



CAN THIS BROKERED MARRIAGE BE SAVED? THE CHANGING
RELATIONSHIP BETWEEN THE SUPREME COURT AND FEDERAL CIRCUIT IN
PATENT LAW JURISPRUDENCE

DEBRA D. PETERSON

ABSTRACT

Congress created the Federal Circuit, in part, to provide uniformity in patent decisions throughout the United States and stability in patent law. During the first decade of the Federal Circuit's existence, the Supreme Court largely deferred to the Federal Circuit in patent law decisions. However, the Supreme Court's initial deference to the Federal Circuit has since been replaced by a critical view of the Federal Circuit's decisions and its decision-making processes. This article proposes that the Supreme Court has correctly abandoned its deferential mindset toward the Federal Circuit since the Federal Circuit was never intended to be the de facto Supreme Court for patent issues.

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THE SUPREME COURT AND FEDERAL CIRCUIT IN PATENT LAW JURISPRUDENCE

DEBRA D. PETERSON*

I. INTRODUCTION

The United States Court of Appeals for the Federal Circuit was created on October 1, 1982.¹ Congress justified creation of the new Federal Circuit by identifying four areas in which the federal court system needed improvement. The new court would fill a void in the judicial system by creating an appellate forum capable of exercising nationwide jurisdiction over appeals in areas of the law where Congress determined there was a special need for nationwide uniformity.² Congress also recognized a need to improve the administration of patent law by centralizing appeals in patent cases,³ and providing an upgraded and better-organized trial forum for other government cases.⁴ A final stimulus toward creation of the new court was the overwhelming workload of the Supreme Court, which prevented that Court from effectively addressing specific issues of national importance, such as patent law uniformity.⁵ Those types of issues could instead be routed to a new Federal Circuit, which would be able to provide “reasonably quick and definitive answers to legal questions of nationwide significance.”⁶

With this Congressional mandate in hand, the Federal Circuit set out to carve its place in history. The early part of the Federal Circuit’s life may be viewed as its “honeymoon” period with the Supreme Court. The Supreme Court rarely reviewed patent decisions from the Federal Circuit, and those it did review were generally given extreme deference. More recently, an increasingly troubled relationship has developed between the Supreme Court and the Federal Circuit. The Supreme Court’s initial deference to the Federal Circuit has been replaced by a more critical view of the Federal Circuit’s decisions and its decision-making processes. The Supreme Court also dramatically altered the relationship when it opened the door to a greater role for the regional circuit courts of appeal, thus overturning a twenty-year virtual monopoly for the Federal Circuit in patent law appellate jurisdiction. This paper will examine the changing relationship between the Supreme Court and Federal Circuit in patent law jurisprudence over the last twenty years, and conclude that the Supreme Court has correctly abandoned its deferential mindset toward the

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¹ Pub. L. No. 97-164, Stat. 25 (1982).

² S. REP. NO. 97-275, at 2 (1981).

³ *Id.*

⁴ *Id.*

⁵ *Id.* at 3. “The Supreme Court now appears to be operating at—or close to—full capacity; therefore, in the future the Court cannot be expected to provide much more guidance in legal issues than it now does. Yet the number and complexity of unsettled controversies in the law continues to grow.” *Id.*

⁶ *Id.*

Federal Circuit because that lower court was never intended to be the de facto Supreme Court for patent issues.

II. A BROKERED MARRIAGE: THE ROCKY ROAD TOWARD CREATION OF THE FEDERAL CIRCUIT

Concerns about the uniformity of United States patent decisions and the stability of patent law were two of the main factors underlying creation of the Federal Circuit.⁷ The U.S. patent system, which allows society to benefit from inventions, has itself been termed an invention.⁸ Language in the U.S. Constitution giving Congress the power to grant private property rights to individual inventors was a significant departure from the European system of granting monopolies to royal favorites.⁹ In order to implement the new U.S. patent system, Congress created three institutions.¹⁰ Congress first created a body of patent law, now codified in Chapter 35 of the United States Code.¹¹ Second, Congress created the Patent and Trademark Office to administer patents.¹² Finally, Congress created federal courts and empowered them to enforce valid patents, destroy invalid patents, and determine whether or not a patent has been infringed.¹³

The sheer number of federal courts involved in patent law jurisprudence led eventually, and probably inevitably, to uniformity problems. Before creation of the Federal Circuit, appeals from decisions of federal district courts were directed to their regional U.S. Circuit Court of Appeals. Decisions in any of the eleven regional circuits were not binding on the other circuits.¹⁴ Federal appellate courts were found

⁷ *Id.*

⁸ HOWARD T. MARKEY, HOWARD T. MARKEY ON INTELLECTUAL PROPERTY: A COMPILATION OF HIS WRITINGS, OPINIONS, AND SPEECHES 1663 (William S. Hein & Co., Inc. 1998). The truth of this observation is debatable. Early United States patent law was largely modeled on English patent law. *See generally* 1 WILLIAM C. ROBINSON, THE LAW OF PATENTS 15 n.3 (1890). However, early judicial attitudes toward patents in the United States differed from the English patent law. *See* GEORGE T. CURTIS, THE LAW OF PATENTS xxxvi-xxxvii (1849); WILLARD PHILLIPS, LAW OF PATENTS 27, 55-59 (1837). The practice of granting patent monopolies to royal favorites had been largely cleared up after the Statute of Monopolies, enacted during the reign of James I. 21 Jac. I, ch. 3 (1624) (Eng.). *See* ROBINSON, at 6-12. *See generally* Tyler T. Ochoa & Mark Rose, *The Anti-Monopoly Origins of the Patent & Copyright Clause*, 84 J. PAT. & TRADEMARK OFF. SOC'Y 909 (Dec. 2002) (providing a historical discussion of British and early American experiences with patent law).

⁹ MARKEY, *supra* note 8, at 1663. The Constitution authorizes Congress to enact laws to "promote the progress of science and the useful arts, by securing for limited times to authors and inventors the exclusive rights to their writings and discoveries." U.S. CONST. art. I, § 8, cl. 8.

¹⁰ S. REP. NO. 97-275, at 3.

¹¹ *Id.* Federal patent statutes have existed in the United States since 1793. MARKEY, *supra* note 8, at 1680.

¹² S. REP. NO. 97-275, at 3 (1981). The mission of the Patent and Trademark Office is to promote industrial and technological progress in the United States and strengthen the national economy by administering the laws relating to patents and trademarks, and advising the Secretary of Commerce, the President of the United States, and the administration on patent, trademark, and copyright protection, and trade-related aspects of intellectual property. Patent and Trademark Mission, United States Patent and Trademark Office, at <http://www.uspto.gov/web/menu/mission.html> (last visited Oct. 12, 2002).

¹³ S. REP. NO. 97-275, at 3.

¹⁴ *Id.*

to reach inconsistent decisions on the same issues, or to apply the law unevenly, thus leading to a variety of legal problems, including rampant forum shopping.¹⁵ In addition, the federal system lacked a mechanism to provide quick and definitive answers to legal questions of nationwide significance.¹⁶ Non-uniformity also existed between the courts and the Patent and Trademark Office. By 1966, the Supreme Court had observed a “notorious difference” between the standards of patentability applied by the Patent and Trademark Office and those applied by the courts.¹⁷

Other factors contributing to the creation of the Federal Circuit included an overworked Supreme Court¹⁸ and a faltering U.S. economy.¹⁹ The issue of Supreme Court workload was linked to the appellate court uniformity issue. Since the Supreme Court was operating at virtual “full capacity,”²⁰ the justices had no time to sort out uniformity problems in the eleven regional circuits.²¹ The workload problem prompted Chief Justice Burger in 1971 to appoint a Study Group led by Professor Paul A. Freund.²² The Freund Commission recommended creation of a National Court of Appeals to screen cases where Supreme Court review was sought, approving some cases for Supreme Court review, and deciding other cases itself.²³ The National Court of Appeals would be composed of circuit judges borrowed from other courts.²⁴ This controversial proposal eventually died by reason of “congressional inertia.”²⁵

In 1972, Congress itself stepped up to the plate and created a commission to study the entire federal appellate court system and make recommendations for change.²⁶ The Commission on the Revision of the Federal Court Appellate System was led by Senator Roman L. Hruska.²⁷ As part of its mandate, the Hruska Commission undertook an analysis of the advantages and disadvantages of creating a specialized court designed to hear only patent appeals.²⁸

The idea of a specialized patent court was not new. The first proposal for a specialized patent court had come in 1887, and similar calls continued into the

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ *Graham v. John Deere Co.*, 383 U.S. 1, 18 (1966). See generally MARTIN SHAPIRO, *THE SUPREME COURT AND ADMINISTRATIVE AGENCIES* 164-69 (Free Press 1968) (discussing reasons for the different standards between the Patent and Trademark Office and the courts).

¹⁸ S. REP. NO. 97-275, at 3.

¹⁹ Pauline Newman, *Origins of the Federal Circuit: The Role of Industry*, 11 FED. CIR. B.J. 3, 541 (2001).

²⁰ S. REP. NO. 97-275, at 3.

²¹ *Id.*

²² THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT – ORIGINS, THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT - A HISTORY 1982-1990, at 3 (Marion T. Bennett ed., 1991) [hereinafter Bennett].

²³ *Id.*

²⁴ *Id.*

²⁵ *Id.*

²⁶ Robert Desmond, *Nothing Seems “Obvious” to the Court of Appeals for the Federal Circuit: The Federal Circuit, Unchecked by the Supreme Court, Transforms the Standard of Obviousness Under the Patent Law*, 26 LOY. L.A. L. REV. 455, 458 (1993).

²⁷ Act of Oct. 13, Pub. L. No. 92-489, 86 Stat. 807 (1972), amended by, Pub. L. No. 93-420, 88 Stat. 1153 (1974) [hereinafter Pub. L. No. 92-489]. The Hruska Commission was composed of four members appointed by the President, four by the Chief Justice, four by the Senate, and four by the House of Representatives. The Executive Director of the Commission was Professor A. Leo Levin of the University of Pennsylvania Law School. Bennett, *supra* note 22, at 3.

²⁸ Pub. L. No. 92-489.

twentieth century.²⁹ The findings of the Hruska Commission seemed to justify creation of a specialized patent court, especially the Commission's conclusion that the current federal appellate system was unable to adjudicate issues of national law.³⁰ The Commission's findings also confirmed that uncertainty in the law led to forum shopping among the circuits, with the most intense forum shopping occurring in the area of patent law.³¹

Despite these findings, the Hruska Commission decided against supporting a specialized court for patent appeals.³² The Hruska Commission identified six inherent disadvantages of specialized courts.³³ These included fears that specialized justices would become subject to tunnel vision, or would impose their own views of policy. The Commission was also concerned that specialized justices would have a reduced incentive to produce thorough and persuasive opinions; would suffer from diminished exposure to varied areas of the law; and would be at increased risk of being captured by special interest groups. A final fear was that a specialized court would dilute or eliminate regional influence. Instead of a specialized patent court, the Hruska Commission recommended the formation of a National Court of Appeals to decide issues of national importance.³⁴ Unfortunately, the Hruska Commission's proposal suffered the same terminal fate as the Freund Committee's recommendation.³⁵

Although some frustrated observers felt that attempts to make a "[s]ystematic change to improve the judicial machinery seemed to be going nowhere,"³⁶ various efforts at improving the federal system were finally beginning to coalesce. In 1977, the Department of Justice appointed Professor Daniel J. Meador of the University of Virginia as Assistant Attorney General for the Office for Improvements in the Administration of Justice.³⁷ On July 21, 1978, Professor Meador proposed a restructuring of the federal court system that would include a new circuit with nationwide jurisdiction of all appeals covering the subject matter assigned to it,

²⁹ See Jack Q. Lever, Jr., *The New Court of Appeals for the Federal Circuit (Pt. I)*, 64 J. PAT. & TRADEMARK OFF. SOC'Y 178, 186-91 (1982).

³⁰ Bennett, *supra* note 22, at 5-8.

³¹ *Id.* at 15.

³² *Id.* at 30.

³³ *Id.* at 28-30. Congress had struggled once before with the idea of a specialized court. In 1910, Congress created the Commerce Court to hear appeals from the Interstate Commerce Commission. The main issues facing the court involved the development of U.S. railroads. After only three years of existence, the new Commerce Court was abolished. Its demise in October 1913 was attributed to two main factors: it did not have the support of the major parties involved in resolution of railroad issues, and it lacked "judicial insulation" to protect it from institutional attacks. Desmond, *supra* note 26, at 455. Congress has also created temporary specialized courts to handle unforeseen problems, such as the Temporary Emergency Court of Appeals, or the Special Court under the Regional Rail Reorganization Act of 1973. Bennett, *supra* note 22, at 13 n.17.

³⁴ Bennett, *supra* note 22, at 15.

³⁵ *Id.* at 4.

³⁶ *Id.* at 5.

³⁷ *Id.* Professor Meador served as Assistant Attorney General in the U.S. Department of Justice from 1977-79, heading the Office for Improvements in the Administration of Justice. Daniel J. Meador, *Retrospective on the Federal Circuit: The First 20 Years - A Historical View*, 11 FED. CIR. B.J. 3, 531 (2001).

including civil tax, environmental and patent cases.³⁸ Meador's proposal initially languished, however, having faced powerful opposition from the tax and environmental law bars.³⁹

Meador's proposal may have been temporarily stalled, but the goal of a restructured federal court system remained alive. Concerns in 1978 over the suffering U.S. economy prompted President Carter to convene a "Domestic Policy Review," which was a joint government-industry committee searching out remedies for the nation's recession.⁴⁰ Because technology-based (and thus patent-based) industries enjoyed the only favorable balance of trade at that time, the committee's main purpose was to provide incentives to those industries.⁴¹ One major incentive would be a restructured federal court system that was more uniform in its treatment of patent issues. The committee felt that most judges did not understand the patent system and its importance to the U.S. economy, and that this attitude was helping to perpetrate rampant forum shopping.⁴² Judges at the appellate court level were also viewed by some as revolutionaries bent on reinventing the patent system.⁴³

Professor Meador's proposal then resurfaced, having been revamped to exclude the more controversial subject matter, such as tax and environmental law.⁴⁴

³⁸ Meador, *supra* note 37, at 531. Professor Meador proposed the merger of the appellate functions of the seven-judge United States Court of Claims, the five-judge United States Court of Customs and Patent Appeals, plus three additional judges, into a new fifteen-judge circuit court of appeals. The new court would have the appellate jurisdiction of its two predecessor courts, plus exclusive appellate jurisdiction in civil tax, environmental and patent cases, and from the district courts. *Id.*

³⁹ Newman, *supra* note 19, at 531.

⁴⁰ *Id.*

⁴¹ *Id.*

⁴² *Id.* at 542.

The statistics of patents in court were such that no patent could be counted on to survive litigation. Forum shopping was rampant, for some courts hadn't ever sustained a patent, and bragged about it. And the Supreme Court held that you could attack the same patent in court after court, until it finally fell.

Id.

⁴³ MARKEY, *supra* note 8, at 1663. Judge Markey suggested several reasons for this judicial attitude:

I know of no definitive study of the causes for the treatment of patents in the courts of appeals from the 1930s through the 1950s. The widespread substitution of the pejorative "monopoly" as the name for a patentee's property right appears a contributing cause. The illegitimately asserted conflict between the patent laws and the antitrust laws was another. The perceived shortcomings of the ex parte examination in the Patent Office was doubtless an influence. The reliance on slogans and disregard of the statute in lawyers' briefs and court opinions appears to have been both cause and effect, leading judges to make decisions based not on whether the invention in light of all the evidence complied with the statute governing patentability but on whether the judge personally thought the product in suit was 'and [sic] invention.' It is not surprising that such reinventing of the system at the court level produced results that were equally bad – valid patents being declared invalid and invalid patents being declared valid – which in turn produced disrespect for and reduced use of the system.

Id. at 1664.

⁴⁴ Newman, *supra* note 19, at 543. Professor Meador was assisted by Professor Maurie Rosenberg of the Columbia Law School. See Donald R. Dunner, *Reflections on the Founding of the Federal Circuit*, 11 FED. CIR. B.J. 3, 546 (2001); Meador, *supra* note 37, at 560.

Meador's plans to restructure the federal court system found a receptive ear in Senator Edward Kennedy, who would soon be assuming the chairmanship of the Senate Judiciary Committee.⁴⁵ One of Senator Kennedy's short-term goals was to develop a package of court improvement proposals.⁴⁶ Kennedy accepted Meador's idea of creating the U.S. Court of Appeals for the Federal Circuit, with patent appeals jurisdiction over district courts.⁴⁷

Since Senator Kennedy's short-term goals also seemed to include challenging President Carter in the upcoming Democratic primaries, the Carter administration was sensitive to any moves by Kennedy that might take the spotlight off the President.⁴⁸ As a result, Professor Meador's revised proposal also found itself being warmly embraced by President Carter and the Domestic Policy Review committee.⁴⁹ In a special message to Congress on February 27, 1979, President Carter "urged that Congress establish the United States Court of Appeals for the Federal Circuit on the same tier as the existing courts of appeal."⁵⁰ Senator Kennedy was present at the President's announcement and declared his support for the restructuring plan.⁵¹

The Administration's bill was introduced by Senator Edward Kennedy and Senator Dennis DeConcini.⁵² A broader bill was introduced in the Senate by Senator Kennedy, while Congressman Peter Rodino, Jr. proposed a separate bill in the House of Representatives.⁵³ Senate hearings were held and a bill was passed on October 30, 1979.⁵⁴ Because the bill contained a controversial amendment that would have reversed the judicial presumption in law that an agency rule or regulation was valid, the bill was not considered in the House.⁵⁵ The House passed a separate bill on September 15, 1980,⁵⁶ but Congress was unable to work out a compromise on the controversial amendment language in the Senate Bill.⁵⁷ The legislation died at the end of the 96th Congress.⁵⁸

Despite some concerns that the change in administration in 1980 might lead to different priorities in the federal agenda, it was soon apparent that the 97th Congress was also ready to take up the issue of federal court reform.⁵⁹ New bills were introduced and additional hearings were held.⁶⁰ Differences between the Senate and House were ultimately resolved, and a bill was presented for President

⁴⁵ Meador, *supra* note 37, at 560.

⁴⁶ *Id.*

⁴⁷ *Id.*

⁴⁸ *Id.*

⁴⁹ Dunner, *supra* note 44, at 546.

⁵⁰ Bennett, *supra* note 22, at 4.

⁵¹ Meador, *supra* note 37, at 560.

⁵² Bennett, *supra* note 22, at 5.

⁵³ *Id.*

⁵⁴ *Id.* S. 1477 passed the Senate by unanimous consent on October 30, 1979. S. REP. NO. 97-275, at 1.

⁵⁵ Bennett, *supra* note 22, at 6.

⁵⁶ *Id.* H.R. No. 3806 passed the House on the suspension calendar by voice vote on Sept. 15, 1980. S. REP. NO. 97-725 at 2.

⁵⁷ Bennett, *supra* note 22, at 6.

⁵⁸ *Id.*

⁵⁹ *Id.*

⁶⁰ S. REP. NO. 97-275, at 2.

Reagan's signature in March 1982.⁶¹ At a Rose Garden ceremony on April 2, 1982, President Reagan signed into law the Federal Courts Improvement Act of 1982.⁶² As the Rose Garden was bathed in a respectful silence, an unknown guest was heard to murmur that "this brokered marriage is about to be consummated."⁶³

When the dust finally settled in 1982, what had actually been created? The Federal Courts Improvement Act of 1982 did not create a "specialized court," as was made explicitly clear by the Federal Circuit's jurisdictional statutes, the Act's legislative history,⁶⁴ and the emphatic declarations of two Chief Judges of the Federal Circuit.⁶⁵ The Federal Circuit could more properly be called an "experimental court" in the sense that it is a circuit court with national jurisdiction.

In creating the Federal Circuit, Congress sought to bring about uniformity of decisions in certain critical areas of the law without the need for Supreme Court review to resolve conflicts between circuits.⁶⁶ In order to achieve that goal, the Federal Circuit was given exclusive jurisdiction over specific areas of the law. First of all, the new court had jurisdiction over appeals from all district courts in cases arising under the patent laws⁶⁷ and the Tucker Act.⁶⁸ The Federal Circuit also replaced the 127 year-old United States Court of Claims and the 73 year-old United States Court of Customs and Patent Appeals,⁶⁹ and became the reviewing court for the U.S. Court of International Trade and the U.S. International Trade

⁶¹ Bennett, *supra* note 22, at 8. The Bill passed the House on March 9, 1982, and the Senate on March 22, 1982. S. REP. NO. 97-275, at 1.

⁶² *Id.* The law was effective on Oct. 1, 1982. Pub. L. No. 97-164, 96 Stat. 25 (1982).

⁶³ Meador, *supra* note 37, at 561.

⁶⁴ S. REP. NO. 97-275 at 6.

The Court of Appeals for the Federal Circuit will not be a 'specialized court,' as that term is normally used. The court's jurisdiction will not be limited to one type of case, or even to two or three types of cases. Rather, it will have a varied docket scanning a broad range of legal issues and types of cases.

Id. The nation's only prior experiment with a specialized federal court was the Commerce Court, and that experiment was generally regarded as unsuccessful. *See infra* text accompanying note 33. Despite the problems with the Commerce Court, and the disadvantages of specialized courts, as articulated by the Hruska Commission, some commentators have called for a specialized Copyright Court. *See generally* Michael Landau & Donald E. Biederman, *The Case for a Specialized Copyright Court: Eliminating the Jurisdictional Advantage*, 21 HASTINGS COMM. & ENT. L.J. 717 (1999).

⁶⁵ *See* Howard T. Markey, *The Federal Circuit and Congressional Intent*, 41 AM. U. L. REV. 577, 578 (1992) ("early assumptions that the Federal Circuit would somehow be more 'specialized' than regional circuits appear to have been abandoned – and rightly so"); Helen Wilson Nies, *Dissents at the Federal Circuit and Supreme Court Review*, 45 AM. U. L. REV. 1519, 1519 (1996) ("in enacting our primary jurisdiction-granting statute, Congress made clear that it was not creating a 'specialized court,' and it specified widely divergent areas of law or tribunals over which we exercise exclusive appellate jurisdiction").

⁶⁶ Helen W. Nies, *Foreword* to THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT – A HISTORY 1982-1990, at xi (Marion T. Bennett ed., 1991).

⁶⁷ U.S. CONST. art I, § 9, cl. 8. Congress was given the power to secure to authors and inventors the exclusive right to their writings and discoveries. *Id.* *See generally infra* Part III.D.2 (discussing when cases are considered to "arise under" the patent laws).

⁶⁸ As defined by Judge Markey, the "the little Tucker Act" covered claims against the government for less than ten thousand dollars. Howard T. Markey, *Technology, The Law and the Courts*, 50 ALB. L. REV. 399 (1986).

⁶⁹ Howard T. Markey, *The Phoenix Court*, 32 CLEV. ST. L. REV. 1, 1. Those predecessor courts have been described as "simply overtaken by changing circumstances before being consigned to the dust bin of history." Bennett, *supra* note 22, at 1.

Commission.⁷⁰ As such, the Federal Circuit inherited review of issues that ran the gamut from importing and exporting to antidumping investigations to personal monetary grievances against the government.⁷¹ In fact, at its creation in 1982, the new court was given “virtually exclusive jurisdiction” over 114 trial tribunals,⁷² which represented more tribunals than any other circuit.⁷³

III. THE HONEYMOON: INITIAL SUPREME COURT DEFERENCE TO THE FEDERAL CIRCUIT

A. Federal Circuit Judges’ Expertise in Patent Law

During the first decade of the Federal Circuit’s existence, the Supreme Court largely deferred to the Federal Circuit in patent law decisions. The main reason for this deference was the acknowledged patent law expertise of the original Federal Circuit judges.

At its creation in 1982, the Federal Circuit inherited a team of bright, well-trained and technically-oriented judges from the U.S. Court of Claims and the U.S. Court of Customs and Patent Appeals.⁷⁴ The first Chief Judge of the Federal Circuit, Howard T. Markey, boasted that he had “the finest staff and the most distinguished judges one could ask for.”⁷⁵ According to Markey, the first twelve judges to the Federal Circuit brought a combined total of 250 years of distinguished judicial service.⁷⁶ Almost half of these original Federal Circuit judges had served on the predecessor Court of Customs and Patent Appeals,⁷⁷ and were therefore relatively well-acquainted with the complexities of patent law. It would be fair to say that the Federal Circuit began business with the best possible collection of judges then available in the country.⁷⁸

B. Supreme Court Perception of Patent Law

The Supreme Court has historically had an uneasy relationship with patent law. Although the Constitution allows Congress to afford patent protection to inventors,

⁷⁰ Nies, *supra* note 66, at xii.

⁷¹ *Id.* at xiii. These could include claims as diverse as takings cases, breaches of government contracts, claims for tax refunds, mismanagement of Indian lands, vaccine injury compensation claims, monies payable under various government programs, or garnishment of government wages for alimony and child support. *Id.*

⁷² MARKEY, *supra* note 8, at 1665.

⁷³ Nies, *supra* note 66, at xiii.

⁷⁴ Desmond, *supra* note 26, at 486 (citing H.R. 205, at 1).

⁷⁵ MARKEY, *supra* note 8, at 1719.

⁷⁶ *Id.* at 1720.

⁷⁷ The original Federal Circuit judges who had previously served on the U.S. Court of Customs and Patent Appeals included Judges Markey (former Chief Judge of the U.S. Court of Customs and Patent Appeals), Rich, Baldwin, Miller and Almond. *See generally* Bennett, *supra* note 22, at 17-97.

⁷⁸ Desmond, *supra* note 26, at 486.

the Supreme Court, by the mid-twentieth century, was viewed as increasingly “anti-patent” and even downright “hostile” to patent holders.⁷⁹ The Supreme Court’s general disdain for patents during this period is illustrated by the observation of Justice Jackson in 1949 that “the only patent that is valid is one which this Court has not been able to get its hands on.”⁸⁰

By the 1940s, the Supreme Court had established high standards to govern the issuance of patents. In order to demonstrate its right to a patent, a “new device, however useful it may be, must reveal the flash of creative genius[,] not merely the skill of the calling.”⁸¹ A new invention would not be patented unless it “reached the level of inventive genius which the Constitution, Art. I, § 8, authorizes Congress to reward.”⁸² The Supreme Court’s attitude toward patents during this time period can be summarized in a statement from Justice Douglas:

Every patent is the grant of a privilege of exacting tolls from the public. The Framers plainly did not want those monopolies freely granted. The invention, to justify a patent, had to serve the ends of science – to push back the frontiers of chemistry, physics, and the like; to make a distinctive contribution to scientific knowledge. That is why through the years the opinions of the Court commonly have taken “inventive genius” as the test. It is not enough that an article is new and useful. The Constitution never sanctioned the patenting of gadgets. Patents serve a higher end – the advancement of science. An invention need not be as startling as an atomic bomb to be patentable. But is [sic] has to be of such quality and distinction that masters of the scientific field in which it falls will recognize it as an advance.⁸³

The early- to mid-twentieth century hostility of Supreme Court justices toward patents was not a new phenomenon. Supreme Court opinions during this time period were fond of quoting Justice Bradley’s words from 1883:

It was never the object of those laws to grant a monopoly for every trifling device, every shadow of a shade of an idea, which would naturally and spontaneously occur to any skilled mechanic or operator in the ordinary progress of manufactures. Such an indiscriminate creation of exclusive privileges tends rather to obstruct than to stimulate invention. It creates a class of speculative schemers who make it their business to watch the advancing wave of improvement, and gather its foam in the form of patented monopolies, which enable them to lay a heavy tax upon the industry of the country, without contributing anything to the real advancement of the arts. It embarrasses the honest pursuit of business

⁷⁹ *Id.* at 468.

⁸⁰ *Jungerson v. Ostby & Barton Co.*, 335 U.S. 560, 572 (1949) (Jackson, J., dissenting).

⁸¹ *Cuno Eng’g Corp. v. Automatic Devices Corp.*, 314 U.S. 84, 91 (1941).

⁸² *Id.*

⁸³ *Great Atl. & Pac. Tea Co. v. Supermarket Equip. Corp.*, 340 U.S. 147, 154 (1950) (Douglas, J., concurring).

with fears and apprehensions of concealed liens and unknown liabilities to lawsuits and vexatious accountings for profits made in good faith.⁸⁴

Even if the Court had wanted to involve itself in every patent dispute, it did not have the luxury of time to do so. As noted above, one of the main reasons driving creation of the Federal Circuit was the overwhelming workload of the Supreme Court.⁸⁵ With the new appellate court's debut in 1982, the Supreme Court seemed ready to allow that court a more autonomous role in patent cases. Over the next few years, the Court would sit quietly by as the new Federal Circuit ambitiously went to work, overturning many existing Supreme Court decisions on patent law in the process.⁸⁶ The Federal Circuit was allowed a fairly free hand in patent law decisions, at least for the time being.

C. Federal Circuit Perception of the Federal Circuit

The Federal Circuit has always viewed itself as having a unique and special role in federal patent law jurisprudence. The Federal Circuit's uniqueness comes from its distinctive jurisdiction.⁸⁷ Geographically, the court has nationwide jurisdiction, but its subject matter is exclusive to certain fields.⁸⁸ The first Chief Judge of the Federal Circuit, Howard T. Markey, viewed this exclusivity as a two-edged sword of "opportunity and challenge."⁸⁹ The new court had been given an opportunity to achieve and maintain uniformity and clarity in the law, but it was faced with an increased challenge as well, because there would be no other Circuit Courts of Appeals to look to for competing views.⁹⁰

The Federal Circuit's perception of itself as having a special role in federal patent jurisprudence was certainly influenced by the character of its first Chief Judge. Described by a fellow judge as "the poster boy for testosterone,"⁹¹ Markey set

⁸⁴ *Atl. Works v. Brady*, 107 U.S. 192, 200 (1883), *quoted, e.g.*, in *Cuno*, 314 U.S. at 92 (1941); *Great Atl.*, 340 U.S. at 155 (Douglas, J., concurring); *Railroad Supply Co. v. Elyria Iron & Steel Co.*, 244 U.S. 285, 293 (1917). In the same opinion, Justice Bradley added that:

The process of development in manufactures creates a constant demand for new appliances which the skill of ordinary head workmen and engineers is generally adequate to devise, and which, indeed, are the natural and proper outgrowth of such development. Each step forward prepares the way for the next, and each is usually taken by spontaneous trials and attempts in a hundred different directions. To grant to a single party a monopoly of every slight advance made, except where the exercise of invention somewhat above ordinary mechanical or engineering skill is distinctly shown, is unjust in principle and injurious in its consequences.

Atl. Works, 107, U.S. at 199.

⁸⁵ *See supra* note 5.

⁸⁶ *See infra* note 92-94.

⁸⁷ MARKEY, *supra* note 8, at 1720.

⁸⁸ *Id.*

⁸⁹ *Id.*

⁹⁰ *Id.*

⁹¹ William C. Conner, *Judge William C. Conner Speaks at 2002 Spring Meeting*, AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION BULLETIN 228 (2002). Judge Conner described Markey as a fine patent lawyer, a Brigadier General in the Air Force Reserves, and a former test pilot. He

the stage for Federal Circuit dominance in the patent law arena. Within the first two years of the Federal Circuit's existence, Markey authored opinions "expressly repudiating most of the troublesome patent rulings of the Supreme Court."⁹² Markey's actions dripped with testosterone: here was the Chief Judge of a brand new intermediate appellate court, whose decisions were subject to review by the Supreme Court, explicitly rejecting the law as defined by the Supreme Court.⁹³ Patent attorneys nervously waited for the Supreme Court's reaction to this "effrontery," but the Court tacitly approved Markey's actions by denying certiorari in each case.⁹⁴

Markey's inaugural actions illustrate the self-confidence and pro-active enthusiasm of this new Chief Judge and his court. Markey had identified an idealistic and powerful role for the Federal Circuit. The Federal Circuit was to be "The Conscience of the Government," with a special role in administering justice with dedication and diligence.⁹⁵ The new court had a "special responsibility" because it was the probable court of last resort in most of its cases.⁹⁶ Federal Circuit judges were "pioneers," and had a special responsibility to step wisely and carefully.⁹⁷

In Markey's view, the Federal Circuit was not trying to create a "new" or "improved" patent system, because that role belonged to Congress.⁹⁸ Instead, Markey viewed the work of the Federal Circuit as simply returning the patent system to its "mooring," i.e., "to the law as set out in the statute."⁹⁹ In his opinions, Markey continually returned to the statutory basis of U.S. patent law as the means to facilitate the patentability of devices, and to bring consistency to decisions and

viewed Markey as "a man of strong convictions and the courage to act on them." *Id.* For more details on the background of Judge Markey, see MARKEY, *supra* note 8, *Foreword* at xv.

⁹² Conner, *supra* note 91, at 228.

⁹³ *Id.*

⁹⁴ *Id.*

⁹⁵ MARKEY, *supra* note 8, at 41. By "conscience," Markey did not mean that the court would automatically decide its cases for or against the government. "[I]t is as much a matter for the governmental conscience to know what it can and must do in meeting its duty to govern as it is to know what it cannot in justice do." *Id.*

⁹⁶ Howard T. Markey, *The Federal Circuit and Congressional Intent*, 41 AM. U. L. REV. 577, 578 (1993).

⁹⁷ MARKEY, *supra* note 8, at 1721. What he perceived as wise and careful steps by Federal Circuit judges even inspired one attorney to break into rhyme when asked to critique the Federal Circuit at 1986's Fourth Annual Judicial Conference of the United States Court of Appeals for the Federal Circuit:

Domestic industry, the court doth seem to favor
 Represent the government and success you'll savor
 It's pro the agencies, on the CIT
 It likes Customs, Commerce and the ITC
 Not the slowest, nor the fastest,
 Has it worked well? Well, just ask it.
 Ah, but you want my opinion and no longer can I shirk it:
 I'm in love with the Court of Appeals for the Federal Circuit!

Will Leonard, *The First Three Years of the Federal Circuit: A Critique*, The Fourth Annual Judicial Conference of the United States Court of Appeals for the Federal Circuit, 112 F.R.D. 439, 461 (April 23, 1986).

⁹⁸ MARKEY, *supra* note 8, at 1665.

⁹⁹ *Id.*

order to the field of patent law.¹⁰⁰ According to Edward D. Re, former Chief Judge of the Court of International Trade, Markey probably did more in recent years to shape patent law than anyone else had done.¹⁰¹ After stepping down from the bench, Markey took great pride in the fact that “corrections” to Federal Circuit decisions (either by the Federal Circuit in banc or the Supreme Court) had been kept to “an absolute minimum,” and were thus viewed by Markey as clear “aberrations.”¹⁰²

D. Supreme Court Deferential When It Did Review Cases

The Supreme Court was extremely deferential toward the Federal Circuit when conducting one of its rare reviews of a patent case during this time period. And reviews of patent cases by the Supreme Court *were* rare: in the first ten years of the Federal Circuit’s history, the Supreme Court granted certiorari and handed down opinions in only four cases related to patent law.¹⁰³ Those cases included *Dennison Mfg. Co. v. Panduit Corp.*,¹⁰⁴ *Christianson v. Colt Industries Operating Corp.*,¹⁰⁵ *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*,¹⁰⁶ and *Eli Lilly & Co. v. Medtronic, Inc.*¹⁰⁷ Only the last case squarely raised a substantive patent law issue.¹⁰⁸ A brief review of each case illustrates the Court’s general deference to the Federal Circuit in patent law issues during this time period.

1. Dennison Mfg. Co.

Dennison Mfg. Co. v. Panduit Corp., decided by the Supreme Court in 1986, involved the issue of “obviousness” and the Federal Circuit’s exercise of appellate

¹⁰⁰ Robert Gilbert Johnston, Dean, The John Marshall Law School, *Introduction to HOWARD T. MARKEY, HOWARD T. MARKEY ON INTELLECTUAL PROPERTY: A COMPILATION OF HIS WRITINGS, OPINIONS, AND SPEECHES*, at xix (William S. Hein & Co., Inc. 1998). The Markey court eschewed use in its opinions of loaded words that didn’t appear in the statute (e.g., “monopoly”), and of slogans that Markey felt “barnacled the law of patents.” MARKEY, *supra* note 8, at 1665. Five years after creation of the Federal Circuit, Markey felt that most (but not all) of the barnacled encrustations had been eliminated, and that the next major project for the Federal Circuit was to simplify patent trials:

[T]he simplifying of patent trials is a duty of bench and bar that is today too often unmet. Over the years, two phenomena occurred: the patent law became barnacled with sloganeered encrustations; and particular habits were developed in conducting patent trials. Over the past five years, most of the encrustations have been scraped from the law, but old trial habits remain. Return of the law to its statutory moorings should now be accompanied by a return of the conduct of patent trials to its own moorings in the statutes and rules.

Howard T. Markey, *On Simplifying Patent Trials*, 116 F.R.D. 369, 369 (1987).

¹⁰¹ Johnston, *supra* note 100, at xix.

¹⁰² Markey, *supra* note 65, at 579.

¹⁰³ Mark Abate & Edmund J. Fish, *Supreme Court Review of the United States Federal Court of Appeals for the Federal Circuit 1982-1992*, 2 FED. CIR. B.J. 307, 331 (1992).

¹⁰⁴ 475 U.S. 809 (1986).

¹⁰⁵ 486 U.S. 800 (1988).

¹⁰⁶ 489 U.S. 141 (1989).

¹⁰⁷ 496 U.S. 661 (1990).

¹⁰⁸ Abate & Fish, *supra* note 103, at 331.

review.¹⁰⁹ The plaintiff alleged that the defendant had infringed the plaintiff's patents for plastic cable ties.¹¹⁰ The District Court concluded that the patents were invalid because the improvements to the patents over the prior art would have been obvious to one skilled in that art.¹¹¹ The Federal Circuit reversed, disagreeing with the District Court's assessment of the prior art, among other points.¹¹²

Dennison filed a petition for writ of certiorari, arguing that the Federal Circuit ignored the "clearly erroneous" standard of the Federal Rules of Civil Procedure 52(a) because the Federal Circuit substituted its view of the evidence for that of the District Court.¹¹³ Rule 52(a) states that findings of fact shall not be set aside unless clearly erroneous, and that due regard shall be given to the trial court's ability to judge the credibility of the witnesses.¹¹⁴ Dennison claimed that the Federal Circuit erred in substituting its view of factual issues for that of the District Court. Specifically, Dennison pointed to the Federal Circuit's rejection of the District Court's determination of what the prior art revealed, and the court's findings that the differences identified between the plaintiff's patents and the prior art were obvious.¹¹⁵

The Supreme Court found Dennison's claims "not insubstantial,"¹¹⁶ and granted certiorari to consider the Federal Circuit's review of fact findings.¹¹⁷ Without any

¹⁰⁹ 475 U.S. 809 (1986).

¹¹⁰ *Dennison*, 475 U.S. at 809.

¹¹¹ *Id.* at 810.

¹¹² *Id.*

¹¹³ *Id.*

¹¹⁴ *Id.* Federal Rule of Civil Procedure 52(a) states that

[I]n all actions tried upon the facts without a jury or with an advisory jury, the court shall find the facts specially and state separately its conclusions of law thereon, and judgment shall be entered pursuant to Rule 58; and in granting or refusing interlocutory injunctions the court shall similarly set forth the findings of fact and conclusions of law which constitute the grounds of its action. Requests for findings are not necessary for purposes of review. Findings of fact, whether based on oral or documentary evidence, shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses. The findings of a master, to the extent that the court adopts them, shall be considered as the findings of the court. It will be sufficient if the findings of fact and conclusions of law are stated orally and recorded in open court following the close of the evidence or appear in an opinion or memorandum of decision filed by the court. Findings of fact and conclusions of law are unnecessary on decisions of motions under Rule 12 or 56 or any other motion except as provided in subdivision (c) of this rule.

FED. R. CIV. P. 52(a).

¹¹⁵ *Dennison*, 475 U.S. at 810.

¹¹⁶ *Id.* See *infra* note 122 (describing the Federal Circuit's subsequent attack on Dennison because of the language in Dennison's Petition for Certiorari and Reply).

¹¹⁷ *Dennison*, 475 U.S. at 810. A commentator has argued that the Court felt compelled to grant certiorari because of "excessive fact finding" on the part of the Federal Circuit. The Federal Circuit justified that fact finding on the basis of alleged bad behavior on the part of the judge and lawyers at the trial court. See Edward V. Filardi, *The Federal Circuit Has Improperly Assumed the Role of Fact Finder and Has Departed from the Standard of Appellate Review Under Rule 52(a)*, The Fourth Annual Judicial Conference of the United States Court of Appeals for the Federal Circuit, 112 F.R.D. 439, 609-11 (April 23, 1986).

briefing on the merits, the Court vacated the Federal Circuit's judgment and remanded the case for further consideration in light of Rule 52(a).¹¹⁸

Although vacating and remanding, the Supreme Court only asked the Federal Circuit to explain what appeared to be fact finding regarding the issue of obviousness:

The Federal Circuit, however, did not mention Rule 52(a), did not explicitly apply the clearly-erroneous standard to any of the District Court's findings on obviousness, and did not explain why, if it was of that view, Rule 52(a) had no applicability to this issue. We therefore lack an adequate explanation of the basis for the Court of Appeals' judgment: *most importantly, we lack the benefit of the Federal Circuit's informed opinion on the complex issue of the degree to which the obviousness determination is one of fact.*¹¹⁹

In its second opinion,¹²⁰ the Federal Circuit more explicitly explained its reasoning and analysis.¹²¹ The court even took time to launch an attack on Dennison for what the Federal Circuit viewed as "egregious assertions" in Dennison's Petition for Certiorari and Reply.¹²² The Supreme Court appeared fully satisfied with the Federal Circuit's second opinion, and denied certiorari in Dennison's subsequent appeal.¹²³

¹¹⁸ *Dennison*, 475 U.S. at 811. Justice Marshall dissented from this "summary disposition" on the grounds that the disposition was ordered "without affording the parties prior notice or an opportunity to file briefs on the merits." *Id.*

¹¹⁹ *Id.* (emphasis added).

¹²⁰ *Panduit Corp. v. Dennison Mfg. Co.*, 810 F.2d 1561 (Fed. Cir. 1987).

¹²¹ *Panduit Corp.*, 810 F.2d at 1565. In the beginning of its opinion on remand, the Federal Circuit stated that

[t]he Background section of our earlier opinion noted error in the second set of findings but did not label it clearly erroneous, Rule 52(a), and did not expressly indicate that the noted error was not the basis for reversal set forth in the Opinion section, thus raising a question respecting the basis for our judgment. That circumstance, regrettable because it has delayed a just end to this litigation, is here rectified.

Id.

¹²² *Id.* at 1582. In its opinion on remand, the Federal Circuit blasted Dennison for its "many obfuscating assertions," and even included an Appendix outlining the court's most significant grievances against Dennison. In the introductory paragraph of the Appendix, the court stated that

Dennison's Petition for Certiorari and Reply ignored our earlier opinion's explication of legal error and need to consider all evidence, presented material for the first time, and repeated misstatements of law Dennison employed in the trial court but avoided before this court. This Appendix sets forth the more egregious of the many obfuscating assertions in the Petition and Reply.

Id.

¹²³ *Dennison Mfg. Co. v. Panduit Corp.*, 481 U.S. 1052 (1987).

2. *Christianson*

The first Supreme Court case to discuss Federal Circuit jurisdiction in patent cases was *Christianson v. Colt*,¹²⁴ which involved a jurisdictional battle between the Federal Circuit and the Seventh Circuit.¹²⁵ The conflict began as an antitrust case in District Court between Colt Industries Operating Corp, a leading manufacturer, seller, and marketer of M-16 rifles and their parts and accessories, and Charles Christianson, a former Colt employee who established his own M-16 parts business after leaving Colt's employ.¹²⁶ After his business folded, Christianson sued Colt under the Sherman Act, alleging that Colt's wrongful conduct, including their tactics in previous litigation and issuance of warning letters to Christianson customers,¹²⁷ had driven Christianson out of business.¹²⁸ Christianson's complaint included what the Court termed an "obscure passage"¹²⁹ referencing Colt's patents:

The validity of the Colt patents had been assumed throughout the life of the Colt patents through 1980. Unless such patents were invalid through the wrongful retention of proprietary information in contravention of United States Patent Law (35 U.S.C. § 112) in 1980, when such patents expired, anyone 'who has ordinary skill in the rifle-making art' is able to use the technology of such expired patents for which Colt earlier had a monopoly position for 17 years . . . [Christianson] and anyone else has the right to manufacture, contract for the manufacture, supply, market and sell the M-16 and M-16 parts and accessories thereof at the present time.¹³⁰

Christianson then amended his complaint to add a second cause of action under state law for tortious interference with his business relationship.¹³¹ Colt answered the complaint by asserting that its conduct was necessary to protect the company's trade secrets.¹³² Colt also countersued on a variety of claims related to Christianson's alleged misappropriation of M-16 specifications.¹³³

Christianson moved for summary judgment, finally raising "the patent-law issue obliquely hinted at" in the original complaint.¹³⁴ On summary judgment, the plaintiff

¹²⁴ 486 U.S. 800 (1988).

¹²⁵ *Christianson*, 486 U.S. at 803.

¹²⁶ *Id.* at 804-05.

¹²⁷ *Id.* In 1983, Colt and Christianson were fellow defendants in a patent infringement lawsuit involving two companies that had arranged a sale of M-16 rifles to El Salvador. When evidence surfaced suggesting that Christianson had supplied the companies with certain M-16 specifications, Colt sought a court order enjoining Christianson from further disclosures. The District Court declined the motion, and Colt voluntarily dismissed its claims against Christianson. *Id.* at 805. Colt continued to pursue the issue on its own by informing several current and potential Christianson customers by letter that Christianson was illegally misappropriating Colt's trade secrets, and urging the letter recipients to refrain from doing business with Christianson. *Id.*

¹²⁸ *Id.*

¹²⁹ *Id.*

¹³⁰ *Id.*

¹³¹ *Id.*

¹³² *Id.* at 805-06.

¹³³ *Id.* at 806.

¹³⁴ *Id.*

argued that the defendant's patents were invalid through the wrongful retention of proprietary information, pursuant to 35 U.S.C. § 112.¹³⁵ Since Colt benefited from the protection of the invalid patents, argued Christianson, the trade secrets that the patents should have disclosed lost any state law protection.¹³⁶ Christianson asked the District Court to hold Colt's trade secrets invalid, and to hold that their claim of invalidity be taken as established in all claims and counterclaims.¹³⁷

The District Court agreed with Christianson and granted summary judgment.¹³⁸ Colt appealed to the Federal Circuit.¹³⁹ In the first round of what the Supreme Court later called a "perpetual game of jurisdictional ping-pong,"¹⁴⁰ the Federal Circuit concluded that it lacked jurisdiction and issued an unpublished order transferring the appeal to the Seventh Circuit.¹⁴¹ The Seventh Circuit volleyed back by raising the jurisdictional issue *sua sponte*, concluding that the Federal Circuit was "clearly wrong" to send the case its way, and bouncing the case back to the Federal Circuit.¹⁴² Chief Judge Markey, writing for the Federal Circuit, concluded that the Seventh Circuit exhibited "a monumental misunderstanding of the patent jurisdiction granted this court,"¹⁴³ but proceeded to address the merits of the case in the "interests of

¹³⁵ *Id.* 35 U.S.C. § 112 requires that patents disclose sufficient information to "enable any person skilled in the art . . . to make and use the same" as well as a description of "the best mode contemplated by the inventor of carrying out his invention." *Id.* (quoting 35 U.S.C. § 112 (2000)). The latter requirement was at issue in *Christianson*.

¹³⁶ *Christianson*, 486 U.S. at 806.

¹³⁷ *Id.*

¹³⁸ *Id.* The District Court invalidated nine of Colt's patents, declared all trade secrets relating to the M-16 unenforceable, enjoined Colt from enforcing "any form of trade secret right in any technical information relating to the M16 [sic]," and ordered Colt to disgorge all such information to Christianson. *Id.* at 806 (citing *Christianson v. Colt*, 613 F. Supp. 330, 332 (C.D. Ill. 1985)).

¹³⁹ *Christianson*, 486 U.S. at 806.

¹⁴⁰ *Id.* at 818.

¹⁴¹ *Id.* In its second hearing of the case, the Federal Circuit explained what had occurred in its first hearing, stating that "[o]n December 4, 1985, this court granted Christianson's motion in a short unpublished order that did not explain why jurisdiction was lacking, it being expected that the parties and others interested would recognize that it was based on the reasons and authorities set forth in [Christianson's] brief." *Christianson v. Colt*, 822 F.2d 1544, 1549 (Fed. Cir. 1987).

¹⁴² *Christianson*, 486 U.S. at 806. The Seventh Circuit held that "because Christianson's right to recovery, although ostensibly based on the antitrust laws, 'would be defeated by one or sustained by an opposite construction' of the patent laws," the action did arise under the patent laws and therefore belonged in the Federal Circuit. *Christianson v. Colt*, 798 F.2d 1051, 1061 (quoting *Beghin-Say Int'l Inc. v. Ole-Bendt Rasmussen*, 733 F.2d 1568, 1570 (Fed. Cir. 1984)).

¹⁴³ *Christianson*, 486 U.S. at 807 (citing *Christianson*, 822 F.2d at 1547). Markey began his opinion with this introductory statement:

The present appeal reflects a monumental misunderstanding of the patent jurisdiction granted this court. An appeal in a pure and simple antitrust case is here solely because an issue of patent law appears in an *argument* against a *defense*. Christianson asserted rights that arise under, and only under, antitrust law. Colt's defense is its trade-secret rights under state law. Christianson's argument against that defense is that Colt lost its secrets because it did not disclose them in its patent applications. The district court's opinion said Colt's patents were invalid. Colt requested inclusion of that view in the final judgment and brought its appeal here.

Christianson, 822 F.2d at 1547. Markey went on to explain that the Federal Circuit had been granted "case" and not "issue" jurisdiction:

Congress *specifically* and *expressly* rejected proposals that this court have "issue" jurisdiction and that appeals involving patent and nonpatent issues be bifurcated.

justice.”¹⁴⁴ The Federal Circuit reversed the District Court,¹⁴⁵ and the Supreme Court finally stopped the dizzying game by granting certiorari.¹⁴⁶

The jurisdictional issue in the case was whether *Christianson* was a case “arising under” a federal patent statute.¹⁴⁷ The Court’s analysis began with 28 U.S.C. § 1295(a)(1), which grants the Federal Circuit exclusive jurisdiction over “an appeal from a final decision of a district court of the United States . . . if the jurisdiction of that court was based, in whole or in part, on [28 U.S.C. §] 1338.”¹⁴⁸ Section 1338 states that the district courts shall have original jurisdiction over any civil action arising under patent laws.¹⁴⁹ The same “arising under” language appears in 28 U.S.C. § 1331, which provides a general grant of federal question jurisdiction to the district courts.¹⁵⁰ Because of the same “arising under” language in both statutes, and the similar policies served by the two grants of jurisdiction, the Court interpreted the scope of § 1338 jurisdiction the same way as the scope of § 1331 jurisdiction had been interpreted.¹⁵¹ Therefore, the correct test for determining whether an action’s jurisdiction arises under § 1338 is the same two-part test used to determine § 1331 jurisdiction: (1) does it appear in the well-pleaded complaint that (2) the case arises under federal law.¹⁵²

The Court stated that “[l]inguistic consistency” required it to extend § 1338 jurisdiction only to those cases in which a well-pleaded complaint establishes either that federal patent law creates the cause of action, or that the plaintiff’s right to relief necessarily depends on resolution of a substantial question of federal patent

Rather, Congress granted this court jurisdiction over all appeals in “§ 1338 cases.” Accordingly, this court decides all issues, including nonpatent issues, in a “case” that is properly within its jurisdiction. Having granted this court “case” and not “issue” jurisdiction, Congress clearly left cases merely involving defenses that raise patent *issues* in the regional courts of appeals, because the district court’s jurisdiction in those cases is based solely on diversity, or on other grounds, and *not* “in whole or in part on section 1338.”

Id. at 1553 (citations omitted).

¹⁴⁴ *Christianson*, 486 U.S. at 807 (citing *Christianson*, 822 F.2d at 1559-60).

¹⁴⁵ *Id.*

¹⁴⁶ *Christianson v. Colt*, 484 U.S. 985 (1987).

¹⁴⁷ *Christianson*, 486 U.S. at 807.

¹⁴⁸ *Id.* (citing 28 U.S.C. § 1295(a)(1) (2000)).

¹⁴⁹ *Id.*

¹⁵⁰ *Id.* “The district courts shall have original jurisdiction of all civil actions arising under the Constitution, laws, or treaties of the United States.” 28 U.S.C. § 1331 (2000). The Court had used similar language in 1897 when interpreting § 1338’s precursor. In *Pratt v. Paris Gas Light & Coke Co.*, the Court held that in order to demonstrate that a case arose under federal patent law, “the plaintiff must set up some right, title or interest under the patent laws, or at least make it appear that some right or privilege will be defeated by one construction, or sustained by the opposite construction of these laws.” 168 U.S. 255, 259 (1897).

¹⁵¹ *Christianson*, 486 U.S. at 809.

¹⁵² *Id.* The Court determined that under the well-pleaded complaint rule, as adapted to § 1338(a), whether a claim “arises under” patent law “must be determined from what necessarily appears in the plaintiff’s statement of his own claim in the bill or declaration, unaided by anything alleged in anticipation or avoidance of defenses which it is thought the defendant may interpose.” *Id.* (citing *Franchise Tax Board of Cal. v. Construction Laborers Vacation Trust*, 463 U.S. 1, 10 (1983) (quoting *Taylor v. Anderson*, 234 U.S. 74, 75-76 (1914))). The Court stated that a case raising a federal patent-law defense does not “arise under” patent law, “even if the defense is anticipated in the plaintiff’s complaint, and even if both parties admit that the defense is the only question truly at issue in the case.” *Id.* (citing *Franchise Tax Board*, 463 U.S. 1 at 10).

law, i.e., that patent law is a necessary element of one of the well-pleaded claims.¹⁵³ The Court's review of the complaint showed that patent law did not "in any sense" create the plaintiff's antitrust or intentional interference claims.¹⁵⁴ The dispute therefore centered on whether patent law was a *necessary element* of one of the well-pleaded antitrust claims.¹⁵⁵

Colt had raised three arguments justifying jurisdiction in the Federal Circuit.¹⁵⁶ First, Colt raised the uniformity issue, arguing that one of Congress's objectives in creating a Federal Circuit with exclusive jurisdiction over certain patent cases was to reduce non-uniformity and uncertainty in patent law.¹⁵⁷ Colt argued that those goals would be better served if the Federal Circuit's jurisdiction was fixed by reference to the case actually litigated rather than the elements of the complaint.¹⁵⁸ The Court agreed that Colt's conclusion may be true, but that Congress only chose to grant the Federal Circuit jurisdiction over an appeal from a district court if the jurisdiction of the district court was based on § 1338.¹⁵⁹ When creating the Federal Circuit, Congress decided that the jurisdictions of both the district courts and the Federal Circuit would be determined by reference to the well-pleaded complaint rule rather than a well-tryed case rule.¹⁶⁰ The Court declined to overrule that clear congressional intent.¹⁶¹

Colt next argued that the Court should deem the complaint amended to encompass a new and independent cause of action under Federal Rule of Civil Procedure 15(b), which allows issues to be treated as if they arose in the pleadings if they are tried with the express or implied consent of the parties.¹⁶² The Court disagreed, finding no evidence of any consent among the two parties to litigate the new patent law claims, and stating that "the patent-law focus of the summary judgment papers hardly heralded the assertion of a new patent-law claim."¹⁶³

Colt's final argument was that the Federal Circuit was obliged not to revisit the Seventh Circuit's thorough analysis of the jurisdictional issue, but merely to adopt it as the law of the case.¹⁶⁴ The "law of the case" doctrine states that "when a court decides upon a rule of law, that decision should continue to govern the same issues in

¹⁵³ *Id.*

¹⁵⁴ *Id.*

¹⁵⁵ *Id.* (stating that the "[e]xamination of the complaint reveals that the monopolization theory that Colt singles out (and on which [Christianson] ultimately prevailed in the District Court) is only one of several, and the only one for which the patent-law issue is even arguably essential").

¹⁵⁶ *Id.* at 813.

¹⁵⁷ *Id.*

¹⁵⁸ *Id.*

¹⁵⁹ *Id.*

¹⁶⁰ *Id.* at 814 (citing H.R. REP. NO. 97-312, at 41).

¹⁶¹ *Id.*

¹⁶² *Id.* The rule states that

[w]hen issues not raised by the pleadings are tried by express or implied consent of the parties, they shall be treated in all respects as if they had been raised in the pleadings. Such amendment of the pleadings as may be necessary to cause them to conform to the evidence and to raise these issues may be made upon motion of any party at any time, even after judgment; but failure to so amend does not affect the result of the trial of these issues.

FED. R. CIV. P. 15(b).

¹⁶³ *Christianson*, 486 U.S. at 815.

¹⁶⁴ *Id.*

subsequent stages in the same case.”¹⁶⁵ The Court agreed that the doctrine applied as much to the decisions of a coordinate court in the same case as to a court’s own decisions.¹⁶⁶ The Court disagreed, however, that jurisdiction lay in the Federal Circuit.¹⁶⁷ First, the Federal Circuit, in transferring the case to the Seventh Circuit, was the first to decide the jurisdictional issue.¹⁶⁸ It was the Seventh Circuit and not the Federal Circuit who had departed from the law of the case.¹⁶⁹ Second, the “law of the case” doctrine allows courts to revisit prior decisions of its own or of a coordinate court, although courts should only do so in extraordinary circumstances.¹⁷⁰ Most importantly for the Supreme Court, the doctrine does not bind the Court in reviewing decisions from lower courts.¹⁷¹ According to the Court, a petition for writ of certiorari could expose the entire case to review.¹⁷²

The Court concluded by holding that the appeal in this case belonged in the Seventh Circuit rather than the Federal Circuit.¹⁷³ The complaint did not invoke § 1338 jurisdiction, as § 1295(a)(1) requires, and therefore did not arise under the patent laws.¹⁷⁴

The Court was not pleased that the Federal Circuit chose to decide the case even though that court felt it did not have jurisdiction. Stating that it “disapprove[d] of [the Federal Circuit’s] decision to reach the merits anyway ‘in the interest of justice,’”¹⁷⁵ the Court emphasized that courts created by statute have no jurisdiction except that conferred by the statute.¹⁷⁶ Once deciding that it did not have jurisdiction, the Federal Circuit should have either dismissed the case, or transferred it to the court of appeals that did have jurisdiction.¹⁷⁷

The Court acknowledged that injustice sometimes occurs when courts adhere to the rule that a court may not in any case extend its jurisdiction where none exists.¹⁷⁸ Such injustice may include parties wasting years to litigate claims, only to learn later that their efforts and expense were wasted in a court that lacked jurisdiction.¹⁷⁹ The facts of *Christianson* illustrate another example of injustice, where the “litigants are bandied back and forth helplessly between two courts, each of which insists the other has jurisdiction.”¹⁸⁰ The Court suggested that the courts of appeal could encourage quicker settlement of questions of transfer by adhering strictly to the principles of law of the case.¹⁸¹ Under the law of the case doctrine, if the transferee court can find

¹⁶⁵ *Id.* (citing 822 F.2d at 1565 (Nichols, J., concurring and dissenting) (quoting *Arizona v. California*, 460 U.S. 605, 618 (1983) (dictum))).

¹⁶⁶ *Id.* at 816.

¹⁶⁷ *Id.* at 817.

¹⁶⁸ *Id.*

¹⁶⁹ *Id.*

¹⁷⁰ *Id.*

¹⁷¹ *Id.*

¹⁷² *Id.*

¹⁷³ *Id.* at 819.

¹⁷⁴ *Id.* at 814.

¹⁷⁵ *Id.* at 818 (citing *Christianson*, 822 F.2d at 1559).

¹⁷⁶ *Id.* (citing *Sheldon v. Sil*, 8 How. 441, 449 (1850)).

¹⁷⁷ *Id.*

¹⁷⁸ *Id.*

¹⁷⁹ *Id.*

¹⁸⁰ *Id.*

¹⁸¹ *Id.* at 819.

the transfer decision plausible, its jurisdictional inquiry is at an end.¹⁸² The Court stated that adherence to the law of the case doctrine could prevent the Court from having to resolve every “marginal jurisdictional dispute” between the courts of appeal, such as it had done in this case.¹⁸³

Justice Stevens concurred in the opinion, joined by Justice Blackmun.¹⁸⁴ Stevens wrote separately to emphasize that the answer to the question of whether a claim arises under the patent laws may depend on when the question is asked.¹⁸⁵ If the question is asked at the end of a trial in order to decide whether the Federal Circuit has appellate jurisdiction, the answer could be different than if it had been asked at the onset.¹⁸⁶

Christianson allowed the Court to resolve some of the jurisdictional questions that had been raised by the new Federal Circuit’s grant of jurisdiction over patent cases. The Court set out the clear rule that jurisdiction under § 1338 would follow the established jurisdictional test of § 1331 and the well-pleaded complaint rule.¹⁸⁷ Despite this clear rule, the Federal Circuit did not read the Court’s decision in *Christianson* as requiring strict compliance with the well-pleaded complaint rule. In a Federal Circuit case decided two years after *Christianson*, Chief Judge Markey firmly stated that “[i]t is apparent from their unanimous opinion that the Justices did not intend to make a rigid application of the well-pleaded complaint rule a Procrustean bed¹⁸⁸ for this court’s jurisdiction.”¹⁸⁹ Instead, the Federal Circuit urged a balance between the well-pleaded complaint rule and the stated congressional goals of uniform patent law jurisprudence and reduced forum shopping.¹⁹⁰ This balance was temporarily achieved, until the Court’s 2002 decision in *Holmes Group v. Vornado* upset the jurisdictional apple cart.¹⁹¹

3. *Bonito Boats, Inc.*

*Bonito Boats Inc. v. Thunder Craft Boats, Inc.*¹⁹² has been described by one commentator as the Supreme Court’s attempt to remind the legal community that the Court still remained involved in patent law jurisprudence.¹⁹³ In *Bonito Boats*, the plaintiff alleged that the defendant had violated a Florida statute when it used a direct molding process to duplicate Bonito’s fiberglass hull, and then knowingly sold

¹⁸² *Id.* (citing *Fogel v. Chestnutt*, 668 F.2d 100, 109, *cert. denied*, 459 U.S. 828 (1982) (“The law of the case will be disregarded only when the court has a ‘clear conviction of error’”).

¹⁸³ *Id.*

¹⁸⁴ *Id.* at 820.

¹⁸⁵ *Id.*

¹⁸⁶ *Id.*

¹⁸⁷ *Id.* at 808-09.

¹⁸⁸ “Procrustean bed” is a scheme or pattern into which someone or something is arbitrarily forced. WEBSTER’S NEW COLLEGIATE DICTIONARY (9th ed. 1983).

¹⁸⁹ *Aerojet-Gen. Corp. v. Mach. Tool Works, Oerlikon-Buehrle, Ltd.*, 895 F.2d 736, 741 (Fed. Cir. 1990).

¹⁹⁰ *Id.* at 744-45.

¹⁹¹ See generally *infra* Part V (discussing the Court’s opinion in *Holmes Group v. Vornado*).

¹⁹² 489 U.S. 141 (1989).

¹⁹³ Desmond, *supra* note 26, at 455 n.73.

duplicates of the hull.¹⁹⁴ The Florida statute made it unlawful for any person to use the direct molding process to duplicate for the purpose of sale any manufactured vessel hull or vessel component part made by another.¹⁹⁵ The statute also forbid a person to knowingly sell a vessel hull or vessel component part.¹⁹⁶ The plaintiff was forced to file suit under the state statute because he had not filed for patent protection with the Patent and Trademark Office.¹⁹⁷

The District Court granted Thunder Craft's motion to dismiss, on the grounds that the Florida statute conflicted with federal patent law, and was therefore invalid under the Supremacy Clause of the U.S. Constitution.¹⁹⁸ A divided appellate court affirmed the dismissal.¹⁹⁹

The Florida Supreme Court agreed with the lower courts, reading the Supreme Court's opinions in *Sears, Roebuck & Co. v. Stiffel Co.*²⁰⁰ and *Compco Corp. v. Day-Brite Lighting, Inc.*²⁰¹ for the proposition that "when an article is introduced into the public domain, only a patent can eliminate the inherent risk of competition and then but for a limited time."²⁰² Three dissenting Florida Supreme Court judges relied on the Federal Circuit's decision in *Interpart Corp. v. Italia*²⁰³ to argue that the Florida statute did not prohibit the copying of an unpatented item.²⁰⁴ These judges reasoned that the statute merely prohibited one method of copying, and that the item remained in the public domain.²⁰⁵ The U.S. Supreme Court granted certiorari to resolve the conflict between the Federal Circuit and the Florida Supreme Court over what limits the federal patent system places on the States' ability to offer substantial protection to utilitarian and design ideas that the patent laws leave otherwise unprotected.²⁰⁶

The Court began its opinion with a lengthy review of patent history, policy and theory. After discussing legal precedent from the common law of England,²⁰⁷ the first Patent Act,²⁰⁸ and the writings of Thomas Jefferson,²⁰⁹ the Court finally turned to its previous holdings in *Sears* and *Compco*. The Court acknowledged that the holdings in those cases were controversial, and had been the subject of "heated scholarly and judicial debate."²¹⁰ The Court felt that a common, but erroneous, reading of those holdings saw no maneuvering room for the States to offer *any* form of protection to articles or processes falling within the broad scope of patentable subject matter.²¹¹

¹⁹⁴ *Bonito Boats*, 489 U.S. at 145.

¹⁹⁵ *Id.* at 144 (citing FLA. STAT. § 559.94(2)).

¹⁹⁶ *Bonito Boats*, 489 U.S. at 145 (citing FLA. STAT. § 559.94(3)).

¹⁹⁷ *Id.* at 144.

¹⁹⁸ *Id.* at 145.

¹⁹⁹ *Id.*

²⁰⁰ 376 U.S. 225 (1964).

²⁰¹ 376 U.S. 234 (1964).

²⁰² *Bonita Boats*, 489 U.S. at 145 (quoting *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 515 So. 2d 220, 222 (Fla. 1987)).

²⁰³ 777 F.2d 678 (Fed. Cir. 1985).

²⁰⁴ *Bonito Boats*, 489 U.S. at 146.

²⁰⁵ *Id.*

²⁰⁶ *Id.* at 144.

²⁰⁷ *Id.* at 149.

²⁰⁸ *Id.* at 146.

²⁰⁹ *Id.* at 147.

²¹⁰ *Id.* at 154.

²¹¹ *Id.*

The Court felt that some parties had jumped to the conclusion that the States had no power whatsoever to regulate patentable subject matter,²¹² because “patentable subject matter” could be construed to include “anything under the sun that is made by man.”²¹³ The Court pooh-poohed this interpretation of its holdings, and stated that the States had plenty of maneuvering room in which to offer protection.²¹⁴ For example, States could regulate potentially patentable but unpatented subject matter through state trademark and trade dress laws.²¹⁵ The Court concluded by holding that the Florida statute was preempted by the Supremacy Clause of the U.S. Constitution because the statute represented a break with the tradition of peaceful co-existence between state market regulation and federal patent policy.²¹⁶

The Court did not agree with the Federal Circuit’s opinion in *Interpart*. That opinion had been cited by the plaintiff, supporting amici,²¹⁷ and the three dissenting judges on the Florida Supreme Court.²¹⁸ In *Interpart*, the Federal Circuit had upheld a California law that prohibited the duplication of unpatented car mirrors.²¹⁹ The Federal Circuit stated that the California statute prevented unscrupulous competitors from using an original product as a pattern for subsequent copies.²²⁰ The Court found the Federal Circuit’s reasoning defective, stating that the court “apparently viewed the direct molding statute at issue in *Interpart* as a mere regulation of the use of chattels.”²²¹ The Court was also “somewhat troubled” by the Federal Circuit’s reference to an older case²²² for the proposition that the patent laws say nothing about the right to copy or the right to use. The Court found this reasoning “puzzling” because it “flies in the face of the same court’s decisions applying the teaching of *Sears* and *Compco* in other contexts.”²²³

Although the Court found reason to be “troubled” and “puzzled” by the Federal Circuit’s decision in *Interpart*, it was troubled and puzzled by policy issues rather than substantive patent law issues. The questions posed in *Bonito Boats* involved

²¹² *Id.*

²¹³ *Id.* (quoting *Diamond v. Chakrabarty*, 447 U.S. 303, 309 (1980)).

²¹⁴ *Id.*

²¹⁵ *Id.*

²¹⁶ *Id.* at 167-68.

²¹⁷ *Id.* at 163.

²¹⁸ *Id.* at 146.

²¹⁹ *Id.* at 163.

²²⁰ *Id.*

²²¹ *Id.* The Supreme Court’s reasoning itself has been criticized for failing to give weight to the Federal Circuit’s opinion in *Interpart*. “The issue, after all, was what federal patent policies requires be [sic] in the public domain and one might have thought that a court with expertise in patent policy would have been perceived as especially qualified to deliver an answer.” Rochelle Dreyfuss, *The Federal Circuit: A Model for the Future?* The Tenth Annual Judicial Conference of the United States Court of Appeals for the Federal Circuit, 146 F.R.D. 205 (April 30, 1993).

²²² *Mine Safety Appliances Co. v. Electric Storage Battery Co.*, 56 C.C.P.A. 863, 864 n.2 (1969).

²²³ *Bonito Boats*, 489 U.S. at 165. The Court’s examples of previous Federal Circuit decisions applying *Sears* and *Compco* included *Power Controls Corp. v. Hybrinetics, Inc.*, 806 F.2d 234, 240 (Fed. Cir. 1986), which stated that “[i]t is well established. . .that an action for unfair competition cannot be based upon a functional design.” *Id.* The other example cited by the Court was *Gemveto Jewelry Co. v. Jeff Cooper Inc.*, 800 F.2d 256, 259 (Fed. Cir. 1986) which vacated an injunction against the copying of jewelry designs issued under state law of unfair competition “in view of the *Sears* and *Compco* decisions which hold that copying of the article itself that is unprotected by the federal patent and copyright laws cannot be protected by state law.” *Id.*

the proper scope of the federal government's patent system, and what limits the federal system could place on the ability of a state to offer protection to utilitarian and design ideas. *Bonito Boats* does not show the Court granting deference to the Federal Circuit, but it also does not show the Court engaging in substantive patent law decision-making.

4. *Eli Lilly & Co.*

The only substantive patent law case reviewed by the Supreme Court during the first ten years of the Federal Circuit's existence was *Eli Lilly & Co. v. Medtronic, Inc.*²²⁴ Eli Lilly filed suit against Medtronic to enjoin Medtronic's testing and marketing of an implantable cardiac defibrillator, a medical device used in the treatment of heart patients, claiming that Medtronic's device infringed Eli Lilly's patents.²²⁵ Medtronic argued that its activities were exempt from a finding of infringement under 35 U.S.C. § 271(e)(1) because the activities were reasonably related to the development and submission of information under the Federal Food, Drug, and Cosmetic Act (FDCA).²²⁶

The District Court rejected Medtronic's argument, concluding that the exemption only applied to drug products, and did not apply to the development and submission of information relating to medical devices.²²⁷ As such, Medtronic could not assert the statute as a defense against Lilly's charges of infringement.²²⁸ The jury returned a verdict for Eli Lilly on the first patent, and the court directed a verdict for Eli Lilly on the second patent.²²⁹ The District Court entered judgment for Eli Lilly and issued a permanent injunction against Medtronic.²³⁰

The Federal Circuit reversed, holding that § 271(e)(1) allows a party to make, use, or sell any type of patented invention if it was solely done for the restricted uses stated in the statute.²³¹ The court stated that Medtronic's activities could not

²²⁴ 496 U.S. 661 (1990).

²²⁵ *Eli Lilly & Co. v. Medtronic, Inc.*, 1987 WL 26676, at *1 (E.D. Pa. Dec. 8, 1987).

²²⁶ *Id.* 35 U.S.C. § 271(e)(1) states that:

It shall not be an act of infringement to make, use, offer to sell, or sell within the United States or import into the United States a patented invention (other than a new animal drug or veterinary biological product (as those terms are used in the Federal Food, Drug, and Cosmetic Act and the Act of March 4, 1913) which is primarily manufactured using recombinant DNA, recombinant RNA, hybridoma technology, or other processes involving site specific genetic manipulation techniques) solely for uses reasonably related to the development and submission of information under a Federal law which regulates the manufacture, use, or sale of drugs or veterinary biological products.

35 U.S.C. § 271(e)(1) (2000).

²²⁷ *Eli Lilly & Co. v. Medtronic, Inc.*, 872 F.2d 402, 403 (Fed. Cir. 1989).

²²⁸ *Id.*

²²⁹ *Eli Lilly*, 496 U.S. at 664.

²³⁰ *Id.*

²³¹ *Eli Lilly*, 872 F.2d at 406. The Federal Circuit stated that the statutory changes had been drafted by Congress to overrule the Federal Circuit's earlier opinion in *Roche Products, Inc. v. Bolar Pharmaceutical Co.*, 733 F.2d 858 (Fed. Cir.), *cert. denied*, 469 U.S. 856 (1984). In *Roche*, the Federal Circuit had declined to extend or create an experimental use exception for FDA testing. The court noted that Congress was the appropriate forum to resolve the matter, and that legislation on

constitute infringement if they had been undertaken to develop information reasonably related to the development and submission of information necessary to obtain regulation approval under the FDCA.²³² The Federal Circuit remanded for the District Court to determine whether this condition had been met.²³³ The Supreme Court granted certiorari to determine whether activities that would otherwise constitute patent infringement would be non-infringing if they are undertaken for the purpose of developing and submitting to the Food and Drug Administration (FDA) to obtain marketing approval for a medical device.²³⁴

The issue was one of statutory interpretation. Eli Lilly interpreted the statutory phrase “a Federal law which regulates the manufacture, use, or sale of drugs,” to refer only to individual provisions of federal law that regulate drugs.²³⁵ Medtronic interpreted the statute to refer to “the entirety of any Act (including, of course, the FDCA) at least some of whose provisions regulate drugs.”²³⁶ After a fairly extensive review of the Drug Price Competition and Patent Term Restoration Act of 1984 and various FDCA statutes, the Court concluded, in a 6-2 decision, that Medtronic’s (and thus the Federal Circuit’s) interpretation of the statute was correct.²³⁷ In what one commentator has termed a “curmudgeonly flourish,”²³⁸ Justice Scalia concluded the majority opinion by declaring that

[n]o interpretation we have been able to imagine can transform § 271(e)(1) into an elegant piece of statutory draftsmanship. To construe it as the [Federal Circuit] decided, one must posit a good deal of legislative imprecision; but to construe it as [Eli Lilly] would, one must posit that and an implausible substantive intent as well.²³⁹

related topics was pending in Congress. *Eli Lilly*, 872 F.2d at 404. Five years later, in *Eli Lilly*, the Federal Circuit stated that it “is clear to this court, as well as to the parties and the district court . . . that section 271(e)(1) was added to overrule this court's decision in *Roche*.” *Id.* at 406. The statutory changes were contained in § 202 of the Drug Price Competition and Patent Term Restoration Act of 1984. *Eli Lilly*, 496 U.S. at 665.

²³² *Eli Lilly*, 872 F.2d at 406.

²³³ *Id.* at 407.

²³⁴ *Eli Lilly*, 496 U.S. at 663.

²³⁵ *Id.* at 665.

²³⁶ *Id.*

²³⁷ *Id.*

²³⁸ Mark D. Janis, *Patent Law in the Age of the Invisible Supreme Court*, 2001 U. ILL. L. REV. 387, 416 (2001).

²³⁹ *Eli Lilly*, 496 U.S. at 679. Judge Nies, writing for the Federal Circuit, agreed that it was difficult to interpret the meaning of § 271(e)(1):

Each of the parties has urged that the above-quoted statutory language of 35 U.S.C. § 271(e)(1) is “clear.” However, each has put forth equally plausible interpretations of section 271(e)(1), which to us means the language is fraught with ambiguity. The district court and Lilly limit the exception for “patented inventions” to patented *drugs* by reading the last clause of 271(e)(1) as a restriction on that otherwise broad statutory language. Medtronic urges that the exception extends to all types of “patented inventions” provided the use being made is for testing to obtain approval from FDA for sale of a product after the relevant patent has expired. Per Medtronic, the last clause describes the type of law, not the type of patented invention. Furthermore, as is often the case, each side has been able to highlight general statements in the legislative history which allegedly support their own reading of section 271(e)(1).

This case found the Supreme Court agreeing with the Federal Circuit on a statutory interpretation issue. Although both courts deplored the language of the statute, they each eventually came to the same conclusion about the meaning of that language. As the only example of Supreme Court review of a substantive patent law decision during this time period, this case proved to be a relatively painless experience for the Federal Circuit. The Supreme Court's attitude toward the Federal Circuit and its decision-making abilities, however, was gradually beginning to change.

IV. THE HONEYMOON IS OVER: THE SUPREME COURT'S DECREASING DEFERENCE TO THE FEDERAL CIRCUIT

A. Changes in the Federal Circuit

The original Federal Circuit began with what has been termed the finest staff and the most distinguished judges, armed with demonstrated expertise in patent law issues.²⁴⁰ The Federal Circuit's patent expertise has, perhaps naturally, become diluted due to subsequent appointments. The backgrounds of today's Federal Circuit judges are generally more diverse than the backgrounds of the original judges.²⁴¹ With the absorption of the United States Court of Customs and Patent Appeals into the Federal Circuit, the former court is no longer available to provide "on the job" training to judges inexperienced in patent law.²⁴² A pre-judicial career as a patent law practitioner would obviously result in expertise in that area of the law, but only three judges out of the currently sitting eleven active judges and six senior judges practiced patent law before their appointments to the Federal Circuit.²⁴³

Despite the fact that the Federal Circuit is not a "specialized court," its jurisdictional statutes dictate that its docket is limited to only certain areas of the law. As was predicted in the legislative history to the Federal Courts Improvement Act of 1982, patent law issues make up a major portion of the court's docket.²⁴⁴ In fact, a recent statistical sampling from an intellectual property bar association determined that the Federal Circuit spends over 50% of its time in the area of patent

Eli Lilly, 872 F.2d at 405.

²⁴⁰ MARKEY, *supra* note 8, at 1719.

²⁴¹ See generally U.S. Court of Appeals for the Federal Circuit Judicial Biographies at <http://www.fedcir.gov/judgbios.html> (last visited Oct. 5, 2002). For biographical information on the original Federal Circuit judges, see generally *The Judges and Their Staffs*, The United States Court of Appeals for the Federal Circuit, A History 17-97 (1991).

²⁴² Markey, *supra* note 69, at 1.

²⁴³ Report Concerning the Nomination of Judges to the Court of Appeals for the Federal Circuit 8, American Intellectual Property Law Association (March 2001) [hereinafter AIPLA Nomination Report].

²⁴⁴ See S. REP. NO. 97-275, at 4-5.

law.²⁴⁵ Thus, although the patent background of Federal Circuit judges has declined, the time those judges spend on patent cases has not.

Another difference between 1982's Federal Circuit and that court in 2003 is the absence of former Chief Judge Markey. As "the poster boy for testosterone,"²⁴⁶ Markey had the self-confidence necessary to lead the Federal Circuit's vigorous charge into the patent arena. The Federal Circuit lost an important asset upon Markey's retirement from the bench in 1991.²⁴⁷ Under Chief Judge Markey's strong leadership, the Federal Circuit could arguably get away with being the de facto Supreme Court for patent cases. Without Markey, that possibility looked less likely.

As the Federal Circuit became more established, it began to find itself under attack for its decisions and its decision-making processes. As noted above, the brand new Federal Circuit felt no compunction about ignoring or overruling Supreme Court precedent.²⁴⁸ By 1993, the Federal Circuit was also being accused of inordinately overturning district court decisions that were consistent with Supreme Court rulings, and of imposing its own policies within areas normally governed by the Supreme Court or the Federal Rules of Civil Procedure.²⁴⁹ As a result, the district courts showed a tendency to follow the Federal Circuit's interpretation of the law, rather than the law as expounded by the Supreme Court.²⁵⁰ This was a pragmatic decision by the district courts: by siding with the Federal Circuit over the Supreme Court, the district courts were less likely to have their decisions overturned on appeal.

The Federal Circuit has also been accused of engaging in excessive fact finding. Less than four years after the court's creation, a commentator was already warning of the harm the Federal Circuit was fostering through its practice of excessive fact finding.²⁵¹ It has been suggested that this practice of excessive fact finding may have prompted the Court's grant of certiorari in *Dennison v. Panduit*,²⁵² and also promoted an expectation among the district courts that the Federal Circuit would review cases de novo.²⁵³ Charges of excessive fact-finding by the Federal Circuit have continued,

²⁴⁵ AIPLA Nomination Report, *supra* note 243, at 3. Appeals from the Merit Systems Protection Board are the most numerous types of cases, but require less judicial time than patent cases. *Id.*

²⁴⁶ See *supra* note 91 and accompanying text.

²⁴⁷ Chief Judge Markey retired from the bench on April 30, 1991. *The Judges and Their Staffs*, *supra* note 77, at 19.

²⁴⁸ See *supra* notes 92-94 and accompanying text.

²⁴⁹ Desmond, *supra* note 26, at 486. For example, in *Graham v. John Deere*, the Supreme Court developed a three-part test for use in determining "obviousness." 383 U.S. at 17. The Federal Circuit rewrote the Supreme Court's test by changing the weight given to "secondary considerations" or objective indicia in the analysis. Desmond, *supra* note 26, at 476.

²⁵⁰ Desmond, *supra* note 26, at 484.

²⁵¹ Edward V. Filardi, *The Federal Circuit Has Improperly Assumed the Role of Fact Finder and Has Departed from the Standard of Appellate Review Under Rule 52(a)*, The Fourth Annual Judicial Conference of the United States Court of Appeals for the Federal Circuit, 112 F.R.D. 439, 610 (April 23, 1986).

²⁵² *Id.* at 611 (terming the Federal Circuit's fact finding behavior in *Dennison* as the "straw that broke the camel's back," thus prompting the Court's grant of certiorari). See *infra* Part III.D.1 for a discussion of *Dennison*.

²⁵³ Filardi, *supra* note 251, at 611.

²⁵⁴ and exemplify the growing rumblings of discontent from the patent law community toward the Federal Circuit.

B. Decreased Deference by the Supreme Court to the Federal Circuit in Patent Cases

The Supreme Court has recently become less deferential to the Federal Circuit in patent law issues. Although the Supreme Court in *Markman* (1996) made a point of emphasizing the important role the Federal Circuit plays in improving patent law uniformity and strengthening the U.S. patent system, the Court's general deference toward the lower court has gradually been changing. The Court is taking on a greater role in substantive patent cases, as demonstrated by its recent opinions in *Warner-Jenkinson* (1997), *Pfaff* (1998), and *Festo* (2002). Additionally, with its decision in *Holmes Group v. Vornado* (2002), the Court effectively re-opened the door to regional circuit (and even state court) influence in patent law jurisprudence. An examination of these recent decisions illustrates the Court's changing attitude toward the Federal Circuit.

1. Markman

*Markman v. Westview Instruments, Inc.*²⁵⁵ is recognized as an influential case for patent law practitioners because of its holding that claim construction is a matter of law exclusively for the court,²⁵⁶ thus prompting the evolution of what have become known as "Markman hearings" to accommodate claim construction determinations.²⁵⁷

Markman involved a dispute over an inventory control device used by laundries and dry cleaners.²⁵⁸ The patent in question covered a device capable of monitoring and reporting the location of "inventory" in laundry and dry cleaning establishments,²⁵⁹ thus helping to solve related problems prevalent in the dry-cleaning business, such as lost articles or employee embezzlement.²⁶⁰ *Markman* alleged that Westview's competing inventory control system²⁶¹ infringed three claims

²⁵⁴ See William C. Rooklidge & Matthew F. Weil, *Judicial Hyperactivity: The Federal Circuit's Discomfort with its Appellate Role*, 15 BERKELEY TECH. L.J. 725, 739-48 (2000).

²⁵⁵ *Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996).

²⁵⁶ *Id.* at 372.

²⁵⁷ John R. Lane & Christine A. Pepe, *Living Before, Through, and with Markman: Claim Construction as a Matter of Law*, 1 BUFF. INTELL. PROP. L.J. 59, 63 (Summer 2001). Markman hearings are court proceedings independent of the trial itself. Lane and Pepe note that some courts have resisted conducting separate Markman hearings, choosing instead to interpret claim language through "conventional motion practice." *Id.* (citing *Mediacom Corp. v. Rates Technology, Inc.*, 4 F. Supp. 2d 17, 22 (D.Mass. 1998)).

²⁵⁸ *Markman v. Westview Instruments, Inc.*, 772 F. Supp. 1535, 1536 (E.D.Pa. 1991).

²⁵⁹ *Markman*, 772 F. Supp. at 1537.

²⁶⁰ *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 971 (Fed. Cir. 1995). As described in the patent, the absence of effective inventory control could result in the loss of clothing during the sorting or cleaning processes. *Id.* Inadequate inventory controls would also create opportunities for shop employees to send clothes for cleaning, but then pocket all customer payments themselves, a scheme that could be difficult for shop owners to detect and deter. *Id.*

²⁶¹ *Markman*, 772 F. Supp. at 1536-37. The defendant's system was comprised of two pieces of equipment, the DATAMARK and the DATASCAN:

in Markman's patent.²⁶² The jury partially agreed with the plaintiff, finding that Westview infringed claims 1 and 10, but not claim 14.²⁶³ Westview then filed a motion for a directed verdict, arguing that the language of the patent and evidence presented at trial required an interpretation by the court of the patent claims at issue.²⁶⁴ The defendants²⁶⁵ also argued that the undisputed facts concerning the

The DATAMARK is a stationary unit comprising a keyboard, electronic display, processor, and printer. When a customer brings articles of clothing in for cleaning, an attendant enters on a keypad information about the customer, articles to be cleaned, and charges for cleaning. The DATAMARK then prints a bar-coded ticket or invoice listing the information about the customer, the clothes to be cleaned, and the charges for the cleaning. The DATAMARK retains permanently in memory only the invoice number, date, and cash total. The DATAMARK is thus used to print bar-coded tickets for the articles and to retain an invoice list.

The DATASCAN is a portable unit comprising a microprocessor and an optical detector for reading bar-coded tickets or invoices at any location in the dry-cleaning establishment. To use the DATASCAN, first the invoice list is transferred from the DATAMARK to the DATASCAN. Then, the DATASCAN is carried about to read the bar-codes on tickets or invoices in the establishment. As it does this, it can report any discrepancy between the particular invoice read (or not read) and the invoice list. In this way, the DATASCAN identifies extra or missing *invoices*.

Markman, 52 F.3d at 973.

²⁶² *Markman*, 772 F. Supp. at 1536-37. Markman initially alleged that three claims, 1, 10, and 14, were infringed. *Id.* The issue eventually involved just the first two claims, as the district court determined that a jury verdict in favor of the defendants controlled as to claim 14, and Markman did not contest that determination. *Id.* at 1536. Claim 1 covered an actual data input device, a data processor, dot matrix printer, and at least one optical scanner, and was described by the trial court as:

The inventory control and reporting system, comprising: a data input device for manual operation by an attendant, the input device having switch means operable to encode information relating to sequential transactions, each of the transactions having articles associated therewith, said information including transaction identity and descriptions of each of said articles associated with the transaction; [A] data processor including memory operable to record said information and means to maintain an inventory total, said data processor having means to associate sequential transactions with unique sequential indicia and to generate at least one report of said total and said transactions, the unique sequential indicia and the descriptions of articles in the sequential transactions being reconcilable against one another; [A] dot matrix printer operable under control of the data processor to generate a written record of the indicia associated with sequential transactions, the written record including optically-detectable bar codes being printed only in coincidence with each said transaction and at least part of the written record bearing a portion to be attached to said articles; and [A]t least one optical scanner connected to the data processor and operable to detect said bar codes on all articles passing a predetermined station, whereby said system can detect and localize spurious additions to inventory as well as spurious deletions therefrom.

Id. Claim 10 covered an input device, described by the trial court as “[t]he system of claim 1, wherein the input device is a keyboard having alpha-numeric keys, and also having keys specific to a plurality of common attributes of the articles and common optional attributes of the sequential transactions, said common attributes being recorded using single key strokes.” *Id.*

²⁶³ *Markman*, 52 F.3d at 973.

²⁶⁴ *Markman*, 772 F. Supp. at 1536.

capabilities of its product coupled with the correct reading of the patent claims required a verdict in Westview's favor.²⁶⁶

The court framed the issue as a question of claim construction, and found that the question was a matter of law for the court.²⁶⁷ The construction in question revolved around the meaning of the terms used to sustain Markman's claims of infringement.²⁶⁸ The expert testimony offered by the plaintiff had, in the court's opinion, "attempted to redefine several common words in unusual ways,"²⁶⁹ including the word "inventory," which the expert defined as "cash" or "invoices" rather than "articles of clothing."²⁷⁰ The district court disagreed with this attempted redefinition, stating that the expert's interpretations were contrary to the ordinary and customary meaning of the terms.²⁷¹ The court also found the interpretations contrary to the obvious meaning intended by the patentee, as determined from the patent specifications, drawings, and file histories.²⁷² Since Westview's device did not include every element of Markman's claim, and did not perform the same function as the claimed invention, the court found no literal or equivalent infringement.²⁷³

Markman appealed the district court's holding on counts 1 and 10, arguing that the district court erred in granting the judgment as a matter of law.²⁷⁴ The defendants, on the other hand, argued that the patent and prosecution history were in conflict with the testimony, and that Markman's evidence should be disregarded in

²⁶⁵ *Markman*, 52 F.3d at 972. The defendants included Westview Instruments, Inc., which made and sold the allegedly infringing device, and Althon Enterprises, Inc., which owned and operated two dry-cleaning sites, and allegedly used Westview's devices in one of its shops. *Id.*

²⁶⁶ *Markman*, 772 F. Supp. at 1536.

²⁶⁷ *Id.*, (citing *Kraus v. Bell Atl. Corp.*, 716 F. Supp. 182, 184 (E.D. Pa. 1989)).

²⁶⁸ *Id.*

²⁶⁹ *Id.*

²⁷⁰ *Id.* The plaintiff's expert had also testified that "report" meant "invoice," and "attached to said articles" meant "attached to a plastic bag that covers a batch of the articles." *Id.*

²⁷¹ *Id.*

²⁷² *Id.* The court stated that in interpreting the meaning of patent claims, "[w]ords in a claim 'will be given their ordinary and accustomed meaning unless it appears that the inventor used them differently.'" *Id.* at 1537, (citing *Jonsson v. Stanley Works*, 903 F.2d 812, 820 (Fed. Cir. 1990)) (quoting *Envirotech Corp. v. Al George, Inc.*, 730 F.2d 753, 759 (Fed. Cir. 1984); (quoting *Universal Oil Prods. Co. v. Globe Oil & Refining Co.*, 137 F.2d 3, 6 (7th Cir. 1943), *aff'd*, 322 U.S. 471 (1944))).

²⁷³ *Id.* at 1537-38. The court determined that Markman's patent covered a sophisticated system that used computer memory and was capable of monitoring and reporting the location of articles of clothing, i.e., "inventory," in a dry cleaning or laundry. The defendants' device had no such capability, and was more comparable to a "rudimentary invoice printer." *Id.* The defendants' device did not include an optical scanner, and was unable to detect bar codes on all articles of clothing that passed through a predetermined station. *Id.* The device also lacked the dual capacity to detect and localize spurious additions or deletions to both the cash inventory and the actual physical inventory of articles of clothing. *Id.* The court also discounted the effect of any exaggerated claims by the defendants in their sales or instructional literature about their systems' capabilities, stating that "spurious advertising claims for defendants' products do not a patent infringement make." *Id.* (citing *Nat'l Union Fire Ins. Co. v. Siliconix, Inc.*, 729 F. Supp. 77, 79 (N.D. Cal. 1989); *Welding Eng'rs. v. Aetna-Standard Eng'g. Co.*, 169 F. Supp. 146, 149 (W.D. Pa. 1958)).

²⁷⁴ *Markman*, 52 F.3d at 973-74. Markman contended that the jury was properly given the question of claim construction, and that the jury's claim construction and verdict was supported by substantial evidence. In support of the jury verdict, Markman pointed to the evidence of his own testimony as inventor of the patented device, as well as the testimony of his expert witness. Markman also alleged that the district court misconstrued the term "inventory" in claim 1. *Id.*

favor of the meaning revealed by the patent.²⁷⁵ The issues in the Federal Circuit thus boiled down to whether the district court acted properly by construing the term “inventory” as a matter of law notwithstanding a contrary construction given the term by some of Markman’s witnesses and by the jury; and whether the term “inventory” required as part of its meaning “articles of clothing.”²⁷⁶

The Federal Circuit, in a lengthy opinion, began their analysis by outlining the two steps in an infringement analysis: a court must first determine the meaning and scope of the patent claims asserted to be infringed, and then compare the properly construed claims to the device accused of infringing.²⁷⁷ The first step of the analysis was at issue in Markman’s appeal.²⁷⁸

The Federal Circuit acknowledged that there had been some inconsistency in that court’s decisions on the question of whether claim construction was a legal or factual issue, or a mixed issue of law and facts.²⁷⁹ After analyzing the lines of cases that had held that claim construction was a “matter of fact,”²⁸⁰ and those that held that it was a “matter of law,”²⁸¹ the court determined that the latter course was correct, and that claim construction was a legal issue for the court to decide.²⁸²

²⁷⁵ *Id.*

²⁷⁶ *Id.*

²⁷⁷ *Id.* at 976 (citing *Read Corp. v. Portec, Inc.*, 970 F.2d 816, 821 (Fed. Cir. 1992)). The majority opinion in the Markman case stated that the first step in the analysis is commonly known as “claim construction” or “claim interpretation.” *Id.* The majority noted that the dissenting opinion drew a distinction between claim interpretation and claim construction based on the distinction made in contract law. *Id.* The majority disagreed with this view, stating that, in their opinion, the terms were synonymous in patent law. *Id.* at 976 n.6.

²⁷⁸ *Id.* at 976.

²⁷⁹ *Id.*

²⁸⁰ *Id.* at 976-78. The first Federal Circuit case deciding a question of claim construction explicitly held that the issue was a matter of law. *Id.* at 976 (citing *SSIH Equip. S.A. v. U.S. Int’l Trade Comm’n*, 718 F.2d 365, 376 (Fed. Cir. 1983)). One year later, in *McGill v. John Zink*, 736 F.2d 666 (Fed. Cir. 1984), the Federal Circuit deviated from that precedent and stated that claim construction could have underlying factual inquiries that must be submitted to a jury. *Markman*, 52 F.3d at 976 (citing *McGill*, 736 F.2d at 666). Upon closer scrutiny, however, the Federal Circuit in *Markman* downplayed the authorities it had relied upon in *McGill*, concluding that the primary authority in the latter case was actually entirely consistent with earlier “matter of law” precedent. *Id.* at 977. In *McGill*, the court had stated that “[i]f . . . the meaning of the term of art in the claims is disputed and extrinsic evidence is needed to explain the meaning, construction of the claims could be left to a jury.” *McGill*, 736 F.2d at 672 (citing *Envirotech Corp. v. Al George, Inc.*, 730 F.2d 753 (Fed. Cir. 1984)). In *Markman*, the Federal Circuit explained that “[t]he patented invention as indicated by the language of the claims must first be defined (*a question of law*), and then the trier of fact must judge whether the claims could be left to a jury.” *Markman*, 52 F.3d at 976. The Federal Circuit also gave little credence to the other two cited authorities because they were contract cases, not patent cases. *Id.* (citing *Hong Kong Export Credit Ins. Corp. v. Dun & Bradstreet*, 414 F. Supp. 153, 157 (S.D.N.Y. 1975); *but cf. Butler v. Local Union 823, Int’l Brotherhood of Teamsters*, 514 F.2d 442, 452 (8th Cir. 1975), *cert. denied*, 423 U.S. 924 (1975)). The *Markman* Federal Circuit therefore found *Envirotech* “entirely consistent” with the earlier “matter of law” precedent. *Markman*, 52 F.3d at 976. The court noted that the “significant” line of cases that relied on *McGill* and its erroneous interpretation of *Envirotech* culminated in *Tol-O-Matic, Inc. v. Proma Produkt-Und Mktg. Gesellschaft m.b.H.*, 945 F.2d 1546 (Fed. Cir. 1991). *Markman*, 52 F.3d at 976. The *Markman* court also pointed out that the “matter of fact” cases stated, but rarely held, that there may be jury triable fact issues in claim construction. *Id.*

²⁸¹ *Markman*, 52 F.3d at 977. Support for the “matter of law” viewpoint was bolstered by multiple opinions from the Supreme Court that had held that the construction of a patent claim is a matter of law exclusively for the court. *Id.* (citing *Hogg v. Emerson*, 47 U.S. (6 How.) 437, 484 (1848);

The Federal Circuit then tackled Markman's argument that the jury's implied construction of the claims was correct and that the district court's construction of the claims was wrong.²⁸³ Markman contended that the jury properly considered all the evidence of record on the disputed term ("inventory") when reaching its conclusion that the term does not require "articles of clothing."²⁸⁴ The court was not convinced by Markman's arguments, concluding that the district court's construction of the claims was correct, and using three sources – the claims, the specifications, and the prosecution history – to support that conclusion.²⁸⁵

Finally, the Federal Circuit addressed the issue of whether claim construction as a matter of law violated the Seventh Amendment right to a jury trial.²⁸⁶ The majority noted that the Seventh Amendment had been judicially interpreted as extending the right to jury trial to statutory causes of action analogous to common law actions.²⁸⁷ The majority acknowledged that the dissenting and one of the concurring opinions believed that the majority holding deprived plaintiffs, such as Markman, of their constitutional right to a jury trial in patent infringement cases.²⁸⁸ The majority disagreed with this conclusion, stating that that part of the infringement inquiry that construed and determined the scope of the claims in a

Silsby v. Foote, 55 U.S. (14 How.) 218, 225 (1853); Winans v. New York & Erie R.R. Co., 62 U.S. (21 How.) 88, 100 (1859)). In the Federal Circuit's opinion, those courts had construed patent claims as a matter of law rather than as a task for the jury because of the long-standing principle of American law that "construction of a written evidence is exclusively with the court." *Id.* at 978 (quoting Levy v. Gadsby, 7 U.S. (3 Cranch) 180, 186 (1805) (Marshall, C.J.)). The Federal Circuit stated that a patent qualifies as written evidence because, by statute, a patent must include a written description of the invention sufficient to enable one of ordinary skill in the art to make and use it. *Id.* (citing 35 U.S.C. § 112 ¶ 1 (2000)). In addition, an applicant for a patent must conclude the specification with claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention. 35 U.S.C. § 112 ¶ 2 (2000). From that language, the Federal Circuit concluded that a patent was "uniquely suited" to have its meaning and scope determined entirely by a court as a matter of law. *Markman*, 52 F.3d at 978. The court further held that Markman's principal argument (that the district court erred in taking the issue of claim construction away from the jury) was legally erroneous because claim construction is a matter of law, and the construction given the claims is reviewed *de novo* on appeal. *Id.*

²⁸² *Markman*, 52 F.3d at 978.

²⁸³ *Id.*

²⁸⁴ *Id.*

²⁸⁵ *Id.* at 979 (citing *Unique Concepts, Inc. v. Brown*, 939 F.2d 1558, 1561 (Fed. Cir. 1991) (stating that "[t]o ascertain the meaning of claims, we consider three sources: the claims, the specification, and the prosecution history")); *accord* *Autogiro Co. of Am. v. U.S.*, 384 F.2d 391, 396-98 (1967).

²⁸⁶ *Markman*, 52 F.3d at 983-84. The Seventh Amendment to the U.S. Constitution provides that "[i]n suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved." U.S. CONST. amend. VII.

²⁸⁷ *Markman*, 52 F.3d at 984.

²⁸⁸ *Id.* As interpreted by the majority, the dissenting opinion (Judge Newman) argued that there were jury triable factual inquiries involved in determining the scope of a claim, and that this determination is part of, and often dispositive of, patent infringement questions. *Id.* at 999-1026 (Newman, J., dissenting). According to the majority, the concurring opinion (Judge Mayer) acknowledged that claim construction is sometimes a legal question for the court, but nonetheless found that the majority was trying to indirectly create a "complexity exception" to the right to jury trial in patent infringement cases that would allow a three judge panel of the Federal Circuit to "do pretty much what it wants under its *de novo* retrial." *Id.* at 984; *see also id.* at 989-98 (Mayer, J., concurring).

patent was strictly a legal question for the court, but that this did not disturb the patentee's right to a jury trial on the application of the properly construed claim.²⁸⁹ After concluding that statutory interpretation was actually the most appropriate analogy for interpreting patent claims,²⁹⁰ the Federal Circuit affirmed the district court's holding.²⁹¹

Markman appealed the Federal Circuit's holding, arguing "that it was error for the District Court to substitute its construction of the disputed term "inventory" for the construction the jury had presumably given it."²⁹² The Supreme Court granted certiorari,²⁹³ and, in a unanimous opinion by Justice Souter, affirmed the Federal Circuit's holding, agreeing that the construction of a patent, including terms of art within its claim, are exclusively within the province of the court.²⁹⁴

The Supreme Court opinion included an extensive analysis of the Seventh Amendment issue. The Court first determined that there was no dispute that patent infringement cases today must be tried to a jury, just as patent cases had been more than two hundred years ago.²⁹⁵ This determination led to the second question: whether a particular issue occurring within a jury trial (e.g., the construction of a patent claim) is itself necessarily a jury issue.²⁹⁶ After a thorough historical analysis, the Court concluded that claim construction was not necessarily a jury issue.²⁹⁷

²⁸⁹ *Id.* at 984. In a footnote, the majority emphasized that by also holding that the Federal Circuit reviewed district court determinations on questions of claim construction under a *de novo* standard, the court was merely reiterating the long-recognized appellate review standard for issues of law in the trial proceeding, regardless of whether the case was tried to a judge or jury. The majority added that "[c]ontrary to the contentions of the dissenting opinion, this does not 'effect[] a dramatic realignment of jury, judge, and the appellate process.'" *Id.* at 984 n.13.

²⁹⁰ *Id.* at 987. The dissenting and one of the concurring opinions had attempted to make the case that construing patent claims is analogous to construing and interpreting contracts, deeds, and wills. Under this analogy, the argument was made that, although claim construction may be a question of law for the court, it also involved (or could involve) triable issues of fact. *Id.* at 984.

²⁹¹ *Id.*

²⁹² *Markman*, 517 U.S. at 376.

²⁹³ *Markman v. Westview Instruments, Inc.*, 515 U.S. 1192 (1995).

²⁹⁴ *Markman*, 517 U.S. at 372.

²⁹⁵ *Id.* at 377 (citing, e.g., *Bramah v. Hardcastle*, 1 Carp. P.C. 168 (K.B. 1789)). The Supreme Court compared the statutory action to 18th-century actions brought in the courts of England prior to the merger of the courts of law and equity. *Id.* (citing *Granfinanciera, S.A. v. Nordberg*, 492 U.S. 33, 42 (1989)). The Court stated that it was clear that current patent infringement actions descended from infringement actions tried at law in the 18th century. *Id.*

²⁹⁶ *Id.* The Court noted that it had repeatedly stated that the answer to the second question "must depend on whether the jury must shoulder this responsibility *as necessary to preserve the 'substance of the common-law right of trial by jury.'*" *Id.* (citing *Tull v. United States*, 481 U.S. 412, 426 (1987)) (quoting *Colgrove v. Battin*, 413 U.S. 149, 156 (1973)).

²⁹⁷ *Id.* at 378-82. The Court determined that the best way to classify a "mongrel practice" such as construing a term of art following receipt of evidence was by application of the historical method. *Id.* at 378. Using that method, the Court found no direct antecedent of modern claim construction in historical sources. The closest analogue was construction of specifications, and that showed no established jury practice sufficient to support an argument by analogy that current construction of a claim should be a guaranteed jury issue. *Id.* at 379. The Court was not surprised by the absence of an established practice, given what it termed the "primitive state of jury patent practice at the end of the 18th century, when juries were still new to the field." *Id.* The Court went on to comment that "the state of patent law in the common-law courts before 1800 led one historian to observe that 'the reported cases are destitute of any decision of importance. . . .At the end of the eighteenth century, therefore, the Common Law Judges were left to pick up the threads of the principles of law without

Markman then offered another argument, contending that even if judges were charged with construing most terms in the patent, the art of defining terms of art employed in a specification fell within the province of the jury.²⁹⁸ The Court also dismissed that argument, concluding that Markman had no scholarly authority for his contention.²⁹⁹

In the absence of evidence of common-law practice, the Court considered existing precedent and functional considerations.³⁰⁰ Although the precedent issue was not clear, the Court concluded that judges were better suited to construct written documents, even in situations in which credibility was an issue.³⁰¹ The Court concluded its opinion by looking at the importance of uniformity as an independent reason to allocate all issues of construction to the court:

It was just for the sake of such desirable uniformity that Congress created the Court of Appeals for the Federal Circuit as an exclusive appellate court for patent cases, observing that increased uniformity would “strengthen the United States patent system in such a way as to foster technological growth and industrial innovation.” Uniformity would be ill-served by submitting issues of document construction to juries . . . [T]reating interpretive issues as purely legal will promote (though it will not guarantee) intrajurisdictional certainty through the application of stare decisis on those questions not yet subject to interjurisdictional uniformity under the authority of the single appeals court.³⁰²

Markman thus demonstrates that the Supreme Court in 1996 valued the Federal Circuit as an important asset in patent law jurisprudence. In the eyes of the Court, the Federal Circuit, with its status as the exclusive appellate court for patent cases, provided the uniformity needed to protect patentees and the public, encourage the inventive genius of prospective inventors, and foster technological growth and industrial innovation.³⁰³

Markman is certainly a “profound en banc Federal Circuit decision”³⁰⁴ in patent law, although at least one commentator has suggested that the Supreme Court’s interest in *Markman* had less to do with patent law issues and more to do with

the aid of recent and reliable precedents.” *Id.* at 381 (quoting Hulme, *On the Consideration of the Patent Grant, Past and Present*, 13 L.Q. REV. 313, 318 (1897)). Markman had argued that in order for 18th century juries to have rendered verdicts on patent cases turning on enablement or novelty, juries must have acted as definers of patent terms. *Id.* at 382. The Court dismissed this argument, stating that there was no reason to infer that juries supplied plenary interpretation of written instruments in patent cases. The Court pointed out that because it was historically known that judges, not juries, ordinarily construed written documents in other kinds of cases, it was probable that judges were doing the same thing in patent cases. The Court saw confirmation for this probability in the fact that the first English reports that began to describe the construction of patent documents showed judges construing the terms of the specifications. *Id.*

²⁹⁸ *Id.* at 383.

²⁹⁹ *Id.*

³⁰⁰ *Id.* at 384-90.

³⁰¹ *Id.* at 388.

³⁰² *Id.* at 390 (quoting H.R. REP. 97-312, at 20-23 (1981)) (emphasis added).

³⁰³ *Id.*

³⁰⁴ Lane & Pepe, *supra* note 257, at 59.

setting general Seventh Amendment precedent.³⁰⁵ Patent law practitioners continue to be significantly impacted by *Markman*'s legacy of claim construction hearings,³⁰⁶ despite ongoing questions about the effectiveness of that legacy.³⁰⁷ What some commentators have found most intriguing in *Markman*, however, are the issues *not* addressed by the Court, such as the proper timing of a claim construction determination, the role of experts, the standard of appellate review of a trial court's claim construction, and the trial court's role on remand when a construction is modified on appeal.³⁰⁸ Those issues remained unanswered in *Markman*, while the Supreme Court moved on to address another area of patent law.

2. *Warner-Jenkinson*

In *Warner-Jenkinson Co., Inc. v. Hilton Davis Chemical Co.*,³⁰⁹ the Supreme Court again found itself in a substantive patent law dispute. The issue in *Warner-Jenkinson* involved the proper scope of the doctrine of equivalents.³¹⁰ The doctrine of equivalents states that a product or process that does not literally infringe a patent claim may nonetheless be found to infringe if there is "equivalence" between the elements of the accused product or process and the claimed elements of the patented invention.³¹¹

In this case, the plaintiff Davis alleged that his competitor's ultrafiltration method for purifying dye infringed the plaintiff's patents under the doctrine of equivalents.³¹² A jury found that the defendant, Warner-Jenkinson, had infringed Davis' patents.³¹³ The defendant made several post-trial motions, including an objection to use of a jury, arguing that the doctrine of equivalents was an equitable doctrine that should be applied by the court.³¹⁴ The District Court denied each motion and entered a permanent injunction against Warner-Jenkinson.³¹⁵

³⁰⁵ See Joan E. Shaffner, *The Seventh Amendment Right to Civil Jury Trial: The Supreme Court Giveth and the Supreme Court Taketh Away*, 31 U. BALT. L. REV. 225, 237 (Spring 2002) (describing the Supreme Court's decision to grant certiorari "a rather unusual move," and suggesting that the Court saw an opportunity in *Markman* to set general Seventh Amendment precedent).

³⁰⁶ Lane & Pepe, *supra* note 257, at 59.

³⁰⁷ See Mark T. Banner, *Is Markman Right?* 7 Chair's Bulletin 1, The ABA Section of Intellectual Property Law (Nov. 2002) (questioning whether the policy choices inherent in *Markman* should be reconsidered, and whether *Markman* does strengthen patent law and foster the overall goal of industrial and economic strength). See also Kimberly A. Moore, *Are District Courts Equipped to Resolve Patent Cases?*, 15 HARV. J.L. & TECH. 1 (2001).

³⁰⁸ See Lane & Pepe, *supra* note 257, at 63.

³⁰⁹ 520 U.S. 17 (1997).

³¹⁰ *Warner-Jenkinson*, 520 U.S. at 21.

³¹¹ *Id.* (citing *Graver Tank & Mfg. Co. v. Linde Air Products Co.*, 339 U.S. 605, 609 (1950)). "[I]f two devices do the same work in substantially the same way, and accomplish substantially the same result, they are the same, even though they differ in name, form, or shape." *Graver Tank*, 339 U.S. at 608 (quoting *Machine Co. v. Murphy*, 97 U.S. 120, 125 (1877)).

³¹² *Warner-Jenkinson*, 520 U.S. at 22-23.

³¹³ *Id.* at 23.

³¹⁴ *Id.*

³¹⁵ *Id.*

The Federal Circuit affirmed the decision, with three separate dissents involving five judges.³¹⁶ The majority held that the doctrine of equivalents continued to exist and that its touchstone is whether substantial differences exist between the patented process and the allegedly infringing process.³¹⁷ Four of the five dissenting judges viewed the doctrine of equivalents as improperly expanding the scope of a claim.³¹⁸ The dissenters agreed that a much narrowed doctrine of equivalents may be applied in whole or in part by the court.³¹⁹ The fifth dissenter reconciled the prohibition against enlarging the scope of claims and the doctrine of equivalents by applying the doctrine to each element of a claim, rather than to the overall allegedly infringing product or process.³²⁰

Judge Plager's dissent was concerned with what he viewed as the Federal Circuit's failure to answer important questions about the controlling bounds of the doctrine of equivalents, and the proper roles of judge and jury.³²¹ Plager felt that the majority's opinion "neither cabins the availability of the doctrine, nor places responsibility for determining that availability where it belongs, in the judges who created the doctrine."³²² Plager concluded his dissent with this warning to his fellow judges on the Federal Circuit.

This court should accept the duty imposed on us by Congress, as the exclusive appellate forum short of the Supreme Court, to bring a consistent and rationalized practice to the doctrine of equivalents. If we had done that, we would probably have found it appropriate to vacate the decision before us and remand the case to the trial court for further proceedings consistent with that opinion. If we somehow go wrong in the details of how we structure this judicial exercise of equitable power, the Supreme Court, sooner or later, will correct us. It is better that the Supreme Court tell us that we did our duty incorrectly than that we failed to do it at all.³²³

The Supreme Court granted certiorari,³²⁴ because of the "significant disagreement within the Court of Appeals" as to the proper scope of the doctrine of

³¹⁶ *Warner-Jenkinson Co., Inc. v. Hilton Davis Chem. Co.*, 62 F.3d 1512 (1995). Dissenting opinions were filed by Circuit Judge Plager (joined by Chief Judge Archer and Circuit Judges Rich and Lourie), Circuit Judge Lourie (joined by Circuit Judges Rich and Plager) and Circuit Judge Nies (joined in part by Chief Judge Archer). *Id.* at 1514.

³¹⁷ *Id.* at 1518.

³¹⁸ *Id.* Those dissenters included Chief Judge Archer and Circuit Judges Plager, Rich and Lourie. In the Supreme Court's decision, Justice Thomas stated that the dissenter's view that the doctrine of equivalents allowed an improper expansion of claim scope was "contrary to this Court's numerous holdings that it is the claim that defines the invention and gives notice to the public of the limits of the patent monopoly." *Warner-Jenkinson*, 520 U.S. at 24.

³¹⁹ *Warner-Jenkinson*, 62 F.3d at 1512.

³²⁰ *Id.* at 1574. In her dissent, Judge Nies stated that "[t]he scope is not enlarged if courts do not go beyond the substitution of equivalent elements." *Id.*

³²¹ *Id.* at 1537.

³²² *Id.* at 1544.

³²³ *Id.* at 1545.

³²⁴ *Southeastern Express Co. v. Triad Sys. Corp.*, 516 U.S. 1145 (1996).

equivalents.³²⁵ In a unanimous opinion by Justice Thomas,³²⁶ the Supreme Court provided its interpretation of a doctrine it felt had “taken on a life of its own.”³²⁷

The Court made short work of the first batch of the defendant’s arguments, and found that the doctrine of equivalents is not inconsistent with statutory requirements, does not circumvent the patent reissue process, and is not inconsistent with the primacy of the Patent and Trademark Office.³²⁸ The defendant’s fourth argument claimed an implied congressional negation of the doctrine of equivalents because of the “means” claiming provision of the 1952 revision of the Patent Act.³²⁹ The Court declined to address the policy arguments contained in that argument, stating that those types of arguments were better addressed to Congress rather than the Court.³³⁰

The Court then moved on to the meatier issue of prosecution history estoppel. Prosecution history estoppel is a limitation that prevents a patentee from obtaining, through the doctrine of equivalents, protection that he could not have obtained, or chose not to obtain, from the Patent and Trademark Office (PTO) at the time the patent was issued.³³¹ The Court disagreed with the defendant that the reason for an amendment during patent prosecutions is irrelevant to any subsequent estoppel.³³² The Court, citing an amicus brief from the PTO, stated that there were a variety of reasons why that agency could request a change in claim language.³³³ The Court therefore found no substantial cause to require “a more rigid rule” that would invoke estoppel regardless of the reasons for a change.³³⁴ The Court voiced concern about changing the rules midstream, thus upsetting the “various balances the PTO sought

³²⁵ *Warner-Jenkinson*, 520 U.S. at 21. But at this time the Federal Circuit was taking all patent appeals. *See infra* notes 387-389.

³²⁶ *Id.* at 19.

³²⁷ *Id.* at 28.

³²⁸ *Id.* at 25-26.

³²⁹ *Id.* at 27. Section 112 ¶ 6 of the Patent Act permits patentees to claim a means for performing a function, rather than a particular product or process. These types of claims are limited by the requirement that the means exactly perform the specified function. Brief for the United States as Amicus Curiae, 1996 WL 172221, at *9.

³³⁰ *Warner-Jenkinson*, 520 U.S. at 28 (stating that “Congress can legislate the doctrine of equivalents out of existence any time it chooses. The various policy arguments now made by both sides are thus best addressed to Congress, not this Court”).

³³¹ Brief for the United States as Amicus Curiae, 1996 WL 172221, at *14.

³³² *Warner-Jenkinson*, 520 U.S. at 31.

³³³ *Id.* The United States Patent and Trademark Office (PTO) stated that a common reason why limitations were added to claims during claim prosecution was to steer clear of prior art. Not every limitation added during prosecution of a patent, however, was done to avoid prior art. For example, claims could be limited to what was “enabled” as of the date of the patent application, i.e., to what could be described in sufficient detail to enable a person of ordinary skill in the art to practice it. *See* Brief for the United States as Amicus Curiae, 1996 WL 172221, at *15, (citing 35 U.S.C. § 112 ¶ 1 (2000)). Amendments can reflect the scope of what was enabled or to add specificity, with the goal of fully disclosing the invention rather than limiting the patent right. The PTO concluded that because it could be appropriate for a patentee not to specify or to claim all known equivalents, the failure to do so should not necessarily estop it from obtaining protection under the doctrine of equivalents. *Id.*

³³⁴ *Warner-Jenkinson*, 520 U.S. at 32.

to strike when issuing the numerous patents which have not yet expired and which would be affected by our decision.”³³⁵

The Court also developed a rule to cover cases in which the record does not reveal a reason for a claim amendment. In those cases, the court should presume that the patent applicant had a substantial reason related to patentability for including the limiting element added by amendment.³³⁶ Prosecution history estoppel would therefore bar the doctrine of equivalents to that element.³³⁷ The Court justified this rule by stating that prosecution history estoppel would place “reasonable limits on the doctrine of equivalents, and would further insulate the doctrine from any feared conflict with the Patent Act.”³³⁸

The Court then moved on to two other points. The defendant had argued for intent-based elements in the doctrine of equivalents, but the Court dismissed that argument, stating that intent plays no role in the application of the doctrine of equivalents.³³⁹ The Court also reviewed the defendant’s argument that the doctrine of equivalents should be limited to equivalents that are disclosed within the patent itself.³⁴⁰ The court rejected this argument, stating that “the proper time for evaluating equivalency – and thus knowledge of interchangeability between elements – is at the time of infringement, not at the time the patent was issued.”³⁴¹

Finally, the Court declined to take up the jury trial issue.³⁴² The Federal Circuit had held that it was for the jury to decide whether the allegedly infringing process was equivalent to the claimed process.³⁴³ The Court stated that the defendant’s arguments went more to the alleged inconsistency between the doctrine of equivalents rather than the role of the jury in applying the doctrine.³⁴⁴ Since the jury trial issue was not squarely presented to the Court, the Court viewed the issue as “not a question we need decide today.”³⁴⁵

The Supreme Court reversed and remanded the case back to the Federal Circuit to consider the doctrine of equivalents requirements discussed by the Court in its opinion.³⁴⁶ As an example of its general deference toward the Federal Circuit in this decision, the Court concluded its opinion by declining to “micromanage” the Federal Circuit:

With these limiting principles as a backdrop, we see no purpose in going further and micromanaging the Federal Circuit’s particular word choice for analyzing equivalence. We expect that the Federal Circuit will refine the formulation of the test for equivalence in the orderly course of case-by-case

³³⁵ *Id.* at n.6. Justice Ginsburg’s concurrence was also concerned about this point and praised the majority for being “sensitive to [the] problem” of existing patentees. *Id.* at 41.

³³⁶ *Id.* at 33.

³³⁷ *Id.*

³³⁸ *Id.*

³³⁹ *Id.* at 37.

³⁴⁰ *Id.*

³⁴¹ *Id.*

³⁴² *Id.* at 38.

³⁴³ *Id.*

³⁴⁴ *Id.*

³⁴⁵ *Id.* at 39.

³⁴⁶ *Id.* at 41.

determinations, and we leave such refinement to that court's sound judgment in this area of its special expertise.³⁴⁷

The Court also went out of its way to defer to the Federal Circuit on the jury trial issue. Stating that the Supreme Court was "confident that the Federal Circuit can remedy the problem," the Court left it "to the Federal Circuit [to determine] how best to implement procedural improvements to promote certainty, consistency, and reviewability to this area of the law."³⁴⁸

Although the Court itself formulated new standards for prosecution history estoppel, it again showed deference to the Federal Circuit on this issue. The Court merely asked the lower court to determine whether reasons for a portion of the amendment were offered or not, and whether further opportunity to establish such reasons would be proper.³⁴⁹

Even with this deferential tone, the Court's "foray into substantive prosecution history estoppel standard-setting" has been viewed by some as an unwitting plunge into "unreasonably rough waters."³⁵⁰ A commentator has criticized the Court for apparently being unaware that an entire body of case law had already developed around the question of the proper scope of estoppel under the prosecution history estoppel doctrine,³⁵¹ and warned that "the potential for [other] gaffes of this sort" was especially acute due to the Court's role as overseer of an expert tribunal in a complex area of the law.³⁵² A better solution may have been for the Court to direct the Federal Circuit to fashion the appropriate substantive standard, instead of trying to fashion one on its own.³⁵³

Overall, the Court's opinion in this case was generally deferential to the Federal Circuit. The Court noted that it relied on the Federal Circuit for the day to day development and administration of patent law.³⁵⁴ It also recognized the Federal Circuit's "special expertise" in patent law,³⁵⁵ which justified allowing that court the autonomy to determine how best to promote certainty, consistency, and reviewability in patent law.³⁵⁶ The Court's weak spot in this case was its formulation of a new prosecution history estoppel standard, and the Court arguably erred the same way a year later in *Pfaff* when it again attempted to fashion another substantive test from scratch.

³⁴⁷ *Id.* at 40 (emphasis added).

³⁴⁸ *Id.* at 39 n.8.

³⁴⁹ *Id.* at 34.

³⁵⁰ Janis, *supra* note 238, at 414.

³⁵¹ *Id.* at 414 n.123.

³⁵² *Id.* at 415.

³⁵³ *Id.*

³⁵⁴ *Warner-Jenkinson*, 520 U.S. at 40.

³⁵⁵ *Id.*

³⁵⁶ *Id.* at 39 n.8.

3. Pfaff

*Pfaff v. Wells Electronics, Inc.*³⁵⁷ involved the issue of whether the commercial marketing of a newly invented product marks the beginning of the one year “on-sale bar” restriction of 35 U.S.C. § 102(b),³⁵⁸ even though the invention had not yet been reduced to practice.³⁵⁹ The plaintiff, Wayne Pfaff, obtained a patent on a computer chip socket.³⁶⁰ After his patent issued, Pfaff brought an infringement action against the defendant, Wells Electronics, the manufacturer of a competing socket.³⁶¹ The District Court initially entered summary judgment for the defendant, but the Federal Circuit reversed and remanded for trial because issues of fact were in dispute.³⁶² After a full evidentiary hearing, the District Court held that two claims were invalid and four claims were valid.³⁶³ Of the four valid claims, the District Court found that three were infringed by various models of the defendant’s sockets.³⁶⁴

The Federal Circuit reversed the District Court and found all six claims invalid.³⁶⁵ Four of the claims were found invalid under § 102(b) because the device had been offered for sale on a commercial basis more than one year before the patent application was filed.³⁶⁶ The Federal Circuit held that the one-year period should begin to run as long as the invention was “substantially complete at the time of sale,” even though the invention had not yet been reduced to practice.³⁶⁷ The remaining two claims described a feature that had not been included in Pfaff’s initial design, and the Federal Circuit concluded as a matter of law that the additional feature was not patentable itself because it was “an obvious addition to the prior art.”³⁶⁸ The Federal Circuit stated that the “prior art” included Pfaff’s first four claims.³⁶⁹

In finding the claims invalid, the Federal Circuit used a “substantially complete based on the totality of the circumstances” test.³⁷⁰ This test only required that the invention be substantially complete before it could be placed on sale.³⁷¹ In *UMC*

³⁵⁷ 525 U.S. 55 (1998), *rehearing denied*, 525 U.S. 1094 (1999).

³⁵⁸ “A person shall be entitled to a patent unless . . . the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States” 35 U.S.C. § 102(b) (2000).

³⁵⁹ *Pfaff*, 525 U.S. at 57.

³⁶⁰ *Id.*

³⁶¹ *Id.* at 59.

³⁶² *Id.*

³⁶³ *Id.*

³⁶⁴ *Id.*

³⁶⁵ *Pfaff v. Wells Elecs., Inc.*, 124 F.3d 1429 (Fed. Cir. 1997).

³⁶⁶ *Pfaff*, 525 U.S. at 60.

³⁶⁷ *Id.*

³⁶⁸ *Id.* (citing 35 U.S.C. § 103 (2000)).

A patent may not be obtained though the invention is not identically disclosed or described . . . 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.

35 U.S.C. § 103 (2000).

³⁶⁹ *Pfaff*, 525 U.S. at 60.

³⁷⁰ *Pfaff*, 124 F.3d at 1434.

³⁷¹ *Id.*

Electronics Co. v. U.S.,³⁷² the Federal Circuit had rejected the “reduced to practice” test, which would have required that an invention be reduced to practice prior to being placed on sale.³⁷³ After analyzing the facts under the totality of the circumstances test, the Federal Circuit determined that Pfaff’s invention had been substantially complete, and that his infringement claims were therefore invalid under the on-sale bar.³⁷⁴

The Supreme Court decided to grant certiorari in the case for two reasons: first, because of concerns over the wording of 35 U.S.C. § 102(b);³⁷⁵ and second, to ostensibly resolve a circuit split.³⁷⁶ The Court framed the issue as whether the commercial marketing of a newly invented product marks the beginning of the one year “on-sale bar” restriction of 35 U.S.C. § 102(b), even though the invention had not yet been reduced to practice.³⁷⁷ In framing the issue this way, the Court agreed to consider whether the Federal Circuit’s “substantially complete based on the totality of the circumstances” test should be rejected in favor of the “reduced to practice” test, despite the fact that the latter test had been rejected by the Federal Circuit years before in *UMC Electronics*.³⁷⁸

The Court’s analysis became a battle of the competing tests. The Court first rejected the Federal Circuit’s totality of the circumstances test, citing its uncertainty, vagueness,³⁷⁹ and lack of support from the statutory text.³⁸⁰ The Court then went on to also reject the already-rejected “reduced to practice” test. Beginning its analysis

³⁷² 816 F.2d 647 (Fed. Cir. 1987). See generally William C. Rooklidge & W. Gerard von Hoffman, *Reduction to Practice, Experimental Use, and the ‘On Sale’ and ‘Public Use’ Bars to Patentability*, 63 ST. JOHN’S L. REV. 1 (1998) (recounting *UMC* and its history).

³⁷³ According to former Chief Judge Markey, the Federal Circuit “concluded, after a careful examination of the earlier case law, that reduction to practice of the claimed invention has not been, and should not be made, an absolute requirement of the on-sale bar.” Instead, the Federal Circuit advocated a “totality of the circumstances” test that should be considered and weighed against the four policies underlying 35 U.S.C. § 102(b). Those policies included:

- (1) against removing inventions from the public that the public has justifiably come to believe are freely available to all as a consequence of prolonged sales activity;
- (2) favoring prompt and widespread disclosure of new inventions to the public;
- (3) preventing the inventor from commercially exploiting the exclusivity of his invention substantially beyond the statutorily authorized 17-year period; and
- (4) giving the inventor a reasonable amount of time following sale activity (set by statute as one year) to determine whether a patent is a worthwhile investment.

MARKEY, *supra* note 8, at 1689. These policies were first identified in Note, *New Guidelines for Applying the On Sale Bar to Patentability*, 24 STAN. L. REV. 730 (1972), and reexamined in light of the Federal Circuit cases in William C. Rooklidge, *The On Sale and Public Use Bars to Patentability: The Policies Reexamined*, 1 FED. CIR. B.J. 7 (1991).

³⁷⁴ *Pfaff*, 124 F.3d at 1434.

³⁷⁵ The Court’s stated reason for granting certiorari was because the “the text of § 102(b) makes no reference to ‘substantial completion’ of an invention.” *Pfaff*, 525 U.S. at 60.

³⁷⁶ *Id.*; see *infra* note 387 (suggesting that the circuit split was “contrived”).

³⁷⁷ *Pfaff*, 525 U.S. at 57; see *Corona Cord Tire Co. v. Dovan Chem. Corp.*, 276 U.S. 358, 383 (1928) (“A process is reduced to practice when it is successfully performed. A machine is reduced to practice when it is assembled, adjusted and used. A manufacture is reduced to practice when it is completely manufactured. A composition of matter is reduced to practice when it is completely composed”).

³⁷⁸ See *supra* note 373 and accompanying text.

³⁷⁹ *Pfaff*, 525 U.S. at 65. (“A rule that makes the timeliness of an application depend on the date when an invention is ‘substantially complete’ seriously undermines the interest in certainty”).

³⁸⁰ *Id.* at 66.

by touching on the validity of Alexander Graham Bell's telephone patents in 1888's *The Telephone Cases*,³⁸¹ the Court stated that inventions may be patented before they are reduced to practice.³⁸² The Court cited the facts of *The Telephone Cases* and the facts at issue in *Pfaff* as examples of cases where a court could determine that "an invention is complete and ready for patenting before it has actually been reduced to practice."³⁸³

Having rejected the competing tests,³⁸⁴ the Court now fashioned its own two-prong test for on-sale bar determinations. Under the new Supreme Court test, the product must (1) be the subject of a commercial offer for sale; and (2) be ready for patenting.³⁸⁵ Applying this new "ready for patenting" test, the Court agreed with the Federal Circuit that Pfaff's claims were invalid. Pfaff's invention had been on sale for more than one year in the U.S. before his patent application was filed, and the invention thus fell afoul of the restrictions of 35 U.S.C. § 102(b).³⁸⁶

The Court's sojourn into substantive patent law has been criticized on several fronts. First, the Court's rationale to grant certiorari to resolve a circuit split has been criticized as "contrived."³⁸⁷ Regional circuit authority over patent law decisions

³⁸¹ *The Telephone Cases*, 126 U.S. 1 (1888). Alexander Graham Bell's patents were upheld even though Bell had filed his application before constructing a working telephone. Then Chief Justice Waite reasoned that "[t]he law does not require that a discoverer or inventor, in order to get a patent for a process, must have succeeded in bringing his art to the highest degree of perfection. It is enough if he describes his method with sufficient clearness and precision to enable those skilled in the matter to understand what the process is, and if he points out some practicable way of putting it into operation." *Id.* at 35-36.

³⁸² *Pfaff*, 525 U.S. at 61.

³⁸³ *Id.* at 67. In accompanying footnote 12, the Court went on to explain that "[s]everal of this Court's early decisions stating that an invention is not complete until it has been reduced to practice are best understood as indicating that the invention's reduction to practice demonstrated that the concept was no longer in an experimental phase." *Id.* at n.12. *But see* Zi Wong, *The Experimental Stage Doctrine: The Quiet Death of an Experimental Use Heresy*, 82 J. PAT. & TRADEMARK OFF. SOC'Y 691 (Oct. 2000) (discussing the Federal Circuit's successful efforts to excise the experimental use doctrine "heresy" in 1999). The experimental use doctrine had never enjoyed robust health, and was arguably kept on life support in the Federal Circuit through the tenacious efforts of Judge Newman. *Id.* at 709. The doctrine finally officially expired in a footnote to Judge Rich's final opinion. *Id.* at 712 (citing *Scaltech, Inc. v. Tetra, L.L.C.*, 178 F.3d 1378, 1384 n.1 (Fed. Cir. 1999)) ("[T]he experimental use doctrine . . . has been rejected by both this court and the Supreme Court"). But announcement of the doctrine's ill health and subsequent demise had apparently not reached the Supreme Court, who found themselves, in *Pfaff*, wandering back into the experimental stage doctrine heresy.

³⁸⁴ The Court had also rejected a test offered by the U.S. in their amicus brief. *See* Brief of Amicus Curiae United States, No. 97-1130, 1996 WL 246707, at *11-*13 (1998). This alternate analysis was basically that offered in William C. Rooklidge, *Application of the On Sale Bar to Activities Performed Before Reduction to Practice*, 72 J. PAT. & TRADEMARK OFF. SOC'Y 543 (1990), and urged in Judge Bryson's concurrence in *Seal Flex, Inc. v. Athletic Track & Court Constr.*, 98 F.3d 1318, 1325 (Fed. Cir. 1996) when Judge Bryson proposed a test in which inventors themselves would decide whether their inventions required more testing, or if they were sufficiently confident in the invention to offer it for sale. *Id.* The Supreme Court rejected the Bryson test in *Pfaff*, citing "the possibility of additional development after the offer for sale" that presumably could result in avoidance of the bar. *Pfaff*, 525 U.S. at 67.

³⁸⁵ *Pfaff*, 525 U.S. at 67.

³⁸⁶ *Id.* at 68.

³⁸⁷ *See* Janis, *supra* note 238, at 411:

The conflict seems largely contrived; after all, it is a conflict between the Federal Circuit and regional appellate tribunals no longer having jurisdiction over the on-

had been superceded by creation of the Federal Circuit in 1982.³⁸⁸ Furthermore, the Federal Circuit had rejected the “reduced to practice” test back in 1987, and there were no clear indications that the test was considered a viable contender again in 1998.³⁸⁹

The Court’s attempt to fashion its own substantive test from scratch has also been viewed skeptically by commentators. One reason for this skepticism is that the new test is viewed as less friendly to inventors,³⁹⁰ both “garage inventors,” like Pfaff, and large corporations engaging in development activities.³⁹¹ In fact, large corporations are more likely to be negatively impacted by the *Pfaff* test.³⁹² High-technology corporations often use an incremental development process that blurs the “ready for patenting” test.³⁹³ In addition, large corporations are more likely to engage in joint development projects that may inappropriately trigger the on-sale bar.³⁹⁴ The Court’s new test has also been criticized as failing to consider fully the policies behind the on-sale bar rule.³⁹⁵

The new “ready for patenting” test has also not been conclusively viewed as a more certain test than the disparaged “reduced to practice” or “totality of the circumstances” tests. The Court’s test has been criticized as failing to produce the predictability and certainty desired, and effecting no real change in the law.³⁹⁶ District courts have diverged significantly from the Supreme Court’s test, and have held that the offer for sale of the mere conception of the invention is sufficient for the bar to apply.³⁹⁷

sale bar question. Moreover, it is doubtful whether there was any perception among patent practitioners of the existence of any genuine conflict; rather the Federal Circuit had expressly considered and definitely rejected the reduction to practice standard in UMC Electronics and the UMC Electronics approach was not questioned in subsequent Federal Circuit opinions. Thus, the Supreme Court was not choosing between extant competing rules.

Id. But in *Holmes Group v. Vornado* (discussed in Part.V), the Supreme Court recently ruled that jurisdiction over appeals in which patent claims are raised in the counterclaim, as opposed to the complaint, are to be routed to the appropriate regional circuit instead of the Federal Circuit. As a result, the Supreme Court’s reason for granting certiorari in *Pfaff* may have seemed contrived in 2001, but looks less so in 2003.

³⁸⁸ *Id.*

³⁸⁹ *Id.*

³⁹⁰ William C. Rooklidge & Russell B. Hill, *The Law of Unintended Consequences: The On Sale Bar After Pfaff v. Wells Electronics*, 82 J. PAT. & TRADEMARK OFF. SOC’Y 163, 167 (Mar. 2000).

³⁹¹ Lucius L. Lockwood, *Ready, Set, Patent! How the Supreme Court in Pfaff v. Wells Electronics Jumped the Gun*, 40 JURIMETRICS J. 399, 406 (Summer 2000).

³⁹² *Id.*

³⁹³ *Id.* at 409.

³⁹⁴ *Id.*

³⁹⁵ *Id.* at 415.

³⁹⁶ Timothy R. Holbrook, *The More Things Change, the More They Stay the Same: Implications of Pfaff v. Wells Electronics, Inc. and the Quest for Predictability in the On-sale Bar*, 15 BERKELEY TECH. L.J. 933, 933 (2000).

³⁹⁷ *Id.* The courts have also created two versions of the on-sale bar: the “anticipatory” version (where what is offered for sale is precisely the same as what is later claimed in the patent), and the “obviousness” version (where what is offered for sale varies from what is later claimed, but that variation would be obvious to one skilled in the relevant technological art). This two-version approach further undermines predictability and the other policies that underlie the on-sale bar. *Id.*

Finally, application of the new test has led to various unintended consequences.³⁹⁸ Although the courts and commentators are still in the process of identifying these unintended consequences, several have already been articulated. These include an increase in trial courts holding patents invalid under the on sale bar on summary judgement; an increase in the Federal Circuit's holding patents invalid under the on sale bar on appeal; and the rejection of arguments on which inventors had long relied to avoid application of the on sale bar.³⁹⁹ Although the broad goal of the Court's new test was "to bring greater certainty to the analysis of the on-sale bar,"⁴⁰⁰ that goal has yet to be reached.

4. *Festo*

The most recent example of decreasing Supreme Court deference to the Federal Circuit in substantive patent law cases is *Festo v. Shoketsu Kinzoku Kogyo Kabushiki Co, Ltd.*⁴⁰¹ This May 2002 decision has been hailed as a landmark ruling in the area of patent law,⁴⁰² and illustrates the Court's increasing impatience with the Federal Circuit in patent law cases.

The issue in *Festo* involved the extent to which the doctrine of equivalents⁴⁰³ should be applied in patent cases. Festo Corporation was the owner of two patents for an industrial device.⁴⁰⁴ The Patent and Trademark Office initially rejected Festo's first patent application because of defects in the patent's description.⁴⁰⁵ The application was amended to add new limitations, specifically that the device would contain a pair of one-way sealing rings, and that the outer sleeve would be made of a magnetizable material.⁴⁰⁶ The second patent application was also amended to add the sealing rings limitation.⁴⁰⁷ After Festo began selling its patented device, the defendants entered the market with a similar device that incorporated a two-way sealing ring and a nonmagnetizable sleeve.⁴⁰⁸

Festo filed suit, claiming that the defendant's device was so similar to Festo's device that it infringed Festo's patent under the doctrine of equivalents. The District Court agreed with Festo, as did an initial Federal Circuit panel.⁴⁰⁹ The Supreme Court granted certiorari, vacated and remanded, citing the rule in the recently-decided *Warner-Jenkinson*.⁴¹⁰ *Warner-Jenkinson* stated that competitors could rely on the prosecution history to estop a patentee from recapturing subject matter

³⁹⁸ Rooklidge & Hill, *supra* note 390, at 167.

³⁹⁹ *Id.*

⁴⁰⁰ Group One, Ltd. v. Hallmark Cards, Inc., 254 F.3d 1041, 1047 (2001).

⁴⁰¹ 122 S. Ct. 1831 (2002).

⁴⁰² Sabra Chartrand, *Taking Another Look at a Supreme Court Ruling on Inventors and Copycats*, N.Y. TIMES ABSTRACTS 2 (June 3, 2002).

⁴⁰³ See *supra* note 311 and accompanying text for a definition of doctrine of equivalents.

⁴⁰⁴ *Festo*, 122 S. Ct. at 1832.

⁴⁰⁵ *Id.*

⁴⁰⁶ *Id.*

⁴⁰⁷ *Id.*

⁴⁰⁸ *Id.*

⁴⁰⁹ *Festo v. Shoketsu Kinzoku Kogyo Kabushiki Co, Ltd.*, 72 F.3d 857 (Fed. Cir. 1995).

⁴¹⁰ 520 U.S. 1111 (1997) (citing 520 U.S. 17 (1997)).

surrendered by amendment as a condition of obtaining the patent.⁴¹¹ On remand, the en banc Federal Circuit reversed and held (8-4) that prosecution estoppel could apply to any amendment made to satisfy the Patent Act's requirements, not just to amendments made to avoid the prior art.⁴¹²

The Federal Circuit majority acknowledged that its controversial decision would overrule past precedent. In previous cases, the court held that prosecution history estoppel constituted a flexible bar that foreclosed some, but not all, claims of equivalence, depending on the purpose of the amendment and the alterations in the text.⁴¹³ The Federal Circuit justified overruling this past precedent on the ground that the court's case-by-case approach had proved unworkable.⁴¹⁴ The Federal Circuit also defended its decision by emphasizing that "Congress specifically created the Federal Circuit to resolve issues unique to patent law."⁴¹⁵ Issues such as the one at bar were "properly reserved for [the Federal Circuit] to answer with its special expertise."⁴¹⁶ In the words of Judge Schall, writing for the majority:

We are the court primarily responsible for the state of patent law, and the Supreme Court has pronounced it our duty to 'best implement procedural improvements to promote certainty, consistency, and reviewability to this area of the law.'⁴¹⁷ It is time for us to 'think outside the box' and restore the doctrine of equivalents to its original equitable function and purpose.⁴¹⁸

Four judges dissented from the Federal Circuit's decision to think outside the box and adopt a complete bar.⁴¹⁹ In four separate opinions, the dissenting judges argued that "the majority's decision to overrule precedent was contrary to *Warner-Jenkinson* and would unsettle the expectations of many existing patentees."⁴²⁰ The most vocal dissenter was Judge Michel, who argued that the Federal Circuit's new position would require it to disregard eight older decisions of the Supreme Court, as well as more than fifty of its own cases.⁴²¹

⁴¹¹ *Festo*, 122 S. Ct. at 1832.

⁴¹² *Festo v. Shoketsu Kinzoku Kogyo Kabushiki Co, Ltd.*, 234 F.3d 558, 574 (Fed. Cir. 2000).

⁴¹³ *Festo*, 122 S. Ct. at 1832.

⁴¹⁴ *Festo*, 234 F.3d at 575. The Federal Circuit defined "workable rules" as those that "can be relied upon to produce consistent results and give rise to a body of law that provides guidance to the marketplace on how to conduct its affairs. After our long experience with the flexible bar approach, we conclude that its 'workability' is flawed." *Id.*

⁴¹⁵ *Id.* at 571 (citing *Markman*, 517 U.S. at 390); for a discussion of *Markman* see Part IV.B.1.

⁴¹⁶ *Id.* at 572 (citing *Warner-Jenkinson*, 520 U.S. at 40).

⁴¹⁷ *Id.* at 595 (citing *Warner-Jenkinson*, 520 U.S. at 39 n.8).

⁴¹⁸ *Id.*

⁴¹⁹ See generally *Festo*, 234 F.3d at 598-642. The separate dissenters included Judge Michel (see generally *id.* at 598-619); Judge Rader (see generally *id.* at 619-20); Judge Linn (see generally *id.* at 620-29); and Judge Newman (see generally *id.* at 630-42).

⁴²⁰ *Festo*, 122 S. Ct. at 1837.

⁴²¹ *Id.* Judge Michel had multiple concerns about the majority opinion:

In *Warner-Jenkinson*, the Supreme Court encouraged our court to 'refine the formulation of the test for equivalence.' I am convinced, however, that the majority's new 'complete bar rule,' far from being merely such a refinement, contravenes consistent Supreme Court authority. Not only does the majority's new rule directly contradict one Supreme Court holding, but it undermines the

The Supreme Court granted certiorari in 2001.⁴²² The two issues presented in the Supreme Court were whether any equivalents were available for limitations added by amendment generally; and whether estoppel arose for all kinds of patentability-related amendments regardless of the specific reason for the amendment.⁴²³

On May 28, 2002, the Supreme Court, in a unanimous opinion written by Justice Kennedy, vacated the Federal Circuit's opinion. The Supreme Court agreed with the Federal Circuit that "a narrowing amendment made to satisfy any requirement of the Patent Act may give rise to an estoppel."⁴²⁴ On the more important and controversial issue of the effect of such an amendment, however, the Supreme Court rejected the Federal Circuit's absolute bar approach. Instead, the Court concluded that "[t]hrough prosecution history estoppel can bar challenges to a wide range of equivalents, its reach requires an examination of the subject matter surrendered by the narrowing amendment."⁴²⁵

In its decision, the Supreme Court had harsh words for the Federal Circuit. The Supreme Court criticized the Federal Circuit for "ignor[ing] the guidance of *Warner-Jenkinson*, which instructed the courts to be cautious before adopting changes that disrupt the settled expectations of the inventing community."⁴²⁶ The Supreme Court noted that it had "made it clear that the doctrine of equivalents and the rule of prosecution history estoppel are settled law."⁴²⁷ As such, the responsibility for changing those legal rules rested not with the Federal Circuit, but with Congress.⁴²⁸ The Court seemed particularly persuaded by Federal Circuit Judge Michel's warning cry that the Federal Circuit's complete bar would require the Federal Circuit to disregard eight older decisions of the Supreme Court and fifty of its own cases.⁴²⁹

legal standard that the Supreme Court has consistently articulated in *seven* other cases for determining the scope of such estoppel.

Festo, 234 F.3d at 598 (citations omitted). Judge Michel added that he believed the Federal Circuit owed "greater deference to our past interpretations of Supreme Court law, or a better explanation of why our case law is suddenly seen as 'unworkable.'" *Id.* at 612. He ended his lengthy dissent by stating that

in the face of over one hundred years of Supreme Court case law, today's en banc majority lacks authority to establish a complete bar rule. The majority also abruptly abandons eighteen years of unvarying Federal Circuit precedent as articulated in over fifty decisions, and does so without showing their error.

Id. at 619.

⁴²² *Festo v. Shoketsu Kinzoku Kogyo Kabushiki Co, Ltd.*, 533 U.S. 915 (2001).

⁴²³ *Festo*, 122 S. Ct. at 1835.

⁴²⁴ *Id.* at 1839.

⁴²⁵ *Id.* at 1840.

⁴²⁶ *Id.* at 1841. See also *supra* note 335 (discussing the Court's concern in *Warner-Jenkinson* over changing patent laws "mid-stream").

⁴²⁷ *Festo*, 122 S. Ct. at 1841.

⁴²⁸ *Id.*

⁴²⁹ *Id.* at 1837. It is interesting to see how the Supreme Court explicitly supports its opinions by referencing language from Federal Circuit dissents, such as language here from Judge Michel's lengthy dissent. In 1996, Chief Judge Helen Wilson Nies discussed the importance of dissenting opinions to Federal Circuit opinions. Judge Nies concluded that Federal Circuit dissents are important because they provide impetus for Supreme Court review, delineate a scholarly basis for disagreements, and are the sole means by which contradictory positions on law are presented fully and without personal bias to the Supreme Court. See Nies, *supra* note 65, at 1519.

As further indication of its displeasure with the Federal Circuit, the Supreme Court did not remand the case back to the Federal Circuit to allow that court to further develop the law, as had been done in *Warner-Jenkinson*.⁴³⁰ Instead, the Supreme Court returned the case to the Federal Circuit (or the District Court) for factual analysis only,⁴³¹ consistent with the Court's opinion.⁴³²

The *Festo* decision dramatically illustrates how the Supreme Court's deference toward the Federal Circuit in substantive patent law decisions has changed in the last twenty years. In 1982, the new Federal Circuit had enough clout and confidence to successfully repudiate most of the Supreme Court's previous patent law rulings, with the tacit approval of the Court.⁴³³ By 2002, no Federal Circuit patent rulings were surviving Court review.

The *Festo* Court's criticisms of the Federal Circuit were numerous. The Court's major concern was the Federal Circuit's decision to explicitly ignore the guidance of precedent.⁴³⁴ That decision appeared to irritate an increasingly impatient Supreme Court, who responded by delivering the intellectual equivalent of a dope slap. What part of *Warner-Jenkinson*, the Court seemed to say, did the Federal Circuit not understand? *Warner-Jenkinson* had been decided by the Court only five years earlier, and both the majority and concurring opinions in that case had stressed the importance of respecting the settled expectations of the patenting community.⁴³⁵ What made the Federal Circuit think it could get away with ignoring the lessons of that case?

The Court's open irritation with the Federal Circuit manifested itself in other ways in the *Festo* decision. The Court criticized attempts by the Federal Circuit to adopt changes that were more appropriately under the purview of Congress.⁴³⁶ Many commentators have echoed this criticism. The Federal Circuit's decision to establish a complete bar has been viewed as an attempt by the court to wrongfully dabble in legislating, or, as described by one bar association, of treating its legislative mandate as a mandate to legislate.⁴³⁷

⁴³⁰ *Warner-Jenkinson*, 520 U.S. at 41.

⁴³¹ The lingering factual questions that remained were "whether petitioner can demonstrate that the narrowing amendments did not surrender the particular equivalents at issue. On these questions, respondents may well prevail, for the sealing rings and the composition of the sleeve both were noted in the prosecution history." *Festo*, 122 S. Ct. at 1842.

⁴³² *Id.* at 1843. On Sept. 20, 2002, the Federal Circuit recalled its mandate of Dec. 20, 2000 and reinstated the appeal pursuant to the Court's remand. The Federal Circuit ordered the parties to submit briefs on four specific issues, and also invited briefs from other interested parties on two of the four issues. *See* 2002 WL 31002602.

⁴³³ *See supra* notes 92-94.

⁴³⁴ For commentary on what is perceived as a regular practice of the Federal Circuit in ignoring the guidance of precedent see William C. Rooklidge & Matthew F. Weil, *En Banc Review, Horror Pleni, and the Resolution of Patent Law Conflicts*, 40 SANTA CLARA L. REV. 787 (2000); William C. Rooklidge & Matthew F. Weil, *Judicial Hyperactivity: The Federal Circuit's Discomfort with its Appellate Role*, 15 BERKELEY TECH. L.J. 725 (2000); Thomas G. Field III, *The Role of Stare Decisis in the Federal Circuit*, 9 FED. CIR. B.J. 203 (1999); Matthew F. Weil & William C. Rooklidge, *Stare Un-Decisis: The Sometimes Rough Treatment of Precedent in Federal Circuit Decision-Making*, 80 J. PAT. & TRADEMARK OFF. SOC'Y 791 (1998).

⁴³⁵ *See supra* note 335 and accompanying text.

⁴³⁶ *Festo*, 122 S. Ct. at 1841.

⁴³⁷ Brief of Amicus Curiae American Intellectual Property Law Association 10 (Aug. 2001).

Others have questioned the Federal Circuit's practice of soliciting briefs by the parties and *amici* on abstract questions not even raised by the parties, and then creating new rules of law in response to those abstract questions.⁴³⁸ Although the issues raised by the parties in *Festo* did not require the Federal Circuit to develop or announce new general principles of patent law, the court first propounded five abstract questions,⁴³⁹ and then enunciated a series of rules intended to govern the decision made in *Festo*, as well as all future prosecution history estoppel cases involving claim amendments.⁴⁴⁰ The court engaged in this rule-making despite the fact that Congress, the body better equipped to develop and announce new patent law principles, had not felt it necessary to make adjustments to the doctrine of equivalents or prosecution history estoppel.⁴⁴¹

⁴³⁸ Brief of Amicus Curiae Federal Circuit Bar Association in Support of Festo Corporation's Petition for Writ of Certiorari to the Court of Appeals for the Federal Circuit, 11 FED. CIR. B.J. 113, 114 (2001) [hereinafter FCBA Brief].

⁴³⁹ The five abstract questions raised by the Federal Circuit included:

1. For the purposes of determining whether an amendment to a claim creates prosecution history estoppel, is a "substantial reason related to patentability," limited to those amendments made to overcome prior art under § 102 and § 103, or does "patentability" mean any reason affecting the issuance of a patent?
2. Under *Warner-Jenkinson*, should a "voluntary" claim amendment – one not required by the examiner or made in response to a rejection by an examiner for a stated reason – create prosecution history estoppel?
3. If a claim amendment creates prosecution history estoppel, under *Warner Jenkinson* what range of equivalents, if any, is available under the doctrine of equivalents for the claim element so amended?
4. When "no explanation [for a claim amendment] is established," thus invoking the presumption of prosecution history estoppel under *Warner-Jenkinson*, what range of equivalents, if any, is available under the doctrine of equivalents for the claim element so amended?
5. Would a judgment of infringement in this case violate *Warner-Jenkinson's* requirement that the application of the doctrine of equivalents "is not allowed such broad play as to eliminate [an] element in its entirety." In other words, would such a judgment of infringement, post *Warner-Jenkinson*, violate the "all elements" rule?

Festo, 234 F.3d at 563 (citations omitted).

⁴⁴⁰ FCBA Brief, *supra* note 437, at 125. In *Festo*, the court expanded the doctrine of prosecution history estoppel and narrowed the doctrine of equivalents by announcing, in relevant part, the following new rules of law:

1. In determining what is a "substantial reason related to patentability," the term "patentability" is not limited to overcoming prior art under 35 U.S.C. §§ 102 and 103, but includes amendments required under § 101 (requirement of patentable subject matter) and § 112 (requirement of specification).
2. An amendment made voluntarily by a patentee, and not just required by the examiner, creates prosecution history estoppel just as a required amendment does.
3. If a claim amendment creates prosecution history estoppel, then no range of equivalents is available for the amended claim element – i.e., prosecution history estoppel operates as a "complete bar" to infringement by equivalents.

Id. at 115 (citations omitted).

⁴⁴¹ *Id.* at 126 n.10.

The Federal Circuit also acted like a legislative body by justifying its conclusions through public policy arguments.⁴⁴² Unlike an actual legislative body, however, the Federal Circuit does not have the resources to effectively weigh the costs and benefits of such public policies.⁴⁴³ More importantly, the court does not have the mandate from Congress to do so.

A final indication of the Supreme Court's general displeasure was the Court's decision to discount the Federal Circuit's analysis of the case and instead conduct their own analysis. The Court also limited the scope of the Federal Circuit's future impact on the case by remanding the case for factual analysis only, thus denying the Federal Circuit the opportunity to devise a new test. By these acts, the Court gave the Federal Circuit little credit for what it had done, and little autonomy in what it was now allowed to do.

Festo can be seen as the Court's wake-up call to the Federal Circuit. Although the Court was willing, in *Warner-Jenkinson*, to defer to the Federal Circuit's greater technical expertise, this willingness appeared conditional on the lower court's recognition of certain guidelines erected by the Supreme Court. In a sense, the Supreme Court's previous patent rulings had resulted in the establishment of minimal, but defined, boundaries in patent law jurisprudence, with the Court allowing the Federal Circuit a healthy amount of leeway within those boundaries. The lower court's insistence on moving outside of these boundaries seemed to prompt the Court's impatient holding in *Festo*. It also seemed to play a role in the next patent law decision from the Court, a decision that could be the most significant in the Federal Circuit's twenty-year history.

V. TEMPTED BY THE FRUIT OF ANOTHER: THE SUDDEN REVIVAL OF THE REGIONAL CIRCUITS AFTER HOLMES GROUP v. VORNADO

On June 3, 2002, just one week after *Festo* was decided, the Supreme Court, in *Holmes Group, Inc. v. Vornado Air Circulation Systems, Inc.*,⁴⁴⁴ dealt another blow to the Federal Circuit. In an opinion by Justice Scalia, the Supreme Court declared that the Federal Circuit does not have jurisdiction over all cases involving a patent law claim, thus re-opening the door to regional circuit (and even state court) influence in patent law jurisprudence.⁴⁴⁵

Vornado began as a trade dress suit. In 1992, Vornado, a manufacturer of patented fans and heaters, sued fellow fan manufacturer Duracraft Corp. (*Vornado D*), claiming that the grill design in Duracraft's fans infringed Vornado's trade dress.⁴⁴⁶ The Tenth Circuit disagreed, holding that Vornado had no protectible trade-

⁴⁴² *Id.* at 126.

⁴⁴³ *Id.*

⁴⁴⁴ 122 S. Ct. 1889 (2002).

⁴⁴⁵ *Holmes Group*, 122 S. Ct. at 1895.

⁴⁴⁶ *Holmes Group, Inc. v. Vornado Air Circulation Systems, Inc.*, 93 F. Supp. 2d 1140, 1141 (citing *Vornado Air Circulation Systems, Inc. v. Duracraft Corp.*, Civ. Action No. 92-1453-WEB (D. Kan. 1992)). Vornado's complaint alleged that Duracraft's grill design constituted non-functional trade dress subject to regulation and injunction under 15 U.S.C. § 1125(a). *Id.*

dress rights in the grill design.⁴⁴⁷ Despite this determination, Vornado filed a complaint with the International Trade Commission in November 1999, accusing Holmes Group of violating the same grill design that the Tenth Circuit had already held unprotectible.⁴⁴⁸ Holmes Group responded by filing an action in District Court, seeking a declaratory judgment that its products did not infringe Vornado's trade dress, and an injunction restraining Vornado from accusing Holmes Group of trade dress infringement in any promotional materials.⁴⁴⁹ A patent issue finally surfaced in Vornado's answer, which asserted a compulsory counterclaim alleging patent infringement.⁴⁵⁰

The District Court agreed with Holmes Group and granted the declaratory judgment and injunction, stating that the collateral estoppel effect of *Vornado I* precluded Vornado from relitigating its claim of trade-dress rights in the grill design.⁴⁵¹ The court was not swayed by the Federal Circuit's 1999 decision in *Midwest Industries, Inc. v. Karavan Trailers, Inc.*,⁴⁵² which disagreed with the Tenth Circuit's reasoning in *Vornado I*.⁴⁵³ The District Court stated that *Midwest*

⁴⁴⁷ *Id.* (citing *Vornado Air Circulation Systems, Inc. v. Duracraft Corp.*, 58 F.3d 1498 (10th Cir. 1995)). The Tenth Circuit declined to extend trade dress protection to Vornado's grill design because it was "a significant inventive element of Vornado's patented fans [and therefore] cannot be protected as trade dress." *Vornado*, 58 F.3d at 1510. The Supreme Court denied certiorari in the case on Jan. 8, 1996. *Vornado Air Circulation Systems, Inc. v. Duracraft Corp.*, 516 U.S. 1067 (1996). The district court subsequently entered final judgment by dismissing Vornado's trade dress claim with prejudice (*Vornado D*), and awarding costs against Vornado. *Holmes Group*, 93 F. Supp. 2d at 1142.

⁴⁴⁸ *Holmes Group*, 93 F. Supp. 2d at 1141.

⁴⁴⁹ *Holmes Group*, 122 S. Ct. at 1892.

⁴⁵⁰ *Id.*

⁴⁵¹ *Holmes Group*, 93 F. Supp. 2d at 1145. "All of the procedural machinations and intercircuit intrigue implicated by this action cannot obscure a central truth: *Vornado I* constitutes a final and valid judgment of this court and the law upon which that judgment was based remains unchanged. Under such circumstances, this court will not refuse to give effect to its own prior judgment." *Id.* at 1143.

⁴⁵² 175 F.3d 1356 (Fed. Cir. 1999).

⁴⁵³ The Federal Circuit said that the Tenth Circuit stood alone in holding that trade dress protection is unavailable for a product configuration that is claimed in a patent, and is a described, inventive aspect of the patented invention, even if the configuration is nonfunctional. *Midwest Industries*, 175 F.3d at 1364. In *Midwest Industries*, the Federal Circuit also abruptly abandoned the practice of applying regional circuit law in resolving questions involving the relationship between law and other federal and state law rights. *Id.* at 1358. In 1985, the Federal Circuit had held that when it was called upon to resolve questions of whether patent law preempts state law causes of action or conflicts with other federal laws, the court would apply the law of the appropriate regional circuit. *Cable Electric Products, Inc. v. Genmark, Inc.*, 770 F.2d 1015, 1029-33 (Fed. Cir. 1985). The Federal Circuit abandoned this practice in 1999 in *Midwest Industries*, however, holding that "[h]enceforth, we will apply our own law to such questions." *Midwest Industries*, 175 F.3d at 1358. The court justified this change on the grounds of uniformity and issue expertise, stating that to do otherwise would be an "abdication" of the Federal Circuit's responsibilities in patent law jurisprudence:

We recognize, of course, that questions involving conflicts between patent law and other causes of action can and do arise in cases over which this court does not have appellate jurisdiction – cases in which claims under the Lanham Act or state law claims are not joined with a claim under the Patent Act. As a result, there is a risk that district courts and litigators could find themselves confronting two differing lines of authority when faced with conflicts between patent law and state or federal trademark claims Nonetheless . . . we think that as the sole

Industries did not constitute a change in the Tenth Circuit law of trade dress, and therefore did not warrant relitigation of Vornado's trade dress claim.⁴⁵⁴ The court also stayed proceedings related to Vornado's counterclaim, stating that the counterclaim would be dismissed if the judgment and injunction were affirmed on appeal.⁴⁵⁵

Vornado appealed to the Federal Circuit, which prompted a jurisdictional challenge from Holmes Group.⁴⁵⁶ Despite this challenge, the Federal Circuit vacated the District Court's judgment and remanded the case for reconsideration due to the Supreme Court's decision in *TraFFix Devices, Inc. v. Marketing Displays, Inc.*,⁴⁵⁷ which resolved the *Vornado I* and *Midwest Industries* circuit split.⁴⁵⁸ The Supreme Court granted certiorari to determine whether the Federal Circuit has appellate

appellate exponent of patent law principles this court should play a leading role in fashioning the rules specifying what patent law does and does not foreclose by way of other legal remedies. If we simply follow regional circuit law in deciding questions involving the interaction between patent law principles and other legal remedies, other courts will not have the benefit of our analysis of the substance and scope of patent law in such cases. Such abdication, we think, would in the end disserve the interest in attaining coherence and consistency in the law relating to patents.

Id. at 1361, cert. denied, 528 U.S. 1019 (1999), overruled on other grounds by *TraFFix Devices, Inc. v. Mktg. Displays, Inc.*, 121 S. Ct. 1255 (2001); see *infra* note 457 (discussing *TraFFix Devices*).

⁴⁵⁴ *Holmes Group*, 93 F. Supp. 2d at 1143. "The Tenth Circuit law upon which that judgment [i.e., that Vornado was barred from claiming trade dress rights in its grill design] was based has not changed since *Vornado I*, and the court sees nothing to substantiate Vornado's hopeful speculation that if the Tenth Circuit were to revisit the issue 'it would choose a different path than it articulated in *Vornado I*.'" *Id.* The district court recognized that it was possible that an appeal of their decision could be routed to either the Tenth Circuit or the Federal Circuit, but stated that this possibility did not affect their decision. "This court does not need to stray into this procedural thicket to decide the issue before it. Regardless of which Court of Appeals would have jurisdiction, the court determines that the principles of collateral estoppel should be applied in this case." *Id.* at n.2.

⁴⁵⁵ *Holmes Group*, 122 S. Ct. at 1892.

⁴⁵⁶ *Id.*

⁴⁵⁷ 532 U.S. 23 (2001). *TraFFix Devices, Inc. (TraFFix) v. Mktg. Displays, Inc. (MDI)* involved two manufacturers of temporary road sign stands, the "WindMaster" sign stands, sold by Marketing Displays, and the competing "WindBuster" sign stands, sold by TraFFix. *Id.* at 26. MDI had established a successful business making and selling the WindMaster stands, which incorporated a patented dual-spring design that held the outdoor signs upright in adverse wind conditions. After the patents expired, competing WindBuster stands showed up in the marketplace, and MDI pursued trademark, trade dress, and unfair competition claims. There was no disagreement that the products were similar. In the Supreme Court's words, the "products looked alike because they were. When TraFFix started in business, it sent an MDI product abroad to have it reverse engineered, that is to say copied." *Id.* The issue addressed by the Supreme Court was the effect of an expired patent on a claim of trade dress infringement. *Id.* at 29. The Court concluded that a prior patent has valid significance in resolving trade dress claims, because a utility patent provides strong evidence that claimed features are functional. The Court held that MDI's trade dress claim was barred because MDI could not carry the burden of overcoming the strong evidentiary inference of functionality based on the disclosure of the dual-spring design in the claims of the expired patents. The Court declined to address the issue of whether the Patent Clause of the Constitution prohibits the holder of an expired utility patent from claiming trade dress protection, stating that when a case arose "in which trade dress becomes the practical equivalent of an expired utility patent, that will be time enough to consider the matter." *Id.* at 35.

⁴⁵⁸ 13 Fed.Appx. 961 (Fed. Cir. 2001), 2001 WL 712760 (unpublished opinion).

jurisdiction over a case in which the complaint does not allege a claim arising under federal patent law, but the answer contains a patent law counterclaim.⁴⁵⁹

The Supreme Court began their analysis with an overview of the Federal Circuit's jurisdictional statutes. Congress gave the Federal Circuit exclusive jurisdiction over appeals from a final decision of a district court if the jurisdiction of that court was based in whole or in part on 28 U.S.C. § 1338.⁴⁶⁰ Section 1338 grants original jurisdiction to the district courts on any civil action arising under federal patent law.⁴⁶¹ In *Christianson*, the Supreme Court had determined that the well-pleaded complaint rule governed whether a case “arises under” federal law for purposes of § 1338(a).⁴⁶² As adapted to § 1338(a), the well-pleaded complaint rule states that the determination of whether a case arises under patent law “must be determined from what necessarily appears in the plaintiff's statement of his claim in the bill or declaration. . . .”⁴⁶³ Since a patent law claim had not been asserted in Holmes Group's well pleaded complaint, the Supreme Court stated that the Federal Circuit had erred in asserting jurisdiction over Vornado's appeal.⁴⁶⁴

Vornado had argued that the well-pleaded complaint rule allows a counterclaim to serve as a basis for a district court's “arising under” jurisdiction.⁴⁶⁵ The Supreme Court declined to interpret the rule so broadly.⁴⁶⁶ The Court cited several cases as precedent for this reasoning, including *Caterpillar Inc. v. Williams*, which raised the issue of whether a federal defense could establish “arising under” jurisdiction.⁴⁶⁷ In that case, the Court had concluded that federal jurisdiction generally exists “only when a federal question is presented on the face of the plaintiff's properly pleaded complaint.”⁴⁶⁸ The Court also cited *The Fair v. Kohler Die & Specialty Co.*, a case decided in 1913, which stated that the determination of whether or not a case arises under federal patent law “cannot depend upon the answer.”⁴⁶⁹ Applying that reasoning, the Court concluded here that a counterclaim, which appears as part of the defendant's answer rather than as part of the plaintiff's claim, could not serve as the basis for “arising under” jurisdiction.⁴⁷⁰ To do otherwise, concluded Justice Scalia, would supercede the well pleaded complaint rule with an unwieldy “well-pleaded-complaint –or-counterclaim rule.”⁴⁷¹

⁴⁵⁹ *Holmes Group*, 122 S. Ct. at 1892.

⁴⁶⁰ *Id.* (citing 28 U.S.C. § 1295(a)(1) (2000)).

⁴⁶¹ *Id.* at 1893 (citing 28 U.S.C. § 1338(a) (2000)).

⁴⁶² *Id.* (citing 486 U.S. at 808 (1998)). The statute that confers general federal-question jurisdiction is 28 U.S.C. § 1331, which gives district courts “original jurisdiction of all civil actions arising under the Constitution, laws, or treaties of the United States.” 28 U.S.C. § 1331 (2000). In *Christianson*, the Supreme Court determined that “[l]inguistic consistency” required the Court to apply the same “arising under” test to both § 1331 and § 1338(a). *Christianson*, 486 U.S. at 808. See *infra* Part III.D.2 (discussing *Christianson*).

⁴⁶³ *Holmes Group*, 122 S. Ct. at 1893 (citing *Christianson*, 486 U.S. at 809).

⁴⁶⁴ *Id.*

⁴⁶⁵ *Id.*

⁴⁶⁶ *Id.*

⁴⁶⁷ *Id.*

⁴⁶⁸ *Id.* (citing *Caterpillar Inc. v. Williams*, 482 U.S. 386, 392 (1987)).

⁴⁶⁹ *Id.* at 1894 (citing *The Fair v. Kohler Die & Specialty Co.*, 228 U.S. 22, 25 (1913)).

⁴⁷⁰ *Id.*

⁴⁷¹ *Id.* Holmes Group had argued vigorously on this point, citing the Court's “nearly 100 year” history of holding that a plaintiff who commences a civil action is “absolute master of what jurisdiction he will appeal to.” Reply Brief, *Holmes Group Group, Inc. v. Vornado Air Circulation*

The Court supported their decision through several policy justifications. First, the Court cited the longstanding policy that the plaintiff is the “master of the complaint.”⁴⁷² A plaintiff can ensure that his cause is heard in state court by “eschewing claims based on federal law,” because of the well-pleaded complaint rule.⁴⁷³ The Court said that Vornado’s proposal would give more power to the defendant, making him “master of the counterclaim” because he could defeat the plaintiff’s choice of forum by simply raising a federal counterclaim.⁴⁷⁴

The Court also stated that allowing a counterclaim to establish “arising under” jurisdiction could radically expand the class of removeable cases, contrary to the “[d]ue regard for the rightful independence of state governments” that was required pursuant to previous Supreme Court decisions.⁴⁷⁵ Finally, the Court concluded that the clarity and ease of administration of the well-pleaded complaint rule would be compromised if the Court allowed responsive pleadings by the defendant to establish “arising under” jurisdiction.⁴⁷⁶

Vornado made a final stab with a policy argument of their own, arguing that even if a counterclaim generally cannot establish the original “arising under” jurisdiction of a district court, the Supreme Court should interpret the phrase “arising under” differently when determining Federal Circuit jurisdiction.⁴⁷⁷ Under Vornado’s analysis, Congress’ goal of promoting the uniformity of patent law required the Court to confer exclusive appellate jurisdiction on the Federal Circuit any time a patent law counterclaim was raised.⁴⁷⁸

The Supreme Court was not persuaded by this argument. According to Justice Scalia, the Court’s “task here is not to determine what would further Congress’ goal of ensuring patent law uniformity, but to determine what the words of the statute must fairly be understood to mean.”⁴⁷⁹ The problem, as viewed by the Court, was that § 1295(a)(1) does not use the phrase “arising under.” Instead, that statute refers to jurisdiction under § 1338, “where it is well established that ‘arising under any Act of Congress relating to patents’ invokes, specifically, the well-pleaded-complaint rule.”⁴⁸⁰ Predictably not mincing words, Justice Scalia stated that “[i]t would be an unprecedented feat of interpretive necromancy⁴⁸¹ to say that § 1338(a)’s ‘arising under’ language means one thing (the well-pleaded-complaint rule) in its own right,

Sys., Inc., 2002 Westlaw 417307 (citing *Healy v. Sea Gull Specialty Co.*, 237 U.S. 479, 480 (1915) (Holmes Group, J.)). Vornado also cited the Court’s explicit holding that “[j]urisdiction may not be sustained on a theory that the plaintiff has not advanced.” *Id.* (citing *Merrell Dow Pharm. Inc. v. Thompson*, 478 U.S. 804, 809 n.6 (1986)). Vornado also cited *Christianson*’s holding that for a case to arise under federal patent law, “the plaintiff must set up some right, title, or interest under the patent laws, or at least make it appear that some right or privilege will be defeated by one construction, or sustained by the opposite construction of these laws.” *Id.* (citing *Christianson*, 486 U.S. at 807-08) (quoting *Pratt v. Paris Gaslight & Coke Co.*, 168 U.S. 255, 259 (1897)).

⁴⁷² *Id.*

⁴⁷³ *Id.* (citing *Caterpillar*, 482 U.S. at 388-89).

⁴⁷⁴ *Id.*

⁴⁷⁵ *Id.* (citing *Shamrock Oil & Gas Corp. v. Sheets*, 313 U.S. 100, 109 (1941)).

⁴⁷⁶ *Id.*

⁴⁷⁷ *Id.*

⁴⁷⁸ *Id.*, (citing Brief for Respondent 21).

⁴⁷⁹ *Id.* at 1895.

⁴⁸⁰ *Id.*

⁴⁸¹ “Necromancy” is divination by means of communication with the spirits of deceased persons; black magic; sorcery. WEBSTER’S NEW WORLD COLLEGE DICTIONARY 963 (4th ed. 2000).

but something quite different ([Vornado's] complaint-or-counterclaim rule) when referred to by § 1295(a)(1)."⁴⁸² Since Holmes Group's complaint did not include any claim based on patent law, the Court determined that the Federal Circuit did not have jurisdiction over the case. The Supreme Court vacated the judgment of the Federal Circuit and sent the case back to that court, with instructions to transfer the case to the Tenth Circuit.⁴⁸³

Justice Stevens concurred in part and concurred in the judgment.⁴⁸⁴ Stevens did not agree with the Court's statement that an interpretation of the "in whole or in part" language of § 1295(a)(1) to encompass patent claims alleged in a compulsory counterclaim providing an independent basis for the district court's jurisdiction would be a "neologism" that would involve "an unprecedented feat of interpretive necromancy."⁴⁸⁵ Stevens was nonetheless persuaded that a correct interpretation of § 1295(a)(1) limited the Federal Circuit's exclusive jurisdiction to those cases in which the patent claim is alleged in either the original complaint or an amended pleading filed by the plaintiff.⁴⁸⁶

Stevens also stated that each of the three policies identified by the Court as supporting the well pleaded complaint rule governing district court jurisdiction also pointed in the same direction with respect to appellate jurisdiction.⁴⁸⁷ In Stevens's view, the majority's interest in preserving the plaintiff's choice of forum included not only the trial court but the appellate court as well.⁴⁸⁸ Secondly, Stevens pointed out that the exclusive jurisdiction of the Federal Circuit as defined in § 1295(a)(1) did not include trademark and copyright claims, which are included in § 1338(a)'s grant of jurisdiction.⁴⁸⁹ Because patent cases frequently also involve other intellectual property issues, there could be a potentially significant number of appeals routed to the Federal Circuit involving subject matter that Congress specifically chose not to place within the Federal Circuit's exclusive jurisdiction.⁴⁹⁰ Finally, Stevens believed that the interest in maintaining clarity and simplicity in the rules governing appellate jurisdiction would be served by limiting the number of appeals required to be reviewed by the Federal Circuit.⁴⁹¹

Justice Stevens concluded his concurring opinion by addressing the uniformity issue. Citing *Christianson*, Stevens reiterated that the Court had already decided that the Federal Circuit did not have exclusive jurisdiction over all cases raising patent issues.⁴⁹² Stevens felt that was a good thing:

⁴⁸² *Holmes Group*, 122 S. Ct. at 1895.

⁴⁸³ *Id.*

⁴⁸⁴ *Id.*

⁴⁸⁵ *Id.*

⁴⁸⁶ *Id.*

⁴⁸⁷ *Id.*

⁴⁸⁸ *Id.*

⁴⁸⁹ *Id.*

⁴⁹⁰ *Id.*

⁴⁹¹ *Id.*

⁴⁹² *Id.* (citing *Christianson*, 486 U.S. at 811-12). Justice Stevens stated that the Federal Circuit had been granted appellate jurisdiction over cases involving patent law claims, not issues. *Id.* at n.3. His comments echo those made in 1984 by then Federal Circuit Chief Justice Markey. See *supra* note 143. Justice Stevens may also have viewed the Supreme Court's review of *Holmes Group* as an opportunity to address other recent Federal Circuit behavioral patterns. See Janice M. Mueller, "Interpretive Necromancy" or Prudent Patent Policy? The Supreme Court's "Arising Under"

Necessarily, therefore, other circuits will have some role to play in the development of this area of the law. An occasional conflict in decisions may be useful in identifying questions that merit this Court's attention. Moreover, occasional decisions by courts with broader jurisdiction will provide an antidote to the risk that the specialized court may develop an institutional bias.⁴⁹³

Justice Ginsburg concurred in the judgment, joined by Justice O'Connor.⁴⁹⁴ Ginsburg agreed with the rationale of former Chief Justice Markey in *Aerojet-General Corp. v. Machine Tool Works, Oerlikon-Buehrle Ltd.*⁴⁹⁵ that when a claim arises under patent law and is adjudicated on its merits by a federal district court, the Federal Circuit has exclusive appellate jurisdiction over that adjudication, and other determinations made in the same case.⁴⁹⁶ Justice Ginsburg cited Markey's *Aerojet-General* observation that "a patent infringement counterclaim, unlike a patent issue raised only as a defense, has as its own, independent jurisdictional base 28 U.S.C. § 1338, i.e., such a claim discretely 'arises under the patent laws.'"⁴⁹⁷ In Ginsburg's opinion, the issue was not the plaintiff's choice of trial forum, but rather Congress's allocation of adjudicatory authority among the federal courts of appeals:⁴⁹⁸

At that appellate level, Congress sought to eliminate forum shopping and to advance uniformity in the interpretation and application of federal patent law. The Court's opinion dwells on district court authority. But, all agree Congress left that authority entirely untouched. I would attend, instead, to the unique context at issue, and give effect to Congress' endeavor to grant the Federal Circuit exclusive appellate jurisdiction at least over district court adjudications of patent claims.⁴⁹⁹

Ginsburg joined in the Court's opinion, however, because no patent claim was actually adjudicated.⁵⁰⁰

With this decision, the Supreme Court turned the patent world upside down. After years of effectively reigning alone in the patent law appellate arena, the

Blunder in Holmes Group v. Vornado, 2 J. MARSHALL REV. INTELL. PROP. L. 57, 68 (2002) (suggesting that Justice Stevens may have been viewed the Court's decision in *Holmes Group* as an opportunity to restrain the Federal Circuit from a perceived improper expansion of its authority through the court's recent choice-of-law jurisprudence in 1999's *Midwest Industries*); see *supra* note 453 and accompanying text.

⁴⁹³ *Holmes Group*, 122 S. Ct. at 1898. It is interesting to note Justice Stevens' reference to the Federal Circuit as a "specialized court," despite language to the contrary in the court's legislative history, and attempts by former Federal Circuit Chief Judges to rid the court of that label. See *supra* notes 64 and 65 and accompanying text.

⁴⁹⁴ *Id.*

⁴⁹⁵ 895 F.2d 736 (1990).

⁴⁹⁶ *Holmes Group*, 122 S. Ct. at 1898.

⁴⁹⁷ *Id.* (citing *Aerojet-General Corp.*, 895 F.2d at 741-44).

⁴⁹⁸ *Id.*

⁴⁹⁹ *Id.* (citing R. Dreyfuss, *The Federal Circuit: A Case Study in Specialized Courts*, 64 N.Y.U. L. REV. 1, 30-37 (1989)).

⁵⁰⁰ *Id.*

Federal Circuit was now being told by the Supreme Court to move over and make room for the regional circuit courts of appeal. It did not take long for this uneasy *menage à trois* to become a reality. The Court's decision in *Holmes Group* has already been applied to grant jurisdiction over certain patent appeals to the regional circuits. Within three weeks of the Court's decision, the Federal Circuit transferred a patent appeal to the Seventh Circuit.⁵⁰¹ The Eleventh Circuit received a second case from the Federal Circuit the following week.⁵⁰² The *menage à trois* may actually be a *menage à quatre*: a lower court has interpreted the Supreme Court's decision as granting jurisdiction to state courts over patent claims, despite the long-standing practice that these types of claims were within the exclusive jurisdiction of the federal courts.⁵⁰³

Holmes Group may be analyzed from various perspectives. First, Justice Scalia based the majority's ruling in *Holmes Group* on a literal parsing of the jurisdictional statutes involved. The Court was not swayed by arguments that its opinion would frustrate Congress's intent to bring stability and uniformity to patent law jurisprudence and reduce the rampant forum shopping that had typified patent litigation prior to 1982.⁵⁰⁴ Justice Scalia's wholesale refusal to consider legislative intent has prompted both negative commentary⁵⁰⁵ and swift defensive acts by patent law practitioners. For example, one federal bar association responded by quickly

⁵⁰¹ *Medigene AG v. Loyola Univ.*, 2002 WL 1478674 (Fed. Cir. June 27, 2002).

⁵⁰² *Telecomm Technical Servs. Inc. v. Siemens Rolm Comms. Inc.*, 2002 WL 1425237 (Fed. Cir. July 2, 2002).

⁵⁰³ *Green v. Hendrickson Publishers, Inc.*, 770 N.E.2d 784 (Ind. 2002). In that case, the court held that where the plaintiff's claims are entirely non-federal (e.g., for breach of contract) and the defendant counterclaims for patent infringement, federal courts may no longer have jurisdiction over the civil action, absent diversity:

The only basis for concluding that a state court may not entertain patent or copyright counterclaims is the exclusive jurisdiction conferred by section 1338 over "any civil action arising under" the patent or copyright laws. A counterclaim under those laws does not fall within that language. *Holmes* teaches that what Congress said – not what it intended – is controlling here. . . . Accordingly, we think *Holmes* requires us to reject the federal authorities stating or implying that a state court may not entertain a counterclaim under patent or copyright law.

Id. at 793 (citations omitted).

⁵⁰⁴ *Holmes Group*, 122 S. Ct. at 1895. For discussions of forum shopping in patent cases see Robert P. Taylor, *New Dawn for Forum Shopping: The Implications of Vornado*, THE ANTITRUST SOURCE (Nov. 2002); Kimberly A. Moore, *Forum Shopping in Patent Cases: Does Geographic Choice Affect Innovation?*, 79 N.C. L. REV. 889 (2001) in which a large-scale empirical analysis of patent enforcement in district courts was undertaken and it was concluded that choice of forum continues to play a critical role in the outcome of patent litigation.

⁵⁰⁵ See, e.g., Mueller, *supra* note 492, at 59:

The decision in *Holmes Group* resurrects the specter of regional circuit specific, non uniform patent jurisprudence and the potential for forum shopping that entails, the very problems that the Federal Circuit was created to remedy. By narrowly construing statutory text and non-analogous judicial decisions while purposefully ignoring the legislative intent expressed in the Federal Court Improvement Act of 1982, the Supreme Court in *Holmes Group* has frustrated Congress's goal of creating a more uniform and stable patent law jurisprudence.

Id.

forming an ad hoc committee to analyze the case and propose solutions to the practical problems raised by the *Holmes Group* decision.⁵⁰⁶

Second, Justice Scalia's decision wreaked havoc with articulated Supreme Court concerns and existing contrary Federal Circuit decisions. In *Festo*, decided just a week before *Holmes Group*, the Court had delivered a terse verbal slap to the Federal Circuit because of that court's ignorance of "the guidance of *Warner-Jenkinson*, which instructed the courts to be cautious before adopting changes that disrupt the settled expectations of the inventing community."⁵⁰⁷ Yet the same Supreme Court, one week later, threw caution to the wind and chose itself to blithely adopt a major change that has already disrupted the settled expectations of the inventing community.

The Court's decision also overruled existing contrary Federal Circuit decisions that had established that the Federal Circuit had appellate jurisdiction over appeals from cases involving patent infringement counterclaims, whether permissive or compulsory.⁵⁰⁸ In *Aerojet-General Corp.*, which was cited by both Stevens and Ginsburg in their concurring opinions, then-Chief Judge Markey had interpreted the well-pleaded complaint rule of *Christianson* as a rule of well-pleaded complaint *or* counterclaim. Markey stated that to read the well-pleaded complaint rule as mandating "a compelled disregard of compulsory counterclaims for patent infringement . . . would dissuade the intent of Congress in creating [the Federal Circuit]."⁵⁰⁹

⁵⁰⁶ The Federal Circuit Bar Association (FCBA) has proposed a legislative solution, suggesting that 28 U.S.C. § 1338 be amended to read that "[t]he district courts shall have original jurisdiction of any civil action *involving any claim for relief* 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." (proposed text in italics). The FCBA articulated several advantages that would result from an amendment to the statute. The proposed language would minimize additions and deletions to existing statutory language; exploit the fact that Federal Rule of Civil Procedure 8 defines "claim for relief" broadly to include "an original claim, counterclaim, cross-claim, or third part claim;" clarify that federal courts shall have exclusive jurisdiction over all claims for relief arising under the patent laws by breaking the wooden application of the well-pleaded complaint rule to this statute; and ensure Federal Circuit jurisdiction over all appeals from civil actions in which either party asserted a claim for relief arising under the patent laws. See Ad Hoc Committee to Study *Holmes Group Group v. Vornado Air Circulation Systems*, Committee Report 1-6, Federal Circuit Bar Association (Sept. 11, 2002).

⁵⁰⁷ See *supra* note 426 and accompanying text.

⁵⁰⁸ Mueller, *supra* note 492, at 58.

⁵⁰⁹ *Id.* (citing *Aerojet-General Corp.*, 895 F.2d at 745). Judge Markey did seem to recognize some "occasional" role for the regional circuits and state courts in patent law cases, but his language suggests that their role would be minimal:

As said in *Atari*, achievement of increased uniformity in the substantive law of patents does not require that this court get its hands on every appeal involving an allegation that a patent law *issue* is somehow involved. Congress was not concerned that an occasional patent law decision of a regional circuit court, or of a state court, would defeat its goal of increased uniformity in the national law of patents. The regional circuits are, of course, perfectly competent, as are state courts, to determine patent "questions" or "issues" that may occasionally arise in cases within their jurisdiction. "Uniformity" is not necessarily thereby abandoned.

Christianson, 822 F.2d at 1552 (quoting *Atari, Inc. v. JS & A Group, Inc.* 747 F.2d 1422 (Fed. Cir. 1984)) (citations omitted).

Finally, the majority opinion has been criticized for applying case law interpreting § 1331's "arising under" terminology in the context of attempted removals from state to federal court, and then concluding that the appeal had been taken to the wrong federal appellate forum.⁵¹⁰ Justice Scalia expressed concern that cases originally brought in state court could be removed to federal court upon the assertion of a counterclaim for patent infringement, thus allowing a defendant to "radically expand the class of removable cases."⁵¹¹ Each of the authorities cited by Justice Scalia in support of this point, however, turn on federalism concerns.⁵¹² The Court arguably erred by relying on the policy concerns of state sovereignty and the preservation of stable federal-state relations (an issue under 28 U.S.C. § 1331) instead of viewing the Federal Circuit's appellate jurisdiction in conjunction with Congress' purpose in creating the court.⁵¹³

It would be difficult to overestimate the importance of the Court's decision in this case. In one swift move, the Court undermined the role and effectiveness of the Federal Circuit in patent law issues. The tone of the decision was not completely unexpected, when viewed in concert with other recent Court rulings in patent cases. The conclusion, however, was not expected. No one expected the patent community in 2002 to be facing the same uniformity and forum-shopping hurdles that had been in place before the Federal Circuit's creation in 1982. Although the full effect of *Holmes Group* remains to be seen, it now appears that the once relatively serene consanguinity between the Supreme Court and Federal Circuit has been replaced by a confusing and rather crowded relationship.

VI. CONCLUSION

The Federal Circuit debuted in 1982 with the blessing of Congress, the Supreme Court, and both Democratic (Carter) and Republican (Reagan) presidential administrations. The new court was armed with a confident and capable Chief Judge, a staff of judges experienced in patent law, and a mandate to improve the administration of specified federal laws, especially patent laws. This certainly seemed to be a marriage made in heaven.

With such a blessed beginning, one can understand why the Federal Circuit assumed it was destined to lead the nation's courts in patent law jurisprudence. That assumption, however, was wrong. The Federal Circuit has neither the Constitutional authority nor the Congressional mandate to be the final arbiter of patent law. The Federal Circuit is "just" an intermediate circuit court of appeal, albeit one with unique jurisdiction. Like all the other Circuit Courts of Appeal, the Federal Circuit must answer to a higher judicial authority.

The Supreme Court in 1982 may have been content to sit back and leave patent jurisprudence to the Federal Circuit, but twenty years makes a difference in virtually

⁵¹⁰ Mueller, *supra* note 492, at 62.

⁵¹¹ *Holmes Group*, 122 S. Ct. at 1894.

⁵¹² Mueller, *supra* note 492, at 63.

⁵¹³ *Id.* at 65 (arguing that different concerns surround the "arising under" language of 28 U.S.C. § 1331 and the "arising under" language of 28 U.S.C. § 1338; the latter must be read in accordance with 28 U.S.C. § 1295(a), which links the two provisions for purposes of determining the Federal Circuit's appellate jurisdiction).

every relationship. The Supreme Court's two unanimous decisions in 2002 overruling Federal Circuit patent cases demonstrate that the Court's patience toward the Federal Circuit is wearing thin. No relationship can endure if one party refuses to hear what the other one is saying, and in this case, the message is loud and clear: the Federal Circuit does not, and never had, exclusive jurisdiction over patent issues. The sooner the Federal Circuit realizes this, the sooner this brokered marriage can be saved.