. I think having diversity on the Court is good in terms of their pre-appointment backgrounds. But the next appointment ought to be a super star patent lawyer with very broad experience. Somebody who's done litigation, who's done corporate work, who's done prosecution, who's got a real scientific engineering background, who's got a registration number as we say in the field. And I certainly hope the Administration will make a nomination fast of just such a person. I think that's very important. Now on panel dependency I think it is a problem on the Court. I think that it's related to the problem that the Court doesn't necessarily speak with one voice. Which is unfortunate.

I have to compliment the Supreme Court for being unanimous on so many of the recent patent cases. I would like to see the Federal Circuit be unanimous, or at least near unanimous much more often than it is especially in *en banc* cases. But even in panel cases because dissonance and cacophony doesn't help anybody. So I'm hoping and expecting that newly installed Chief Judge Sharon Prost will in various ways be able to encourage colleagues to come together and speak more clearly, more coherently, more consistently, with more of a unified voice. Again, at the panel level and *en banc* I think she has the personality for that. She's very widely respected and liked by all of the active and senior judges as well as the patent community in general. Of course not everybody's going to agree with opinion she's ever written, and every judge fails that test. But I think she is widely respected and I think she has just the right personality for the court to be in a phase of getting consolidated, getting calmed down, getting over some of the internal fights, becoming more collegial, becoming more respectful of one another, working together as a team, trying to help the profession, the larger patent system by speaking carefully and clearly and with a lot of unity.

So if my prediction is right panel dependency will go down. If the appointment is good panel dependency will go down. And as the six new judges mature panel dependency should go down. And carefulness and competence and deep insight should go up. Because whatever their background was before they went on

the court, they've learned every single more day more patent law, more patent reality, more patent procedure, more about patent prosecution, more about technology so they get better and better and better. They have a wonderful advantage that they do patent law every day. The Supreme Court does two days a year or something like that. So the exposure, the emersion of Federal Circuit judges is probably a thousand times greater than Supreme Court justices get a chance to have. So I am very hopeful that the six new judges will get better and better and better than they already may be and that the new chief will help that process along.

I feel pretty confident about the Federal Circuit becoming an even better tribunal. I'm aghast at the suggestions that are made in some blogs that the Federal Circuit be abolished. The idea that you need more so-called percolation by having different appellate courts take different views on patent laws is completely crazy in my opinion. There's plenty of percolation just within the Federal Circuit and the Supreme Court doesn't seem to have the slightly problem identifying cases where they feel that corrections are needed. Look, I don't think the Federal Circuit's perfect. I'm glad there is a Supreme Court. And whether I agree with *Alice* or don't agree with *Alice* or love *KSR* or didn't love *KSR* is really beside the point. Every power center needs some supervision over them. In the case of the Congress it's the voters. In the case of the court it's the Supreme Court, or a higher court in the hierarchy. And I think that's all well and good. So the Federal Circuit isn't perfect but I think it's a very good court. I think it's been a huge improvement over the chaos of before 1982 and the various regional circuits. And so I hope we don't over correct by getting rid of the Federal Circuit.

QUINN: I couldn't imagine that. We have all these different regional circuits with different ideas of what is patent eligible and what is novel and non-obvious and in today's day and age where we have really a global economy not even a national economy. Even when we just had a national economy a generation or two ago it was very difficult when patent law was left to the regional circuits. But now we're well beyond that.

MICHEL: Look, in a broader scheme of how courts can be made to function optimally in modern society, modern society is highly specialized. That's just the reality of it. Now we in this country for 250 years have had a tradition of generalist judges and I think for the most part it's a pretty good tradition. But it needs to have important exceptions because in some areas you need more specialized adjudication. You need a specialized or somewhat specialized adjudicators and patent law's a perfect example. There are other areas, too.

QUINN: But that's why a lot of folks think that maybe the Supreme Court shouldn't even be involved.

MICHEL: Well, you know in Germany just to make a comparison, the Supreme Court equivalent, the Constitutional Court of Germany has no jurisdiction over patent cases. So there's a specialized appellate court in Karlsruhe when its patent specialists rule on a patent related matter that's the end. It doesn't go to the Constitutional Court precisely because they are generalist judges focusing on the constitution as for the most part our Supreme Court does. It has other duties, too, to interpret federal statutes and so forth, but it's mainly a constitutional court, I would say. So there are systems where the specialist judges have the last word. And that's largely true in Japan as a practical matter. It's largely true in England as a practical matter but not as a formal structural matter.

QUINN: Well, isn't it true that in the U.S. it was as a practical matter for a very long time?

MICHEL: Well, I think the Supreme Court needs to be very careful and discriminating in the cases in which it takes certain. And I think some of its choices have not really been very wise. Part of this probably is because the choices are so heavily influenced by the law clerks and the law clerks seldom know much of anything about patent law or patent realities. So that makes it maybe rather difficult to make a good selection. So my only, if I were at the Supreme Court, which of course I'm not, I would try to make sure that the selections are very carefully done and very careful winnowing is done of potential patent cases to take. And I also think having taken so many, what are they—five, six patent cases in the last few months? Maybe it's time for a breather. Maybe there should be a time out for a couple years for the most part and not grant a lot of certs or maybe any certs and let the Federal Circuit deal with working out the details of these new innovations engineered by the Supreme Court. And then at some later date if there is a need the Supreme Court can get back in the act. It always has the potential. But I think now is time for working out the details, consolidate things, map out the territory so all the players and lower adjudicators know what to do. Right now we've got massive uncertainty. So I think it's time for a slow down at the Supreme Court.

QUINN: I would agree with that. And I'd like to ask one last question and I probably should have asked it back earlier, but it just popped into my head again. Did it at all surprise you when the patent office came out with their initial interpretation on *Alice* the Office basically said that, yes, the framework has changed and now *Mayo* applies, but substantively what we've been doing doesn't change the substantive reality. Substantively the MPEP is really still on point with respect to the way the analysis should be driven.

MICHEL: Well, I think that the true answers to these complicated challenging questions can't be found just reading the text of Supreme Court cases. It takes that and lots of other input. So if I were the czar in charge of the patent office I wouldn't issue guidelines on my own. I would conduct roundtables, I would bring in all the players in the system, all the different experts, all the different technologies. I would get a

lot of input. Then I would put out a draft for comment and I would make all sorts of changes and I'd put out another draft.

QUINN: I think that's what they're doing. They've actually—

MICHEL: Well, they should have backtracked a little bit.

QUINN: Right.

MICHEL: But these instant guidelines I think are a terrible mistake. Partly because there's not enough input and partly because the Supreme Court guidance is not clear enough. So I thought it was a very unfortunate that with *Myriad* and now with *Alice* they rushed into guidelines that look to me not well enough considered. Not all wrong. Not crazy. But not as good as what we need.

QUINN: Yeah. I guess you could understand that, but you've got all these examiners and you want to give them something right after the Supreme Court decides a case. But it does seem to me like the patent office did backtrack a little bit because now they want comments based on their initial guidance. I'll tell you, their initial guidance surprised me. I was happy to read it but I don't see any way you can read *Alice* and say nothing has really changed, which was the way the PTO initial guidance came across. I just don't see how you could say that. And it also surprised me because the White House has been more involved in patents. President Obama himself has uttered the word "patent" probably more than all other presidents combined. I just didn't think this White House was going to view that case in that way.

MICHEL: Well, I have no idea what hand the White House had in the guidelines, if any. I certainly think it's very important for the Administration to have whatever broad policy views, any administration including this one, that it thinks are important priorities for the country at that sort of broad level. At the more specific level I think it's very important for the patent office as a specialized agency much like the Federal Circuit is a somewhat specialized court to have a certain amount of autonomy, to be left along to work out these very tough issues with input from the larger community and all the internal expertise they can bring to bear on things. And just as Congress shouldn't try to micromanage patent litigation, no White House should try to micromanage the patent office policy either. So I think on very broad policy matters, fine. On the specifics it should be left to the professionals.

QUINN: Well, that's probably a great place to end. I really appreciate you taking the time, Your Honor. It's always a pleasure to talk to you.

MICHEL: Happy to do it, Gene.